

s Autoleasing, a.s.
Annual Report 2018

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Introduction by the Chairman of the Board of Directors

Dear Ladies and Gentlemen,

I consider the year 2018 a great success. We managed to achieve excellent business results. Despite rising interest rates, we have defended our position as one of the leading companies providing financial services independently of a car brand.

In 2018, we have continued our intensive cooperation with leasing companies within the Erste Bank financial group, particularly in the field of setting up processes leading to more efficient management of the leasing business and to a unified approach to serving customers of the Regional Commercial Centres of Česká spořitelna.

The 2018 was also a start for implementation of a new IT system that will replace the existing platform in the future, not only in the s Autoleasing, a.s., but also in the sister company Erste Leasing, a.s. The transition to a common platform in the coming years will be the culmination of the process of aligning the principles of leasing group management within the group.

We have also paid attention to the development of our current IT system in relation to product and process improvements in order to maintain competitiveness and requirements of customers, while simultaneously complying with legislative requirements in connection with the client data protection.

Last year was challenging. We have done a good job. However, without the efforts of our employees, we would not have achieved success. I thank all employees for their personal commitment.

My thanks also go to all business partners and clients, without whom last year's results would not be as they are, I also want to thanks for their trust and cooperation.

I believe that in 2019 we will successfully defend our position as a trusted partner for clients, business partners, employees and the entire market.



Wilfried Elbs
Chairman of the Board of Directors



Wilfried Elbs
Chairman of the Board of Directors

General Information

Company name

s Autoleasing, a.s.

Registered Office

Budějovická 1912/64b, Krč, 140 00 Prague 4
Company Identification Number (IČ): 27089444

Shareholders

Česká spořitelna, a.s., CZK 500,000,000 (100 %)

Members of the Board of Directors as at 31 December 2018

Wilfried Elbs, Chairman
Tomáš Veverka, Member

Members of the Supervisory Board as at 31 December 2018

Jan Seger, Chairman
Roman Pařil, Vice Chairman
Petr Vacek, Member

Major Business Activities

Provision of leasing services, consumer loans and instalment sale.

Management Report

Macroeconomic Framework

In 2018, the financial products were offered in the environment of the economic growth. The Czech economy grew thanks to foreign demand and household consumption, as well as the recovery of investment activity. On the other hand, the development of sales was negatively affected by the decrease in the number of registered new passenger cars, especially in the last quarter of 2018. Under these circumstances in 2018, the volume of non-bank financing further increased year-on-year (including factoring activities).

Information on economic development in the Czech Republic relevant to non-bank financing business:

- GDP growth year-on-year;
- industrial production growth year-on-year,
- investment growth,
- retail revenues real growth year-on-year, however, sales of motor vehicles decreased by 2.1% year-on-year;
- average inflation rate for the 2018 year of 2.1% (third highest figure in the past 10 years);
- record low unemployment rate in December of 3.1% (at the end of 2017 3.8%).

The share of credit financing in the leasing companies' business increased and the volume of factoring financing increased. Thanks to household income growth also volume of consumer financing increased.

Non-bank financing has a significant share of financing for households and businesses. The member companies of the CLFA provided in the 2018 the total financing amount of CZK 163.94 billion (by CZK 0.66 billion more than in 2017 - year on year increase of 0.4%) through leasing, factoring, loans for consumers and entrepreneurs. From that amount: CZK 132.18 billion was provided to finance investments and business operations and CZK 31.76 billion to finance goods and services for households. Road transport vehicles (mostly new ones) were financed by CZK 91.07 billion, of which CZK 62.04 billion was provided for purchase of passenger cars, including CZK 47.14 billion for acquisition of 116,917 new passenger cars (thus financing 44.7% of new passenger cars first registered in the Czech Republic in 2018). Amount CZK 27.95 billion was provided to finance machinery and equipment. A total of 619,303 new leasing and credit transactions were made by CLFA member companies. At the end of 2018, CLFA member companies managed 1,294,410 active leasing and credit agreements. Receivables from ongoing leasing and credit transactions amounted to CZK 272.02 billion at the end of 2018.

In 2018, the CLFA member companies financed corporates' movable investments (excluding VAT) amounting to CZK 51.13 billion (total market estimate of CZK 52.71 billion). The share of operating leases including short-term leases in total leasing of movable investments decreased to 59.3% year-on-year. 62,239 of new leasing contracts for machinery, equipment and vehicles for entrepreneurs were concluded, of which 14,164 finance lease contracts, 12,909 operating leases, 32,978 full service leasing contracts and 2,188 short-term lease agreements. The number of newly concluded leasing contracts to finance business investments financing decreased by 6,417 contracts (by 9.3%) year-on-year. Receivables from lease contracts for movable property for entrepreneurs reached CZK 112.12 billion at the end of 2018 (increase of CZK 2.02 billion compared to 31. 12. 2017).

In 2018, loans and hire-purchase sales for entrepreneurs were provided by 22 member companies of CLFA. Loans in the total of CZK 56.72 billion, which represents a year-on-year increase of 3%. In total, 82,658 loans were provided. The number of loans granted increased by 2,426 contracts (by 3%) year-on-year, while the average amount of the loan was CZK 686,192. At the end of 2018 receivables from loans amounted to CZK 107.76 billion.

In 2018, consumer loans were provided by 15 member companies of CLFA. Total loans for personal use amounted to CZK 27.89 billion, which represents a year-on-year increase by 2.1%. Year-on-year, the volume of consumer credit for personal car financing increased by 8.6% to CZK 11.68 billion, their number increased year-on-year by 2,362 to 60,387 loans. A total of 458,649 consumer credit contracts were concluded (a year-on-year decline of 10.6%). At the end of 2018, the volume of receivables from active credit agreements was CZK 39.40 billion.

In consumer leasing there was a year-on-year increase in both volume and number of new contracts. In 2018, movable assets acquired through consumer leasing and short-term leases (excluding VAT) totalled CZK 3.87 billion (year-on year increase by 0.3%). The share of financial leasing in total consumer leasing of movables was 2.6%, the share of operating leasing was 78.2%, the share of full service leasing was 15%, and the share of short-term rentals was 4.2%. 12,953 new contracts on consumer leasing and short-term rentals have been concluded. At the end of 2018, consumer leases took place on the basis of active 18,377 contracts concluded by member companies of CLFA. At the end of 2018 receivables from concluded consumer leasing contracts amounted to CZK 2.46 billion.

Report on the Company's Operating Results

s Autoleasing, a.s. recorded a profit of CZK 123 million and CZK 120 million in 2018 and 2017 respectively.

The changes in key financial indicators were as follows.

Table No. 1: Changes in Key Financial Indicators in CZK millions

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|--------|--------|--------|-------|-------|-------|-------|-------|
| Total assets | 12,389 | 11,273 | 10,029 | 9,174 | 8,559 | 8,352 | 8,432 | 8,459 |
| Fixed assets | 7,292 | 6,426 | 5,903 | 5,250 | 4,930 | 4,853 | 4,961 | 5,166 |
| Total revenues | 1,493 | 1,497 | 1,470 | 1,514 | 1,658 | 2,036 | 2,573 | 3,004 |
| Profit before tax | 160 | 153 | 164 | 179 | 172 | 176 | 144 | 74 |
| Profit for the year | 123 | 120 | 125 | 138 | 130 | 128 | 101 | 44 |
| Average number of employees | 109 | 110 | 115 | 111 | 110 | 108 | 106 | 109 |

Report on the Company's Business Activities

s Autoleasing, a.s. commenced its business activities on 1 October 2004. The Company primarily engages in top quality services relating to the provision of loans and leases in cooperation with business partners, leased commodity suppliers and sales representatives.

The total input debt on all commodities financed by the members of Czech leasing and financial association and relating to all financial products on the domestic market was CZK 133.59 billion in 2018; the share of s Autoleasing, a.s., was CZK 5.79 billion, i.e. 4.3% market share. Based on the recorded results in 2018, the Company ranked ninth on the market of movables.

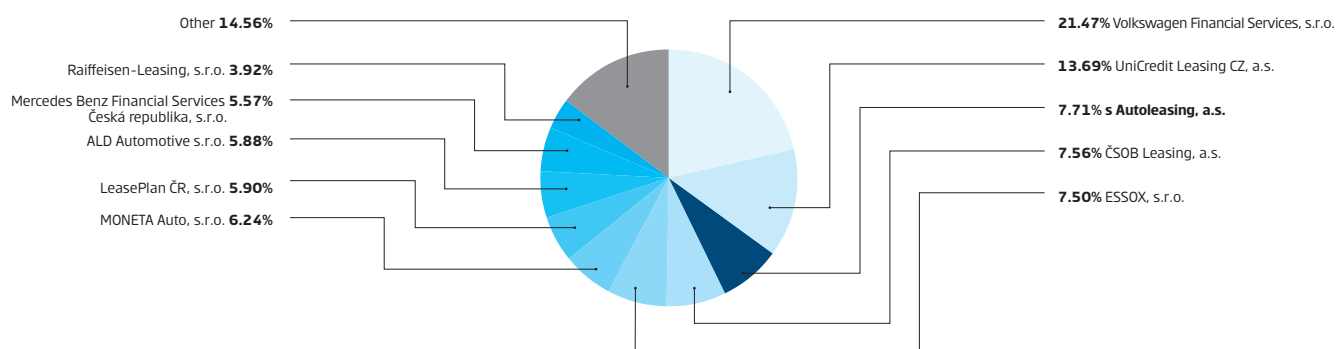
Table No. 2: s Autoleasing, a.s., Competitors in Non-bank Financial Product Market for Vehicles in 2018

| Company | In CZK million | in % |
|---|------------------|----------------|
| Volkswagen Financial Services, s.r.o. | 14,986.02 | 21.47% |
| UniCredit Leasing CZ, a.s. | 9,556.96 | 13.69% |
| s Autoleasing, a.s. | 5,380.96 | 7.71% |
| ČSOB Leasing, a.s. | 5,276.88 | 7.56% |
| ESSOX, s.r.o. | 5,236.58 | 7.50% |
| MONETA Auto, s.r.o. | 4,352.68 | 6.24% |
| LeasePlan Česká republika, s.r.o. | 4,116.05 | 5.90% |
| ALD Automotive, s.r.o. | 4,107.17 | 5.88% |
| Mercedes Benz Financial Services Česká republika s.r.o. | 3,884.85 | 5.57% |
| Raiffeisen-Leasing, s.r.o. | 2,738.27 | 3.92% |
| Other | 10,159.15 | 14.56% |
| Market | 69,795.57 | 100.00% |

Note: The ranking of CLFA member companies by input debt in the sum of all products used to finance passenger and commercial vehicles and motorcycles.

Chart No. 1: s Autoleasing, a.s., Competitors in Non-bank Financial Product Market for Vehicles in 2018

Car finance market (up to 3.5 tons)



Research and Development Activities

The Company does not carry out any research and development activities.

Acquisition of Own Shares

The Company did not acquire its own shares during that period.

Activities in the Field of Environmental Protection

The activity of the Company has no nature and focus that would have any particular impact on the environment. For this reason, the Company does not have any specific activities in this area.

Information on Organizational Units or Other Parts of the Business in the Abroad

The Company did not have an organizational unit or any other part of the business abroad during the period.

Subsequent Events

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2018 and/or the facts set out in this Annual Report.

Future Plans

Business development, market share and competitiveness are the primary areas for our attention in the next financial year 2019. We want to continue our ongoing direction of being a trustworthy, helpful and reliable partner for our partners and clients.

The goal for 2019 is to merge and align the processes between the parent bank leasing companies. We will continue to find ways to increase collaboration and business opportunities within the financial group.

Also, our goal for 2019 is to find the principles of mutual synergy and joint process management with a sister company Erste leasing, a.s. in order to utilize potential on the domestic leasing market to the maximum extent.

In 2019, we will also focus on IT development. We are launching steps to move from our existing core system to a higher and more powerful platform. In the future the new platform will help us to respond more quickly and efficiently to market demands while maintaining at least the same level of automation, but using more modern IT.

The coming year 2019 will be a challenge not only due to the integration of a unified IT system, but also due to the increasing interest rates and price and margin pressure.

From the point of view of maintaining our market share, we will continue to make every effort to remain competitive in the financing market, we will offer interesting and friendly products, but always with an emphasis on maintaining responsible financing principles.

The goal of being the first choice partner for our clients, business partners and employees remains the primary goal for the coming year 2019.



Wilfried Elbs
Chairman of the Board of Directors

Points of Sales

Products of the Company s Autoleasing, a.s. are distributed via a network of business partners. Direct contact information:

Direct Contact Information

s Autoleasing, a.s.
Budějovická 1912/64b
140 00 Prague 4 – headquarters

Phone: 956 785 111

Fax: 224 646 111

E-mail: info@sautoleasing.cz

Internet: www.sautoleasing.cz

Financial Statements

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Independent auditor's report **to the shareholder of s Autoleasing, a.s.**

Opinion

We have audited the accompanying financial statements of s Autoleasing, a.s., with its registered office at Budějovická 1912/64b, Krč, Praha 4 ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in shareholder's equity and cash flow statement for the year ended 31 December 2018 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 2018, of its financial performance and its cash flows for the year ended 31 December 2018 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 Board of Directors 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 Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors 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 Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Board of Directors and Supervisory Board 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.

22 March 2019

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Eva Loulová

Eva Loulová
Statutory Auditor, Licence No. 1981

This report is addressed to the shareholder of s Autoleasing, a.s.

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.

Financial Statements for the Year 2018

Company Name: s Autoleasing, a.s.
Registered Office: Budějovická 1912/64b, Krč, 140 00 Prague 4
Legal Form: Joint Stock Company
Identification Number: 27089444

Balance Sheet

for the Year Ended 31 December 2018

| CZK ths. | | | | Current year | Prior year 2017 |
|---------------------|--|-------------------|--------------------|-------------------|--------------------|
| | | Gross | Allowances | Net | Net |
| TOTAL ASSETS | | 13,657,442 | (1,268,383) | 12,389,059 | 11,272,907 |
| B. | FIXED ASSETS | 1,982,633 | (901,567) | 1,081,066 | 980,448 |
| B.I. | Intangible fixed assets | 175,635 | (140,018) | 35,617 | 30,908 |
| B.I.2. | Valuable rights | 175,635 | (140,018) | 35,617 | 30,908 |
| B.I.2.1. | Software | 155,447 | (124,026) | 31,421 | 27,032 |
| B.I.2.2. | Other valuable rights | 20,188 | (15,992) | 4,196 | 3,876 |
| B.II. | Tangible fixed assets | 1,690,742 | (761,549) | 929,193 | 827,815 |
| B.II.2. | Movable assets and sets of movable assets | 1,690,154 | (761,549) | 928,605 | 827,815 |
| B.II.5. | Advances granted for tangible fixed assets and tangible fixed assets in progress | 588 | 0 | 588 | 0 |
| B.II.5.2. | Tangible fixed assets in progress | 588 | 0 | 588 | 0 |
| B.III. | Long-term investments | 116,256 | 0 | 116,256 | 121,725 |
| B.III.1. | Interests – controlled or controlling entity | 116,256 | 0 | 116,256 | 121,725 |
| C. | CURRENT ASSETS | 10,802,077 | (366,816) | 10,435,261 | 9,411,050 |
| C.I. | Inventories | 2,660 | (2,660) | 0 | 0 |
| C.I.3. | Finished products and goods | 2,660 | (2,660) | 0 | 0 |
| C.I.3.2. | Goods | 2,660 | (2,660) | 0 | 0 |
| C.II. | Receivables | 10,767,547 | (364,156) | 10,403,391 | 9,376,446 |
| C.II.1. | Long-term receivables | 6,406,349 | (104,916) | 6,301,433 | 5,523,263 |
| C.II.1.1. | Trade receivables | 6,315,636 | (104,916) | 6,210,720 | 5,445,173 |
| C.II.1.4. | Deferred tax asset | 90,713 | 0 | 90,713 | 78,090 |
| C.II.2. | Short-term receivables | 4,361,198 | (259,240) | 4,101,958 | 3,853,183 |
| C.II.2.1. | Trade receivables | 2,936,145 | (198,730) | 2,737,415 | 2,485,436 |
| C.II.2.4. | Other receivables | 1,425,053 | (60,510) | 1,364,543 | 1,367,747 |
| C.II.2.4.3. | Due from government – tax receivables | 6,843 | 0 | 6,843 | 2,924 |
| C.II.2.4.4. | Short-term advances granted | 2,882 | 0 | 2,882 | 2,232 |
| C.II.2.4.5. | Unbilled revenue | 24,812 | 0 | 24,812 | 18,781 |
| C.II.2.4.6. | Miscellaneous receivables | 1,390,516 | (60,510) | 1,330,006 | 1,343,810 |
| C.IV. | Cash | 31,870 | 0 | 31,870 | 34,604 |
| C.IV.1. | Cash in hand | 101 | 0 | 101 | 198 |
| C.IV.2. | Cash at bank | 31,769 | 0 | 31,769 | 34,406 |
| D.I. | Prepaid expenses and accrued income | 872,732 | 0 | 872,732 | 881,409 |
| D.I.1. | Prepaid expenses | 844,012 | 0 | 844,012 | 850,826 |
| D.I.3. | Accrued income | 28,720 | 0 | 28,720 | 30,583 |

| CZK ths. | | Current year | Prior year 2017 |
|---------------------------------------|---|-------------------|--------------------|
| TOTAL EQUITY & LIABILITIES | | 12,389,059 | 11,272,907 |
| A. | EQUITY | 2,365,565 | 2,123,056 |
| A.I. | Basic capital | 500,000 | 500,000 |
| A.I.1. | Registered capital | 500,000 | 500,000 |
| A.II. | Share premium and revaluation reserve | 1,794,382 | 1,497,321 |
| A.II.1. | Share premium | 256,000 | 256,000 |
| A.II.2. | Capital funds | 1,538,382 | 1,241,321 |
| A.II.2.1. | Other capital funds | 1,556,900 | 1,256,900 |
| A.II.2.2. | Gain or loss on revaluation of assets and liabilities (+/-) | (18,518) | (15,579) |
| A.III. | Reserves from profit | 43,442 | 37,429 |
| A.III.1. | Other reserves | 43,442 | 37,429 |
| A.IV. | Profit (loss) brought forward (+/-) | (95,403) | (31,946) |
| A.IV.1. | Retained earnings or accumulated losses (+/-) | 82,293 | (31,946) |
| A.IV.2. | Other profit/loss from previous years (+/-) | (177,696) | 0 |
| A.V.1. | Profit (loss) for the year (+/-) | 123,144 | 120,252 |
| B. + C. | PROVISIONS AND LIABILITIES | 9,914,681 | 9,016,996 |
| B. | Provisions | 12,408 | 5,711 |
| B.4. | Other provisions | 12,408 | 5,711 |
| C. | Liabilities | 9,902,273 | 9,011,285 |
| C.I. | Long-term liabilities | 5,143,889 | 5,688,063 |
| C.I.2. | Amounts owed to credit institutions | 5,143,889 | 5,688,063 |
| C.II. | Current liabilities | 4,758,384 | 3,323,222 |
| C.II.2. | Amounts owed to credit institutions | 4,571,937 | 3,147,036 |
| C.II.3. | Short-term advances received | 64,174 | 60,031 |
| C.II.4. | Trade payables | 5,356 | 1,807 |
| C.II.8. | Other liabilities | 116,917 | 114,348 |
| C.II.8.3. | Liabilities to employees | 5,432 | 5,207 |
| C.II.8.4. | Liabilities arising from social security and health insurance | 2,745 | 2,513 |
| C.II.8.5. | Due to government – taxes and subsidies | 1,828 | 1,185 |
| C.II.8.6. | Unbilled deliveries | 101,475 | 97,679 |
| C.II.8.7. | Miscellaneous liabilities | 5,437 | 7,764 |
| D. | Accruals and deferred income | 108,813 | 132,855 |
| D.1. | Accruals | 10,788 | 7,369 |
| D.2. | Deferred income | 98,025 | 125,486 |

Income Statement

for the Year Ended 31 December 2018

| CZK ths. | | Current year | Prior year 2017 |
|----------|--|------------------|--------------------|
| I. | Revenue from sale of finished products and services | 424,280 | 438,252 |
| II. | Revenue from sale of goods | 31 | 2,318 |
| A. | Production-related consumption | 449,083 | 480,917 |
| A.1. | Cost of goods sold | 1,700 | 12,972 |
| A.2. | Consumption of material and energy | 4,428 | 4,080 |
| A.3. | Services | 442,955 | 463,865 |
| D. | Personnel expenses | 118,147 | 113,440 |
| D.1. | Wages and salaries | 85,673 | 82,769 |
| D.2. | Social security and health insurance costs and other costs | 32,474 | 30,671 |
| D.2.1. | Social security and health insurance costs | 27,203 | 25,937 |
| D.2.2. | Other costs | 5,271 | 4,734 |
| E. | Value adjustments in respect of operating activities | 287,357 | 292,510 |
| E.1. | Value adjustments in respect of intangible and tangible fixed assets | 279,269 | 320,535 |
| E.1.1. | Value adjustments in respect of intangible and tangible fixed assets – permanent | 284,529 | 299,799 |
| E.1.2. | Value adjustments in respect of intangible and tangible fixed assets – temporary | (5,260) | 20,736 |
| E.2. | Value adjustments in respect of inventory | (1,669) | (3,727) |
| E.3. | Value adjustments in respect of receivables | 9,757 | (24,298) |
| III. | Other operating income | 344,485 | 337,861 |
| III.1. | Income from sale of fixed assets | 220,314 | 220,539 |
| III.3. | Miscellaneous operating income | 124,171 | 117,322 |
| F. | Other operating expenses | 363,574 | 349,658 |
| F.1. | Net book value of fixed assets sold | 268,280 | 246,175 |
| F.3. | Taxes and charges relating to operations | 1,823 | 1,672 |
| F.4. | Provisions relating to operations and prepaid expenses (specific-purpose expenses) | 6,696 | (6,696) |
| F.5. | Miscellaneous operating expenses | 86,775 | 108,507 |
| * | Profit or loss on operating activities (+/-) | (449,365) | (458,094) |
| V. | Income from other long-term investments | 15,000 | 8,325 |
| V.1. | Income from other long-term investments – subsidiaries or parents | 15,000 | 8,325 |
| VI. | Interest receivable and similar income | 708,951 | 684,564 |
| VI.2. | Other interest receivable and similar income | 708,951 | 684,564 |
| J. | Interest payable and similar expenses | 109,051 | 83,229 |
| J.1. | Interest payable and similar expenses – subsidiaries or parents | 98,581 | 80,844 |
| J.2. | Other interest payable and similar expenses | 10,470 | 2,385 |
| VII. | Other finance income | 444 | 4,710 |
| K. | Other finance cost | 6,461 | 3,031 |
| * | Profit or loss on financial activities (+/-) | 608,883 | 611,339 |
| ** | Profit or loss before taxation (+/-) | 159,518 | 153,245 |
| L. | Income tax | 36,374 | 32,993 |
| L.1. | Income tax due | 43,434 | 41,939 |
| L.2. | Income tax deferred (+/-) | (7,060) | (8,946) |
| ** | Profit or loss after taxation (+/-) | 123,144 | 120,252 |
| *** | Profit or loss for the year (+/-) | 123,144 | 120,252 |
| * | Net turnover | 1,493,191 | 1,476,030 |

Cash Flow Statement

for the Year Ended 31 December 2018

| CZK ths. | Current year | Prior year 2017 | |
|---|---|--------------------|------------------|
| Cash flows from operating activities | | | |
| Z. | Profit or loss on ordinary activities before taxation (+/-) | 159,518 | 153,245 |
| A.1. | Adjustments to reconcile profit or loss to net cash provided by or used in operating activities | (160,983) | (197,189) |
| A.1.1. | Depreciation and amortization of fixed assets and write-off of receivables | 351,425 | 384,173 |
| A.1.2. | Change in allowances | 2,829 | (7,291) |
| A.1.3. | Change in provisions | 6,697 | (6,697) |
| A.1.5. | (Gain)/Loss on disposal of fixed assets | 62,966 | 33,961 |
| A.1.6. | Interest expense and interest income | (599,900) | (601,335) |
| A.1.7. | Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received) | 15,000 | 0 |
| A* | Net cash from operating activities before taxation, changes in working capital and extraordinary items | (1,465) | (43,944) |
| A.2. | Change in non-cash components of working capital | (1,231,111) | (796,738) |
| A.2.1. | Change in inventory | 1,670 | 3,908 |
| A.2.2. | Change in trade receivables | (1,216,768) | (286,232) |
| A.2.3. | Change in other receivables and in prepaid expenses and unbilled revenue | (3,320) | (447,172) |
| A.2.4. | Change in trade payables | 3,549 | (13,146) |
| A.2.5. | Change in other payables, and in accruals and deferred income | (16,242) | (54,096) |
| A** | Net cash from operating activities before taxation, interest paid and extraordinary items | (1,232,576) | (840,682) |
| A.3.1. | Interest paid | (106,513) | (82,812) |
| A.3.2. | Interest received | 706,358 | 689,905 |
| A.4.1. | Income Tax paid | (45,198) | (45,990) |
| A*** | Net cash provided by (used in) operating activities | (677,929) | (279,579) |
| Cash flows from investing activities | | | |
| B.1.1. | Purchase of fixed assets | (692,907) | (1,122,508) |
| B.2.1. | Proceeds from sale of fixed assets | 205,314 | 212,214 |
| B.5.1. | Profit shares received | (15,000) | 0 |
| B*** | Net cash provided by (used in) investing activities | (502,593) | (910,294) |
| Cash flows from financing activities | | | |
| C.1. | Change in long-term liabilities, and long-term and short-term loans | 880,727 | 1,209,479 |
| C.2.3. | Effect of other changes in own capital on cash | 297,061 | (17,888) |
| C*** | Net cash provided by (used in) financing activities | 1,177,788 | 1,191,591 |
| F. | Net increase (decrease) in cash | (2,734) | 1,718 |
| P. | Cash and cash equivalents at beginning of year | 34,604 | 32,886 |
| R. | Cash and cash equivalents at end of year | 31,870 | 34,604 |

Statement of Changes in Shareholders' Equity

| CZK ths. | Share capital | Share premium | Other capital funds | Differences arising from revaluation of assets | Other reserve funds | Net profit/(loss) | Other profit/loss from previous years (+/-) | Total |
|--|----------------|----------------|---------------------|--|---------------------|-------------------|---|------------------|
| As at 1 January 2017 | 500,000 | 256,000 | 1,256,900 | (15,579) | 37,429 | (31,946) | 0 | 2,002,804 |
| Distribution of profit/(loss) | 0 | 0 | 0 | 0 | 0 | 120,252 | 0 | 120,252 |
| As at 31 December 2017 | 500,000 | 256,000 | 1,256,900 | (15,579) | 37,429 | 88,306 | 0 | 2,123,056 |
| Accounting methods change | 0 | 0 | 0 | 0 | 0 | 0 | (177,696) | (177,696) |
| Fair value revaluation differences – investments in subsidiaries and investments in associates | 0 | 0 | 0 | (2,939) | 0 | 0 | 0 | (2,939) |
| Contribution to fund | 0 | 0 | 300,000 | 0 | 6,013 | (6,013) | 0 | 300,000 |
| Net profit/(loss) for the current period | 0 | 0 | 0 | 0 | 0 | 123,144 | 0 | 123,144 |
| As at 31 December 2018 | 500,000 | 256,000 | 1,556,900 | (18,518) | 43,442 | 205,437 | (177,696) | 2,365,565 |

Other profit or loss is the effect of the change in the provisioning method described in Note 3.1.

Prepared on 22 March 2019

Signature of accounting unit's statutory body:



Wilfried Elbs
Chairman of the Board of Directors



Tomáš Veverka
Vice Chairman of the Board of Directors

Person responsible for accounting (name and signature):



Tomáš Veverka
Vice Chairman of the Board of Directors

Person responsible for financial statements (name and signature):



Tomáš Veverka
Vice Chairman of the Board of Directors

Notes to the Financial Statements

for the Year Ended 31 December 2018

1. General Information

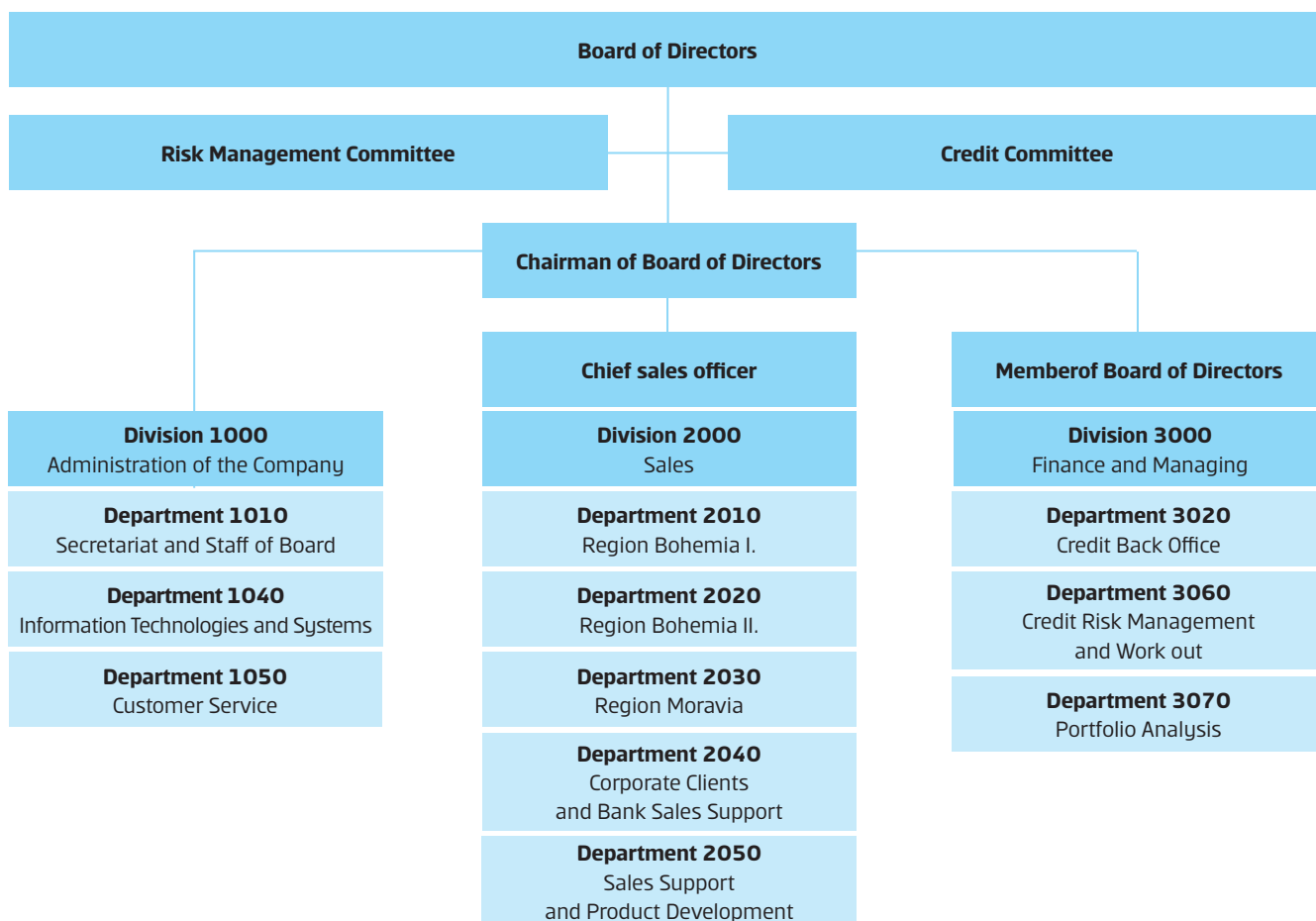
1.1 Incorporation and Description of the Business

s Autoleasing, a.s. ("the Company" or "SAL") was created by a Deed of Incorporation as a joint stock company on 15 August 2003 and was incorporated by registration at the Commercial Register kept in the Municipal Court in Prague on 6 October 2003. The principal business activity of the Company is to provide leasing services including instalment sales and providing consumer loans. These activities account for all of the Company's activities and the related revenues are generated in the Czech Republic.

The Company's share capital is CZK 500,000 thousand as at 31 December 2018. The Company's sole shareholder is Česká spořitelna, a.s., holding 100% of the share capital.

The Company concluded no controlling agreement with the parent company.

1.3 Organisational Structure of the Company



The Company has no foreign branch.

The financial statements have been prepared in accordance with the valid Czech accounting legislation as separate financial statements for the year ended 31 December 2018. Consolidated financial statements prepared in accordance with International Financial Reporting Standards within the Erste Bank group (Česká spořitelna Financial Group (CSFG)), the Company being part of it, are prepared by the parent company Česká spořitelna, a.s., and published on its website. Consolidated financial statements for the entire group and the largest group of entities of Erste Group Bank are prepared and published on its website by Erste Group Bank AG, based in Austria

1.2 Changes and Amendments in the Commercial Register

In the Commercial Register kept at the Municipal Court in Prague, changes in the composition of the Company's Supervisory Board were noted in 2018 – see point 1.5.

1.4 Group Identification

The Company is part of the Česká spořitelna, a.s., financial group. The Company is included in the consolidated group of Česká spořitelna, a.s.

1.5 Board of Directors and Supervisory Board as at 31 December 2018

| | Position | Name |
|--------------------|---------------|------------------------|
| Board of Directors | Chairman | Wilfried Reinhard Elbs |
| | Member | Tomáš Veverka |
| Supervisory Board | Chairman | Jan Seger |
| | Vice Chairman | Roman Pařil |
| | Member | Petr Vacek |

2. Accounting Methods and General Accounting Principles

The Company's accounting is maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain allowances of the Accounting Act for reporting entities which maintain a double-entry bookkeeping system and Czech Accounting Standards for Businesses, as amended.

The accounting is maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accrual principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns (CZK), unless stated otherwise.

3. Summary of Significant Accounting Policies

3.1 Tangible and Intangible Fixed Assets

Tangible fixed assets include asset for a separate technical-economic purpose with physical substance which have an estimated useful life greater than one year and a cost greater than CZK 40 thousand on an individual basis.

Intangible fixed assets include asset for a separate technical-economic purpose without physical substance which have an estimated useful life greater than one year and a cost greater than CZK 60 thousand.

Purchased tangible and intangible fixed assets are recorded at their acquisition costs, which consist of the purchase price and related costs (assembly, freight, etc.).

The assets acquired based on the collateralized transfer of the ownership right from loan contracts are recorded in tangible fixed assets in the amount of outstanding receivables from customers.

The cost of fixed asset improvements exceeding CZK 40 thousand and CZK 40 thousand in aggregate for individual tangible and intangible fixed assets, respectively for the taxation period increases the acquisition cost of the related fixed asset.

Tangible assets with a cost below CZK 40 thousand which are not included in the selected low value fixed assets, technical improvements and intangible assets with a cost below CZK 60 thousand are charged to expenses in the period in which they were acquired.

Depreciation for Accounting Purposes

Assets Used by the Company

Assets are depreciated using the straight line method over their estimated useful lives.

Irrespective of their value, works of art and assets under construction are not depreciated.

The depreciation periods of the individual asset categories are as follows:

| Asset category | Depreciation period in years |
|--|------------------------------|
| Machinery and equipment | 4–12 |
| Vehicles | 4 |
| Furniture and fixtures | 4–6 |
| Software, licenses and other intangible assets | 4 |

Commencement of Depreciation

Depreciation of tangible and intangible fixed assets for internal use begins in the month following the month the assets are put into use.

Depreciation of leased movable assets commences in the month following the month the assets are put into use by the lessee, based on a putting-into-use record received.

Impairment of Leased Assets and Receivables

Allowances against impaired tangible and intangible fixed assets are established and updated as the difference between the carrying value of the relevant asset and its market value, based on a review of prematurely terminated contracts. The allowance is created as the full amount of the estimated difference less any underlying collateral.

With respect to current contracts, an allowance against impaired leased tangible and intangible fixed assets is calculated based on the exposure level, to which a percentage derived from the number of past due days of the oldest receivable relating to the respective lease contract is applied.

The impairment is assessed using a statistical model, which determines a specific impairment allowance for each contract. The level of the allowance depends on the category defined by Czech National Bank ("CNB"), the length of collection period and the course of collection.

For reporting purposes, this calculated allowance is then divided into an allowance against assets and an allowance against receivables, based on an analysis of the whole portfolio by commodity, reflecting the share of allowances arising from prematurely terminated transactions which are created separately against assets (see above) and against receivables (see Note 3.3).

An allowance against advances on tangible fixed assets is created on the basis of an analysis of the entity to which the advance was made.

3.2 Long-term Financial Assets

Long-term financial assets are equity investments.

3.2.1 Ownership Interests in Subsidiaries

Ownership interests are valued at their acquisition cost upon purchase. The acquisition cost of securities and ownership interests includes direct costs related to the acquisition, e.g. fees and commissions paid to agents, advisors and stock exchanges.

At the date of acquisition of securities and ownership interests, the Company classifies these non-current financial assets based on their underlying characteristics as investments in subsidiaries and in associates.

Investments in companies in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their operations are classified as "Subsidiaries".

As at the balance sheet date, investments in subsidiaries are valued as follows:

Ownership interests in subsidiaries are valued under the equity method;

Ownership interests recorded at acquisition cost upon acquisition are revalued at the balance sheet date to reflect the value of the Company's share of the subsidiary's equity.

3.3 Receivables

Long-term trade receivables include loans with a maturity of over one year, while in previous years they were reported in long term financial assets. This change was made to improve the explanatory value of the financial statements. Also the comparable data have been adjusted. Long-term trade receivables – represent the principal of consumer loans provided to individuals, entrepreneurs or legal entities.

Long-term receivable is receivable which is payable after more than one year from the balance sheet date.

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate allowances against doubtful and bad amounts.

Receivables consist of outstanding lease payments and the aggregate balance of amounts due from instalment sales and granted consumer loans.

Impairment of leased assets and receivables (see Note 3.1).

Allowances against receivables arising from penalties are recognised in respect of the entire carrying value of these receivable balances.

3.4 Inventory

Seized assets from Stock financing are valued on the basis of the estimated net realizable amount and accounted for as Goods.

3.5 Equity

The share capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court. Other capital funds consist of monetary contributions in excess of share capital.

The Annual General Meeting may decide to establish a reserve fund from profits and to allocate the net income (or part) as reported in the annual financial statements to the reserve fund. The reserve fund can be used to cover the loss or for any other purpose approved by the General Meeting.

3.6 Trade Payables

Trade payables are recorded at their nominal values.

3.7 Loans Received

Loans are stated at their outstanding nominal value. Loan interest is recorded on the accrual basis and included in the profit or loss for the period to which it belongs to.

Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

3.8 Provisions

Provisions are created in order to cover future payables or expenses the purpose of which is known and is probable that they will arise although their amount and date of arising are usually uncertain.

3.9 Foreign Currency Translation to the Czech Currency

Assets and liabilities acquired in a foreign currency are translated and recorded in CZK at the rate of exchange ruling as at the transaction date and at the balance sheet date, the monetary items were revaluated at the exchange rate prevailing on 31 December published by the Czech National Bank.

All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement all together while in previous years they were reported separately. This change was made for its better explanatory value. At the same time, comparable data are adjusted.

3.10 Taxes

3.10.1 Depreciation of Fixed Assets for Tax Purposes

In contracts concluded since 1 January 2008 assets held under finance leases are depreciated in accordance with § 31, § 30a (contracts concluded between 20 July 2009 and 30 June 2010) of Act No. 586/1992 Coll., on Income Taxes as amended, as this method appropriately delimits depreciation over the lease term.

3.10.2 Current Tax Payable

The current tax payable is based on taxable profit for the reporting period.

Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible, further adjusted by tax allowances and potential credits of tax paid abroad.

The current tax payable is determined using tax rates applicable as at the balance sheet date.

3.10.3 Deferred Tax

Deferred tax is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of fixed assets are added to the cost of those assets.

3.12 Revenue Recognition

Revenues are divided into operational and financial.

- Revenues relating to future periods are recognised on the accrual basis;
- Interest on provided loans is accrued on an annuity basis over the loan contract period and is always recognised as at the last day of the month;

Fees for the processing of contracts are accrued on a straight-line basis over the contract period and are always recognised as at the last day of the month; Other revenues are recognised on an accrual basis into income for the period in which they were earned.

3.13 Costs

Costs are recorded on the accrual basis, i.e. they are expenses in the year in which they were incurred.

Dealer commissions are deferred and amortised over the contract term on a straight-line basis.

3.14 Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets (specifically receivables and tangible assets) and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available.

3.15 Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

4. Balance Sheet and Income Statement – Additional Information

4.1 Fixed Assets

4.1.1 Intangible Fixed Assets

Acquisition Cost

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|--------------|----------------------|--------------|-----------|----------------------|---------------|-----------|----------------------|
| Royalties | 17,330 | 1,506 | 0 | 18,836 | 1,352 | 0 | 20,188 |
| Software | 137,677 | 6,271 | 0 | 143,948 | 11,499 | 0 | 155,447 |
| Total | 155,007 | 7,777 | 0 | 162,784 | 12,851 | 0 | 175,635 |

Accumulated Amortisation

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|--------------|----------------------|----------------|-----------|----------------------|----------------|-----------|----------------------|
| Royalties | (14,068) | (892) | 0 | (14,960) | (1,032) | 0 | (15,992) |
| Software | (109,756) | (7,160) | 0 | (116,916) | (7,110) | 0 | (124,026) |
| Total | (123,824) | (8,052) | 0 | (131,876) | (8,142) | 0 | (140,018) |

Net Book Value

| CZK ths. | As at 31 Dec 2016 | As at 31 Dec 2017 | As at 31 Dec 2018 |
|--------------------------------|----------------------|----------------------|----------------------|
| Royalties | 3,262 | 3,876 | 4,196 |
| Software | 27,921 | 27,032 | 31,421 |
| Total, incl. allowances | 31,183 | 30,908 | 35,617 |

All the intangible fixed assets are used by the Company.

Amortisation of Intangible Fixed Assets.

| CZK ths. | 2017 | 2018 |
|--------------|--------------|--------------|
| Total | 8,052 | 8,142 |

4.1.2 Tangible Fixed Assets

4.1.2.1 Own Tangible Fixed Assets

Acquisition Costs

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---|----------------------|--------------|-----------------|----------------------|--------------|----------------|----------------------|
| Individual movable assets | 40,961 | 5,231 | (12,013) | 34,179 | 6,619 | (2,344) | 38,454 |
| – Machinery and equipment | 23,548 | 1,286 | (4,258) | 20,576 | 2,067 | (95) | 22,548 |
| – Vehicles | 17,413 | 3,945 | (7,755) | 13,603 | 4,552 | (2,249) | 15,906 |
| Other tangible fixed assets | 27 | 0 | (27) | 0 | 0 | 0 | 0 |
| Tangible fixed assets in the course of construction | 651 | 0 | (651) | 0 | 589 | 0 | 589 |
| Total | 41,639 | 5,231 | (12,691) | 34,179 | 7,208 | (2,344) | 39,043 |

Accumulated Depreciation

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---------------------------|----------------------|----------------|--------------|----------------------|----------------|--------------|----------------------|
| Individual movable assets | (23,333) | (4,537) | 9,704 | (18,166) | (4,633) | 1,650 | (21,149) |
| – Machinery and equipment | (16,523) | (1,895) | 4,258 | (14,160) | (2,048) | 95 | (16,113) |
| – Vehicles | (6,810) | (2,642) | 5,446 | (4,006) | (2,585) | 1,555 | (5,036) |
| Total | (23,333) | (4,537) | 9,704 | (18,166) | (4,633) | 1,650 | (21,149) |

* Additions and disposals to accumulated depreciation include both the additions and disposals to accumulated depreciation and the net book value of fixed assets sold and/or damaged.

Net Book Value

| CZK ths. | As at 31 Dec 2016 | As at 31 Dec 2017 | As at 31 Dec 2018 |
|---|----------------------|----------------------|----------------------|
| Individual movable assets | 17,628 | 16,013 | 17,305 |
| – Machinery and equipment | 7,025 | 6,416 | 6,435 |
| – Vehicles | 10,603 | 9,597 | 10,870 |
| Other tangible fixed assets | 27 | 0 | 0 |
| Tangible fixed assets in the course of construction | 651 | 0 | 589 |
| | 18,306 | 16,013 | 17,894 |

4.1.2.2 Tangible Fixed Assets Held Under Leases and Seized Assets

Acquisition Cost

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---|----------------------|----------------|------------------|----------------------|------------------|--------------------|----------------------|
| Individual movable assets | 1,878,743 | 483,897 | (785,331) | 1,577,309 | 678,328 | (603,938) | 1,651,699 |
| – Machinery and equipment | 397,277 | 2,560 | (254,481) | 145,356 | 0 | (52,380) | 92,976 |
| – Vehicles | 1,448,104 | 358,777 | (436,259) | 1,370,622 | 586,301 | (437,227) | 1,519,696 |
| – Furniture and fixtures | 5,126 | 0 | 0 | 5,126 | 0 | (3,215) | 1,911 |
| – Seized assets from client loans | 28,236 | 122,560 | (94,591) | 56,205 | 92,027 | (111,116) | 37,116 |
| Tangible fixed assets in the course of construction | 0 | 361,259 | (361,259) | 0 | 586,291 | (586,291) | 0 |
| Advances paid for tangible fixed assets | 0 | 0 | 0 | 0 | 4,265 | (4,265) | 0 |
| Total | 1,878,743 | 845,156 | 1,146,590 | 1,577,309 | 1,268,884 | (1,194,494) | 1,651,699 |

Accumulated Depreciation

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|-----------------------------------|----------------------|------------------|----------------|----------------------|------------------|----------------|----------------------|
| Individual movable assets | (940,742) | (562,491) | 785,252 | (717,981) | (567,865) | 603,928 | (681,917) |
| – Machinery and equipment | (326,203) | (46,770) | 254,481 | (118,492) | (11,941) | 52,379 | (78,054) |
| – Vehicles | (610,822) | (420,628) | 436,180 | (595,270) | (444,409) | 437,217 | (602,462) |
| – Furniture and fixtures | (3,717) | (502) | 0 | (4,219) | (398) | 3,215 | (1,402) |
| – Seized assets from client loans | 0 | (94,591) | 94,591 | 0 | (111,117) | 111,117 | 0 |
| Total | (940,742) | (562,491) | 785,252 | (717,981) | (567,865) | 603,928 | (681,917) |

* Additions and disposals to accumulated depreciation include both the additions and disposals to accumulated depreciation and the net book value of fixed assets sold and/or damaged.

Allowances

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---------------------------------------|----------------------|-----------------|---------------|----------------------|------------------|----------------|----------------------|
| Allowances to equipment | (26,790) | (86,194) | 65,458 | (47,526) | (136,092) | 125,135 | (58,483) |
| – Allowances to tangible fixed assets | (6,721) | (7,367) | 5,441 | (8,648) | (66,501) | 48,355 | (26,794) |
| – Seized assets from client loans | (20,069) | (78,827) | 60,017 | (38,878) | (69,591) | 76,780 | (31,689) |
| Total | (26,790) | (86,194) | 65,458 | (47,526) | (136,092) | 125,135 | (58,483) |

Net Book Value

| CZK ths. | As at 31 Dec 2016 | As at 31 Dec 2017 | As at 31 Dec 2018 |
|---|----------------------|----------------------|----------------------|
| Individual movable assets | 911,211 | 811,802 | 911,299 |
| – Machinery and equipment | 71,074 | 26,864 | 14,923 |
| – Vehicles | 830,560 | 766,703 | 890,440 |
| – Furniture and fixtures | 1,409 | 908 | 509 |
| – Allowances to seized assets from client loans | 8,168 | 17,327 | 5,427 |
| Total, incl. allowances | 911,211 | 811,802 | 911,299 |

Depreciation of Tangible Fixed Assets

| CZK ths. | 2017 | 2018 |
|--------------|----------------|----------------|
| Total | 291,747 | 276,387 |

Leasing Portfolio Structure

| Commodity % of NBV share in CZK ths. | Portfolio share in % 2017 | Portfolio share in % 2018 |
|--|---------------------------------|---------------------------------|
| Passenger cars | 71.07 | 60.83 |
| Commercial vehicles | 10.08 | 14.62 |
| Trucks | 6.95 | 18.48 |
| Trailer and semi-trailer | 2.39 | 1.07 |
| Tractor units | 2.74 | 1.17 |
| Buses | 2.69 | 1.73 |
| Ship and railway technology | 0.62 | 0.41 |
| Total traffic engineering | 96.54 | 98.31 |
| Machinery | 0.67 | 0.4 |
| Interior and service equipment | 1.44 | 0.57 |
| Other purpose machines | 0.56 | 0.26 |
| Energy machines | 0.41 | 0.24 |
| Other machinery and equipment | 0.38 | 0.22 |
| Total machinery and equipment | 3.46 | 1.69 |
| Total net book value excl. allowances | 100.00 | 100.00 |

4.1.3 Non-Current Financial Investments

Ownership Interests in Subsidiaries

As at 31 December 2018, the Company holds 100% ownership interest in DINESIA a.s. (former Leasing České spořitelny, a.s.). The ownership interest in DINESIA a.s. was acquired based on a contract, from Česká spořitelna, a.s., in 2008.

As at 31 December 2018, the Company holds 100% ownership interest in s Autoleasing SK, s.r.o.; the ownership interest was acquired through establishing a subsidiary in 2012. In 2017 and 2018, the share capital in s Autoleasing SK, s.r.o. was increased.

2018

| Subsidiaries CZK ths. | As at 1 Jan 2018 | Additions | Revaluation | As at 31 Dec 2018 |
|--------------------------|---------------------|--------------|-----------------|----------------------|
| DINESIA a.s. | 20,250 | 0 | (13,318) | 6,932 |
| s Autoleasing SK, s.r.o. | 101,475 | 7,849 | 0 | 109,324 |
| Total | 121,725 | 7,849 | (13,318) | 116,256 |

2017

| Subsidiaries CZK ths. | As at 1 Jan 2017 | Additions | Revaluation | As at 31 Dec 2017 |
|--------------------------|---------------------|---------------|-----------------|----------------------|
| DINESIA a.s. | 39,108 | 0 | (18,858) | 20,250 |
| s Autoleasing SK, s.r.o. | 46,943 | 57,145 | (2,613) | 101,475 |
| Total | 86,051 | 57,145 | (21,471) | 121,725 |

Acquisition Cost

| Name | Registered office | Acquisition price | Voting rights | Equity | Profit for the year | Dividends per year | Valuation as at 31 Dec 2018 |
|--------------------------|-----------------------------|-------------------|---------------|----------------|---------------------|--------------------|-----------------------------|
| DINESIA a.s. | Střelničná 8/1680, Prague 8 | 2,105 | 100% | 6,932 | 1,682 | 15,000 | 6,932 |
| s Autoleasing SK, s.r.o. | Vajnorská 100/A, Bratislava | 40,538 | 100% | 109,324 | 7,090 | 0 | 109,324 |
| Total | | 42,643 | | 116,256 | 8,772 | 15,000 | 116,256 |

* Data for the year 2018 are based on unaudited Financial Statements.

4.2 Inventory

4.2.1 Goods

Acquisition Cost

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|------------------------------------|-------------------|-------------------|
| Seized assets from stock financing | 4,330 | 2,660 |
| Total | 4,330 | 2,660 |

Changes in allowances

| CZK ths. | As at 1 Jan 2017 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|--|------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
| Allowance – Seized assets from stock financing | (8,057) | (6,588) | 10,315 | (4,330) | 0 | 1,670 | (2,660) |
| Total | (249,030) | (402,415) | 409,704 | (241,741) | (833,432) | 649,874 | (425,299) |

4.3 Long-term Receivables

The Company records long-term trade receivables from loan contracts with maturity over one year. These receivables are all due to be paid.

Gross Value

| CZK ths. | As at 31 Dec 2016 | Change in loans | As at 31 Dec 2017 | Change in loans | As at 31 Dec 2018 |
|---|-------------------|-----------------|-------------------|-----------------|-------------------|
| Loans granted – individual | 1,599,742 | 206,968 | 1,806,710 | 172,436 | 1,979,146 |
| Loans granted – entrepreneur/legal entity | 3,266,823 | 383,716 | 3,650,539 | 685,951 | 4,336,490 |
| Total | 4,866,565 | 590,684 | 5,457,249 | 858,387 | 6,315,636 |

Allowances

| CZK ths. | As at 31 Dec 2016 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---------------------------------------|-------------------|-----------------|---------------|-------------------|------------------|----------------|-------------------|
| Allowance – individual | (2,673) | (6,543) | 6,483 | (2,733) | (43,250) | 24,639 | (21,344) |
| Allowance – entrepreneur/legal entity | (7,967) | (30,256) | 28,880 | (9,343) | (233,003) | 158,775 | (83,572) |
| Total | (10,640) | (36,799) | 35,363 | (12,076) | (276,253) | 183,413 | (104,916) |

Net Value

| CZK ths. | Net value as at 31 Dec 2017 | Net value as at 31 Dec 2018 |
|---|-----------------------------|-----------------------------|
| Loans granted – individual | 1,803,977 | 1,957,802 |
| Loans granted – entrepreneur/legal entity | 3,641,196 | 4,252,918 |
| Total | 5,445,173 | 6,210,720 |

Increase allowances to long-term receivables is caused by change of the parameters used in the allowance calculation, particularly of default probability.

4.4 Short-term Receivables

4.4.1 Aging of Trade Receivables

Trade receivables represent the aggregate of receivables arising from lease instalments, instalment sales and loan contracts.

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|------------------------------------|-------------------|-------------------|
| Receivables from instalment sales | 10,827 | 10,827 |
| Receivables from lease instalments | 9,867 | 12,602 |
| Receivables from consumer loans | 2,595,218 | 2,912,580 |
| Other receivables | 225 | 136 |
| Total receivables | 2,616,137 | 2,936,145 |

| Year CZK ths. | Category | Before due date | | | Past due date | | Total | |
|---------------|----------|-----------------|-------------|--------------|---------------|-------------------|--------|------------------|
| | | 0–90 days | 91–180 days | 181–360 days | 1–2 years | More than 2 years | | |
| 2018 | Gross | 2,781,085 | 29,410 | 30,636 | 43,692 | 14,930 | 36,394 | 2,936,145 |
| 2017 | Gross | 2,470,215 | 34,760 | 13,938 | 30,605 | 25,910 | 40,709 | 2,616,137 |

4.4.2 Allowances Against Short-term Receivables

| CZK ths. | As at 1 Jan 2017 | Additions | Disposals | As at 31 Dec 2017 | Additions | Disposals | As at 31 Dec 2018 |
|---|------------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
| Current contracts | (4,816) | (17,239) | 16,411 | (5,644) | (125,882) | 84,077 | (47,449) |
| Prematurely terminated contracts | (78,899) | (125,970) | 132,240 | (72,629) | (164,677) | 148,688 | (88,618) |
| Penalty | (931) | (581) | 874 | (638) | (627) | 563 | (702) |
| Contractual penalties | (5) | 0 | 5 | 0 | 0 | 0 | 0 |
| Bankruptcy | (26,057) | (10,093) | 8,687 | (27,463) | (18,590) | 10,697 | (35,356) |
| Contractual fees and late charges | (5,945) | (5,325) | 6,917 | (4,353) | (8,588) | 8,891 | (4,050) |
| Contractual penalties – loans | (21,439) | (14,286) | 15,751 | (19,974) | (15,555) | 12,975 | (22,554) |
| Total allowance against receivables | (138,092) | (173,494) | 180,885 | (130,701) | (333,919) | 265,892 | (198,730) |
| Stock financing | (65,453) | (99,338) | 117,683 | (47,108) | (87,167) | 73,765 | (60,510) |
| Total allowances against receivables | (203,545) | (272,832) | 298,568 | (177,809) | (421,086) | 339,657 | (259,240) |

Increase in allowances receivables is caused by change of the parameters used in the provision calculation, particularly of default probability and stricter assessment of overdue receivables.

4.4.3 Short-term Receivables including Intercompany Receivables

| Company name CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|--|----------------------|----------------------|
| Česká spořitelna, a.s. | 1,068 | 1,136 |
| Total short-term intercompany receivables | 1,068 | 1,136 |
| Receivables to third parties | 4,029,924 | 4,360,062 |
| Total short-term receivables (gross) | 4,030,992 | 4,361,198 |

4.4.4 Tax Receivables and Short-term Advances Granted

Tax receivables include receivables arising from income tax and VAT.

The advance payments include in particular items related to facility management and advances paid to suppliers in the ordinary course of business.

4.4.5 Estimated Receivables

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|------------------------------------|----------------------|----------------------|
| Insurance commissions | 7,073 | 8,640 |
| Other | 937 | 1,038 |
| Interest income on dealer loans | 10,771 | 15,134 |
| Total estimated receivables | 18,781 | 24,812 |

4.4.6 Other Receivables

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|--------------------------------------|----------------------|----------------------|
| Short-term loan to suppliers – Gross | 1,390,918 | 1,390,512 |
| Loan allowances | (47,108) | (60,510) |
| Short-term loan to suppliers – Net | 1,343,810 | 1,330,002 |
| Other receivables | 0 | 4 |
| Total other receivables | 1,343,810 | 1,330,006 |

Other receivables include short-term loans provided to the suppliers of leased assets.

4.5 Cash

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|-------------------|----------------------|----------------------|
| Cash in hand | 198 | 101 |
| Cash at bank | 34,406 | 31,769 |
| Total cash | 34,604 | 31,870 |

4.6 Prepaid Expenses

Prepaid expenses comprise supplied services invoiced in the current period but related to the subsequent period. These expenses will be charged against income in the period to which they relate on the accrual basis.

Prepaid expenses include commissions for the mediation of business transactions. The commission expenses are charged against income over the term of the lease and loan contract.

Accrued income include unbilled lease revenues and unbilled interest on loans granted, which are recognized into income in the year in which they were earned.

4.7 Deferred Tax

Deferred tax asset can be analysed as follows:

| Deferred tax arising from CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|---|----------------------|----------------------|
| Net book value of fixed assets | 60,677 | 67,765 |
| Allowances against assets | 9,853 | 6,526 |
| Non-current financial assets | (3,447) | (917) |
| Allowances against receivables | 8,229 | 14,305 |
| Unpaid social security and health insurance | 2,778 | 3,034 |
| Total | 78,090 | 90,713 |

The increase of deferred tax asset in the year 2018 of CZK 12,623 thousand (2017: CZK 12,530 thousand) was recognized in the amount of CZK (5,563) thousand (2017: (3,584)) in equity and in the amount of CZK (7,060) thousand (2017: (8,946)) as income tax charge.

4.8 Equity

The Annual General Meetings held on 14 June 2018 approved the profit distribution for 2017 (see Statement of Changes in Shareholders' Equity). In accordance with its Articles of Association, the Company allocated a portion of profit to the reserve fund.

The Company expects to use the profit of 2018 to cover the remaining accumulated losses and to retain the balance in related earnings.

Due to significance of the change in the calculation on receivables provisions, the Company recorded this change directly to equity in the 'Other profit or loss' in the amount of CZK 177,696 thousand.

4.8.1 Differences Arising from Revaluation of Assets and Liabilities

| Ownership interest CZK ths. | Revaluation as at 31 Dec 2017 | Additions | Disposals | Revaluation as at 31 Dec 2018 |
|---|-------------------------------------|---------------|-----------------|-------------------------------------|
| DINESIA a.s. | 18,145 | - | (13,318) | 4,827 |
| s Autoleasing SK, s.r.o. | (30,277) | 7,849 | - | (22,428) |
| Deferred tax arising from revaluation differences | (3,447) | 2,530 | - | (917) |
| Total revaluation | (15,579) | 10,379 | (13,318) | (18,518) |

4.9 Provisions

In the 2017 the Company used part of the provision for litigation. During 2018, the Company further increased to provision by CZK 6,697 thousand. At the end of 2018, the provision amounted to CZK 12,408 thousand (2017: CZK 5,711 thousand).

4.10 Bank Loans and Borrowings

4.10.1 Bank Loans

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|-------------------------|----------------------|----------------------|
| Long-term bank loans | 5,688,063 | 5,143,889 |
| Short-term bank loans | 3,147,036 | 4,571,937 |
| Total bank loans | 8,835,099 | 9,715,826 |

2008

| Bank/ Creditor CZK ths. | Balance as at 31 Dec 2018 | Type of collateral | Currency |
|----------------------------|------------------------------|-----------------------|----------|
| Česká spořitelna, a.s. | 7,792,338 | no collateral | CZK |
| Česká spořitelna, a.s. | 232,028 | no collateral | EUR |
| Raiffeisenbank a.s. | 556,899 | bank guarantee | CZK |
| ING Bank N.V. | 800,000 | no collateral | CZK |
| UniCredit Bank Praha | 236,806 | bank guarantee | CZK |
| UniCredit Bank Praha | 97,755 | bank guarantee | EUR |
| | 9,715,826 | | |

2017

| Bank/ Creditor CZK ths. | Balance as at 31 Dec 2018 | Type of collateral | Currency |
|----------------------------|------------------------------|-----------------------|----------|
| Česká spořitelna, a.s. | 8,489,867 | no collateral | CZK |
| Česká spořitelna, a.s. | 260,190 | no collateral | EUR |
| Raiffeisenbank a.s. | 85,042 | bank guarantee | CZK |
| | 8,835,099 | | |

Payment Schedule of Bank Loans as at 31 December 2018

| Bank/ Creditor CZK ths. | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|------------------|------------------|------------------|----------------|----------------|----------------|---------------|
| Raiffeisenbank a.s. | 556,899 | 0 | 0 | 0 | 0 | 0 | 0 |
| UniCredit Bank Praha | 206,088 | 79,167 | 38,889 | 10,417 | 0 | 0 | 0 |
| ING | 800,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Česká spořitelna, a.s. | 3,008,949 | 2,264,425 | 1,475,744 | 827,527 | 328,830 | 101,236 | 17,655 |
| Total | 4,571,937 | 2,343,592 | 1,514,633 | 837,944 | 328,830 | 101,236 | 17,655 |

In accordance with applicable accounting standards, a portion of loans due by 31 December 2018 is presented in short-term bank loans.

Based on existing framework agreements with banks, the Company anticipates ongoing re-financing of the current portions of loans with new sources on a short- and medium-term basis. Given the fact that all non-CS credit lines are guaranteed by the parent company, there is no risk of individual loan tranches being terminated without adequate substitution. Management of cash flow is carried out on a regular short- and medium-term basis in collaboration with the parent bank.

4.11 Current Liabilities**4.11.1 Short-term Advances Received**

Short-term advances received totalling CZK 64,174 thousand (31 December 2017: CZK 60,031 thousand) include in particular payments received before the receivable due date.

4.11.2 Aging of Current Trade Payables

| Before due date CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|-----------------------------|----------------------|----------------------|
| Current trade payables | 1,807 | 5,356 |

The Company has no overdue trade payables.

Current trade payables comprise payables to suppliers.

4.11.3 Other Current Liabilities

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|--|----------------------|----------------------|
| Liabilities to employees | 5,207 | 5,432 |
| Liabilities from social security | 2,513 | 2,745 |
| Due to government – taxes | 1,185 | 1,828 |
| Estimated payables | 97,679 | 101,475 |
| – unbilled deliveries | 77,079 | 78,884 |
| – other | 20,600 | 22,591 |
| Other liabilities | 7,764 | 5,437 |
| Total other current liabilities | 114,348 | 116,917 |

Overview of current liabilities from the perspective of related parties is disclosed in the following table:

| Company name CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|---|----------------------|----------------------|
| Česká spořitelna, a.s. – loan interest | 7,348 | 7,594 |
| Česká spořitelna, a.s. – risk participation | 3,685 | 1,748 |
| Total short-term intercompany payables | 11,033 | 9,342 |

Other liabilities include fees for guarantees received from Česká spořitelna, a.s., due to participation in the risk related to business transactions concluded which will be offset with outstanding receivables from prematurely terminated contracts once final settlement with the customer is completed.

4.12 Deferred Income

| CZK ths. | As at 31 Dec 2017 | As at 31 Dec 2018 |
|----------------------------------|----------------------|----------------------|
| Lease instalments | 93,140 | 81,258 |
| Fee for entering into agreements | 32,346 | 16,767 |
| Total deferred income | 125,486 | 98,025 |

4.13 Revenues from Ordinary Activities by Principal Activity

| CZK ths. | 2017 | 2018 |
|---|----------------|----------------|
| Loan item sales (sales of goods) | 2,318 | 31 |
| Sales of goods total | 2,318 | 31 |
| Finance lease | 239,712 | 202,518 |
| Operating lease | 85,198 | 108,571 |
| Other | 12,660 | 15,202 |
| Total lease (sales of own products and services) | 337,750 | 326,291 |
| Commissions for the mediation of insurance | 42,027 | 50,064 |
| Revenues from fees for loan agreements conclusion and processing | 28,978 | 15,738 |
| Revenues from other fees | 25,619 | 27,786 |
| Other revenues | 4,058 | 4,402 |
| Total revenues from the sale of products and services | 438,252 | 424,280 |
| Total revenues from the sale of goods, products and services | 440,570 | 424,311 |

All revenues from ordinary activities come from the Czech Republic market.

4.14 Related Party Transactions

4.14.1 Revenues Generated from Related Party Transactions

| Entity CZK ths. | Relation to Company | As at 31 Dec 2017 | As at 31 Dec 2018 |
|--|------------------------|----------------------|----------------------|
| Česká spořitelna, a.s. | Parent company | 1,108 | 79 |
| Stavební spořitelna, a.s. | Sister company | 181 | 96 |
| REICO investiční společnost České spořitelny, a.s. | Sister company | 21 | 0 |
| Procurement Services CZ, s.r.o. | Other related party | 222 | 1,099 |
| s Autoleasing SK, s.r.o. | Subsidiary | 1,581 | 5,031 |
| Erste Leasing, a.s. | Sister company | 13 | 120 |
| Factoring České spořitelny, a.s. | Sister company | 21 | 9 |
| Pojišťovna České spořitelny, a.s. | Other related party | 48 | 40 |
| Česká spořitelna – penzijní společnost, a.s. | Sister company | 0 | 18 |
| Erste Grantika advisory, a.s. | Sister company | 41 | 15 |
| Věrnostní program iBOD, a.s. | Sister company | 161 | 154 |
| Global Payments Europe, s.r.o. | Other related party | 1,232 | 0 |
| Total | | 4,629 | 6,661 |

4.14.2 Expenses Incurred from Related Party Transactions

2018

| Entity CZK ths. | Relation to Company | Services | Other costs | Finance cost | Total |
|---------------------------------|------------------------|---------------|----------------|-----------------|----------------|
| Česká spořitelna, a.s. | Parent company | 21,629 | 966 | 105,845 | 128,440 |
| Procurement Services CZ, s.r.o. | Other related party | 69 | (413) | 0 | (344) |
| Erste Group Bank AG | Other related party | 355 | 0 | 0 | 355 |
| Total | | 22,053 | 553 | 105,845 | 128,451 |

The negative expenses charge to Procurement Services CZ is due to the release of estimated payables from 2017 for purchased services.

2017

| Entity CZK ths. | Relation to Company | Services | Other costs | Finance cost | Total |
|---------------------------------|------------------------|---------------|----------------|-----------------|----------------|
| Česká spořitelna, a.s. | Parent company | 20,701 | 37 | 82,148 | 102,886 |
| Erste Leasing, a.s. | Sister Company | 1 | 0 | 0 | 1 |
| Procurement Services CZ, s.r.o. | Other related party | 469 | 373 | 0 | 842 |
| Erste Group Bank AG | Other related party | 2,673 | 0 | 0 | 2,673 |
| Celkem | | 23,844 | 410 | 82,148 | 106,402 |

4.15 Consumption

| CZK ths. | 2017 | 2018 |
|---|--------------|--------------|
| Consumed material | 2,193 | 1,687 |
| Energy and fuel consumption | 1,887 | 2,741 |
| Total consumption of material and energy | 4,080 | 4,428 |

4.16 Services

| CZK ths. | 2017 | 2018 |
|--|----------------|----------------|
| Marketing | 28,574 | 26,587 |
| Statutory auditor's fees | 1,643 | 1,650 |
| Services related to the extraordinary termination of contracts | 9,801 | 9,485 |
| Consideration for professional services – agreements | 15,140 | 13,969 |
| Training | 1,065 | 1,050 |
| Telephone, fax, postal charges | 2,190 | 2,316 |
| Repairs and maintenance | 3,877 | 3,712 |
| Travel expenses | 542 | 465 |
| Outsourcing | 4,084 | 4,324 |
| Commissions for trade partners | 352,152 | 342,198 |
| Rental | 6,662 | 7,682 |
| Others services related to leasing | 14,026 | 15,021 |
| Other | 24,109 | 14,494 |
| Total | 463,865 | 442,955 |

4.17 Staff Costs and Number of Employees

The average number of employees and staff costs in 2018 and 2017 are as follows:

2018

| CZK ths. | Number | Wages and salaries | Bonuses to members of statutory bodies | Social security and health insurance | Other costs | Total staff costs |
|--------------|------------|--------------------|--|--------------------------------------|--------------|-------------------|
| Employees | 100 | 60,302 | 0 | 20,915 | 4,732 | 85,949 |
| Management | 9 | 17,536 | 7,835 | 6,288 | 539 | 32,198 |
| Total | 109 | 77,838 | 7,835 | 27,203 | 5,271 | 118,147 |

2017

| CZK ths. | Number | Wages and salaries | Bonuses to members of statutory bodies | Social security and health insurance | Other costs | Total staff costs |
|--------------|------------|--------------------|--|--------------------------------------|--------------|-------------------|
| Employees | 101 | 57,993 | 0 | 19,966 | 4,296 | 82,255 |
| Management | 9 | 16,612 | 8,164 | 5,971 | 438 | 31,185 |
| Total | 110 | 74,605 | 8,164 | 25,937 | 4,734 | 113,440 |

Management includes the Board of Directors and executive management.

4.17.1 Provided Loans, Credits and Other Items

Members of the Board of Directors received the following loans and compensation in excess of their base salaries:

| CZK ths. | 2018 |
|--|--------------|
| Contribution to life and pension insurance | 64 |
| Passenger cars/other movable and immovable items with the possibility of personal use (data represent an amount by which the tax base of employees is increased) | 823 |
| Other items (increase of tax base – personal fuel consumption) | 174 |
| Total | 1,061 |

| CZK ths. | 2017 |
|--|--------------|
| Contribution to life and pension insurance | 38 |
| Passenger cars/other movable and immovable items with the possibility of personal use (data represent an amount by which the tax base of employees is increased) | 808 |
| Other items (increase of tax base – personal fuel consumption) | 205 |
| Total | 1,051 |

4.18 Overview of Changes in Allowances for Doubtful Debts

| CZK ths. | As at 31 Dec 2017 | Allowance change due to change in methodology as at 1 Jan 2018 | Additions | Disposals | As at 31 Dec 2018 |
|--------------------------------|----------------------|---|------------------|----------------|----------------------|
| Allowance to leased assets | (8,648) | (11,831) | (54,670) | 48,355 | (26,794) |
| Allowance to trade receivables | (130,701) | (58,187) | (275,733) | 265,892 | (198,729) |
| Allowance to other receivables | (47,108) | (21,658) | (65,509) | 73,765 | (60,510) |
| Allowance to loans | (12,076) | (84,667) | (191,586) | 183,413 | (104,916) |
| Allowance to seized assets | (38,878) | (4,386) | (65,205) | 76,780 | (31,689) |
| Allowance to goods | (4,330) | 0 | 0 | 1,669 | (2,660) |
| Total | (241,741) | (180,729) | (652,703) | 649,874 | (425,299) |

| CZK ths. | As at 1 Jan 2017 | Additions | Disposals | As at 31 Dec 2017 |
|--------------------------------|---------------------|------------------|----------------|----------------------|
| Allowance to leased assets | (6,720) | (7,369) | 5,441 | (8,648) |
| Allowance to trade receivables | (138,092) | (173,494) | 180,885 | (130,701) |
| Allowance to other receivables | (65,453) | (99,338) | 117,683 | (47,108) |
| Allowance to loans | (10,640) | (36,799) | 35,363 | (12,076) |
| Allowance to seized assets | (20,068) | (78,827) | 60,017 | (38,878) |
| Allowance to goods | (8,057) | (6,588) | 10,315 | (4,330) |
| Total | (249,030) | (402,415) | 409,704 | (241,741) |

Increase in allowances receivables is caused by change of the parameters used in the provision calculation, particularly of default probability and stricter assessment of overdue receivables. Impact of this change on the equity item 'Other profit or loss' is in the amount of CZK 177,696 thousand, impact on deferred tax asset is in the amount of CZK 3,033 thousand.

4.19 Other Operating Income

| CZK ths. | 2017 | 2018 |
|---|----------------|----------------|
| Fixed assets sold | 220,539 | 220,314 |
| Other operating income: of which | 117,322 | 124,171 |
| Contractual fines and late charges | 21,203 | 25,530 |
| Loss compensation | 84,060 | 89,003 |
| Re-charge and insurance premium proceeds | 3,567 | 2,897 |
| Income from ceded and written-off receivables | 4,588 | 4,691 |
| Other income except for leases | 3,904 | 2,050 |
| Total other operating income | 337,861 | 344,485 |

4.20 Other Operating Expenses

| CZK ths. | 2017 | 2018 |
|--|----------------|----------------|
| Net book value of sold fixed assets | 246,175 | 268,280 |
| Taxes and fees | 1,672 | 1,823 |
| Provisions from operating activities | (6,696) | 6,696 |
| Other operating expenses, of which: | 108,507 | 86,775 |
| Other operating expenses | 14,936 | 9,124 |
| Costs of ceded receivables | 52,970 | 40,122 |
| Write off of receivables | 4,575 | 2,942 |
| Insurance premium cost | 4,609 | 6,064 |
| Shortages and losses in operating activities | 31,417 | 28,523 |
| Total other operating expenses | 349,658 | 363,574 |

4.21 Revenue from Other Long-term Financial Assets

| CZK ths. | 2017 | 2018 |
|---|--------------|---------------|
| Revenue from profit share (DINESIA, a.s.) | 8,325 | 15,000 |
| Total | 8,325 | 15,000 |

4.22 Interest Income

| CZK ths. | 2017 | 2018 |
|---|----------------|----------------|
| Margin on instalment sales | 319 | 0 |
| Interest on loans granted to individuals (non-entrepreneurs) | 308,143 | 303,505 |
| Interest on loans granted to individuals (entrepreneurs) and legal entities | 352,748 | 374,293 |
| Interest – other debtors | 23,354 | 31,153 |
| Total | 684,564 | 708,951 |

4.23 Interest Expense

| CZK ths. | 2017 | 2018 |
|------------------------|---------------|----------------|
| Interest on loans | 82,518 | 108,133 |
| Interest on overdrafts | 711 | 918 |
| Total | 83,229 | 109,051 |

4.24 Other Finance Income

| CZK ths. | 2017 | 2018 |
|------------------------|--------------|-------------|
| Foreign exchange gains | 4,249 | 0 |
| Other | 461 | 444 |
| Total | 4,710 | 444 |

4.25 Other Finance Cost

| CZK ths. | 2017 | 2018 |
|-----------------------|--------------|--------------|
| Bank fees | 3,031 | 5,191 |
| Other exchange losses | 0 | 1,270 |
| Total | 3,031 | 6,461 |

4.26 Tax on Ordinary Activities

The tax charge for the year can be reconciled to the result per the income statement as follows:

| CZK ths. | 2017 | 2018 |
|---|---------------|---------------|
| Profit before taxes | 153,245 | 159,518 |
| Tax non-deductible items | 251,878 | 244,647 |
| Tax deductible items | (188,903) | (172,841) |
| Tax base | 216,220 | 231,324 |
| Tax base decrease – gifts | 0 | 0 |
| Tax base adjusted | 216,220 | 231,324 |
| Tax at local income tax rate of 19% (2017: 19%) | 41,082 | 43,951 |
| Additional tax assessment/refund | 857 | (517) |
| Tax due | 41,939 | 43,434 |
| Tax deferred | (8,946) | (7,060) |
| Total tax on ordinary activities | 32,993 | 36,374 |

5. Contingent Assets and Liabilities

As at 31 December 2018, the Company was not party to any litigation whose outcome would have a material impact on the Company.

As at the balance sheet date, the Company has no contractual commitments comprising investment expenses from executed contracts.

6. Statement of Cash Flows

The cash flow statement was prepared under the indirect method. Cash and cash equivalents can be analyzed as follows:

| CZK ths. | 31 Dec 2017 | +/- 2018 | 31 Dec 2018 |
|--|---------------|----------------|---------------|
| Cash in bank | 34,406 | (2,637) | 31,769 |
| Liquid valuables | 198 | (97) | 101 |
| Total cash and cash equivalents | 34,604 | (2,734) | 31,870 |

7. Subsequent Events

No events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2018.

Prepared on 22. March 2019



Wilfried Elbs
Chairman of the Board of Directors



Tomáš Veverka
Vice Chairman of the Board of Directors

Person responsible for accounting (name, signature):



Tomáš Veverka
Vice Chairman of the Board of Directors

Person responsible for financial statements (name, signature):



Tomáš Veverka
Vice Chairman of the Board of Directors

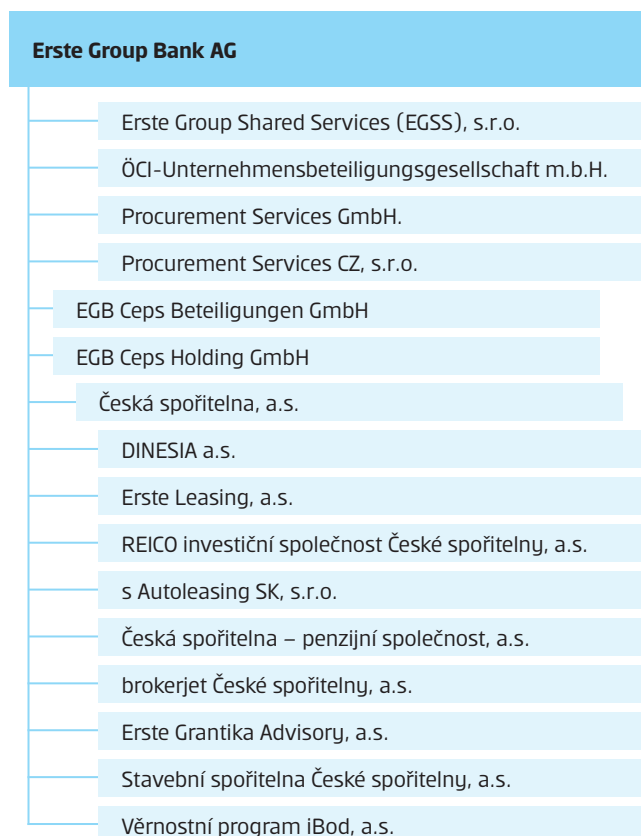
Report on Relations

between Related Parties Pursuant to Section 82 of the Law no. 90/2012 Sb., Business Corporations Act for the Accounting Period 2018

s Autoleasing, a.s. with its registered address located in Prague 4, Budějovická 1912/64B, Krč, postal code 140 00, Business Registration Number (IČ) 27 08 94 44, incorporated in the Commercial Register, Section B, File No. 8912, maintained in the Municipal Court in Prague (hereinafter the “**Submitter**”) is a member of a group (concern) in which the following relations exist between the Submitter and the controlling persons and between the Submitter and other persons controlled by the same controlling persons (hereinafter the “**Related Parties**”).

This Report on relations between the persons listed below has been prepared in compliance with the provisions of Section 82 of Act No. 90/2012 Coll., Business Corporations, as amended, for the period from 1 January 2018 till 31 December 2018 (hereinafter the “**fiscal year**”). The Submitter and the persons listed below entered into the following contracts and received or made the following legal acts and other distinct measures:

Overview of the Group and/or Persons Whose Relations are Described Below (see Notes B and C Below)



B. Controlling Persons

- **Česká spořitelna, a.s.**
with its registered address located in Prague 4, Olbrachtova 1929/62, postal code 140 00, Business Reg. No. (IČ) 45 24 47 82
Relation to the Company: directly controlling person
Description of relations – see **Annex 1**
- **Erste Group Bank AG,**
with its registered address located in Vienna, Am Belvedere 1, A-1100, Austria
Relation to the Company: indirectly controlling person

C. Other Related Parties

- **DINESIA a.s.**
with its registered address located in Prague 8, Střelníčná 8/1680, postal code 182 00, Business Reg. No. (IČ) 63 99 95 79
Relation to the Company: a company directly controlled by the Submitter (subsidiary)
Description of relations – see **Annex 2**
- **s Autoleasing SK, s.r.o.**
with its registered address located in Bratislava, Tomášikova 48, postal code 832 44, Business Reg. No. (IČ) 46 806 491
Relation to the Company: a company directly controlled by the Submitter (subsidiary)
Description of relations – see **Annex 3**
- **Erste Leasing, a.s.**
with its registered address located in Znojmo, Horní náměstí 264/18, postal code 669 02, Business Reg. No (IČ) 163 25 460
Relation to the Company: a company directly controlled by Česká spořitelna (sister company)
Description of relations – see **Annex 4**
- **Procurement Services CZ, s.r.o.,**
with its registered address located in Prague 4 – Krč, Budějovická 1912/64b, postal code 140 00, Business Reg. No. (IČ) 27 63 16 21
Relation to the Company: a company directly controlled by Procurement Services GmbH
Description of relations – see **Annex 4**

- **Erste Grantika Advisory, a.s.**
with its registered address located in Brno,
Jánská 448/10, Brno-město, postal code 602 00
Relation to the Company: related party directly controlled by
Česká spořitelna (sister company)
Description of relations – see **Annex 4**
- **Česká spořitelna – penzijní společnost, a.s.**
with its registered address located in Prague 4,
Poláčkova 1976/2, postal code 140 21
Relation to the Company: related party directly controlled by
Česká spořitelna (sister company)
Description of relations – see **Annex 4**
- **Věrnostní program iBod, a.s.**
with its registered address located in Prague 4,
Olbrachtova 1929/62, postal code 140 00
Relation to the Company: related party directly controlled by
Česká spořitelna (sister company)
Description of relations – see **Annex 4**
- **Stavební spořitelna České spořitelny, a.s.**
with its registered address located in Prague 3,
Vinohradská 1632/180, postal code 130 11
Relation to the Company: related party directly controlled by
Česká spořitelna (sister company)
Description of relations – see **Annex 4**

D. Other Legal Acts

In the accounting period, the Company made the following legal acts and other measures at the instigation of the controlling entity or its controlled entities that related to assets exceeding 10% of the Company's equity, that is the amount exceeding CZK 236,557 thousand as determined by the financial statements as at 31 December 2018.

The Company has received contribution outside the share capital of CZK 300,000 thousand from the Parent Company, Česká spořitelna, a.s.

E. Other Factual Arrangement

s Autoleasing cooperates on group projects within Erste Group Bank. Collaboration on these group projects did not cause any harm to the Submitter. With respect to close relations within providing loans and other outsourcing activities the Submitter has evaluated the relations among related parties as favourable for s Autoleasing, a.s. with low risk.

Conclusion

Considering the relations between the Submitter and the Related Parties reviewed by us the Submitter appears to have suffered no detriment as a result of the contracts, other legal acts or other measures entered into, made or received by the Submitter in the interest or at the initiative of the Related Parties in the 2018 fiscal year.

Annex No. 1 to the Related Party Report

Description of Relations to Česká spořitelna, a.s.

Performance rendered in relation to contracts entered into in prior years:

| Contract name | Contracting party | Year of conclusion | Performance description and quantity | Detriment, if any |
|--|------------------------|--------------------|--|-------------------|
| Operating lease agreements incl. follow-up contracts | Česká spořitelna, a.s. | 2012 | Operative leasing of transport equipment | None incurred |

Performance received from contracts entered into in prior years:

| Contract name | Contracting party | Year of conclusion | Performance description and quantity | Detriment, if any |
|---|------------------------|--------------------|---|-------------------|
| Current account contract | Česká spořitelna, a.s. | 2004 | Current account maintenance | None incurred |
| Business cooperation contract | Česká spořitelna, a.s. | 2006 | Commission | None incurred |
| Contract for bank guarantee | Česká spořitelna, a.s. | 2006 | Bank guarantees for provided bank loans | None incurred |
| Master agency agreement on receivable portfolio administration | Česká spořitelna, a.s. | 2006 | Administration of receivable portfolio | None incurred |
| Contract of cooperation for securing of funds | Česká spořitelna, a.s. | 2007 | Patronage statement | None incurred |
| Business cooperation contract | Česká spořitelna, a.s. | 2006 | Participation in risk | None incurred |
| Credit line agreement no. 1048/04/LCD | Česká spořitelna, a.s. | 2004 | Granting of loans | None incurred |
| Credit line agreement no. 839/09/LCD | Česká spořitelna, a.s. | 2009 | Granting of loans | None incurred |
| Agreement on lease of non-residential premises | Česká spořitelna, a.s. | 2012 | Lease of non-residential premises in Brno, Jánská | None incurred |
| Agreement on interrelated exchange of information throughout application KLIENT | Česká spořitelna, a.s. | 2009 | Use of application KLIENT | None incurred |
| Agreement on lease of business premises | Česká spořitelna, a.s. | 2014 | Lease of non-residential premises in Prague 4, Antala Staška, Prague | None incurred |
| Agreement on IT services provision | Česká spořitelna, a.s. | 2014 | Provision of HW a SW infrastructure | None incurred |
| General mandate agreement on receivable portfolio | Česká spořitelna, a.s. | 2014 | Administration of receivable portfolio | None incurred |
| Agreement on lease of safe deposit boxes | Česká spořitelna, a.s. | 2013–2015 | Lease of a safe deposit box | |
| Agreement on lease of non-residential premises | Česká spořitelna, a.s. | 2014 | Lease of non-residential premises in Prague 4, Budějovická, Trianon 13B | None incurred |
| Agreement on lease of non-residential premises | Česká spořitelna, a.s. | 2016 | Lease of non-residential premises in Prague 4, Budějovická 1912/64b | None incurred |
| Outsourcing service contract | Česká spořitelna, a.s. | 2018 | Outsourcing contract | None incurred |

Summary of transactions with Česká spořitelna, a.s. as at the balance sheet date (in CZK thousands):

| | |
|--------------|-----------|
| Receivables | 32,098 |
| Other assets | 8,945 |
| Liabilities | 8,045,678 |
| Costs | 128,440 |
| Revenues | 79 |

Other liabilities include in particular guarantees received from Česká Spořitelna due to participation in the risk related to business transactions concluded which will be offset with outstanding receivables from prematurely terminated contracts once final settlement with the customer is done.

In the accounting period, the Submitter did not pay any dividends, profit shares or equity interests.

Annex No. 2 to the Related Party Report

Description of Relations to DINESIA a.s.

Ownership interest

The Submitter is the sole shareholder of DINESIA a.s. The basic capital of DINESIA a.s. is CZK 15,000 thousand. The Submitter reported the net value of the investment of CZK 6,932 thousand as at 31. 12. 2018.

Summary of transactions with s DINESIA, a.s. as at the balance sheet date (in CZK thousands):

| | |
|----------|--------|
| Revenues | 15,000 |
| Costs | 0 |

Annex No. 3 to the Related Party Report

Description of Relations to s Autoleasing SK, s.r.o.

Ownership interest

The Submitter is the sole shareholder of s Autoleasing SK, s.r.o. The basic capital of Autoleasing SK, s.r.o. is CZK 128,625 thousand. The Submitter reported net value of the investment of CZK 109,324 thousand in respect of the above ownership interest.

Performance rendered in relation to contracts entered into in prior years:

| Contract name | Contracting party | Year of conclusion | Performance description and quantity | Detriment, if any |
|---|--------------------------|--------------------|--|-------------------|
| Consignment contract | s Autoleasing SK, s.r.o. | 2012 | Purchase of hardware, software and movable items (cars; IT technology) | None incurred |
| Provision of professional services contract | s Autoleasing SK, s.r.o. | 2012 | Provision of professional services | None incurred |
| Provision of services contract | s Autoleasing SK, s.r.o. | 2018 | Provision of IT support and services | None incurred |

Summary of transactions with s Autoleasing SK, s. r. o., as at the balance sheet date (in CZK thousands):

| | |
|----------|-------|
| Revenues | 5,031 |
| Costs | 0 |

Annex No. 4 to the Related Party Report

Description of Relations to other Related Parties

Performance rendered in relation to contracts entered into in prior years:

| Contract name | Contracting party | Year of conclusion | Performance description and quantity | Detriment, if any |
|---|--------------------------------|--------------------|--|-------------------|
| Operating lease agreement incl. follow-up contracts | Procurement Service CZ, s.r.o. | 2016–2018 | Operative leasing of transport equipment | None incurred |
| Operating lease agreement incl. follow-up contracts | Stavební spořitelna, a.s. | 2015 | Operative leasing of transport equipment | None incurred |
| Leasing contracts | Stavební spořitelna, a.s. | 2014 | Leasing of transportation technology | None incurred |
| Operating lease agreement incl. follow-up contracts | Věrnostní program iBod, a.s. | 2015 | Operative leasing of transport equipment | None incurred |
| Loan agreement | Erste Grantika advisory, a.s. | 2015–2016 | Agreement on loan provision | None incurred |
| Mandate contract | Erste Leasing, a.s. | 2018 | Provision of professional services | None incurred |

Performance received from contracts entered into in prior years:

| Contract name | Contracting party | Year of conclusion | Performance description and quantity | Detriment, if any |
|--------------------------------|---------------------------------|--------------------|--|-------------------|
| Provision of services contract | Procurement Services CZ, s.r.o. | 2018 | Provision of services framework agreement (purchase of assets) | None incurred |

Summary of other related party transactions as at the balance sheet date (in CZK thousands):

| | |
|-------------|-------|
| Receivables | 0 |
| Payables | 0 |
| Costs | 11 |
| Revenues | 1,603 |

This Report was discussed with and approved by the Company's Board of Directors on 22 March 2019.



Wilfried Elbs
Chairman of the Board of Directors



Ing. Tomáš Veverka
Vice Chairman of the Board of Directors

s Autoleasing, a.s.

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