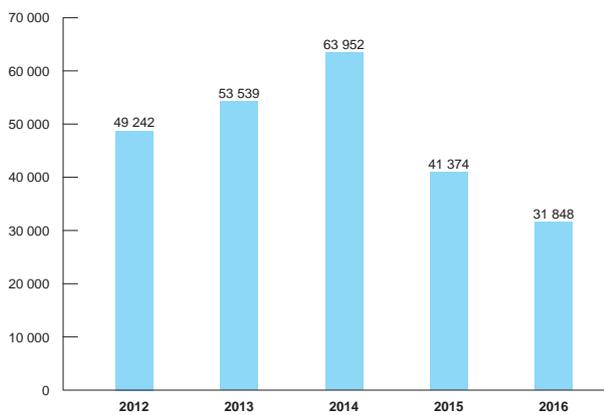


Annual Report 2016

Factoring České spořitelny, a.s.

Key Figures

Gross Turnover of Factoring České spořitelny in CZK mil.



In 2016, the total turnover of Factoring České spořitelny, a.s., was CZK 31.8 billion.

With its 24.2 percent market share, Factoring České spořitelny, a.s., is one of the largest companies in the Czech factoring market.

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Foreword by the Chair of the Board of Directors



Karel Nováček

Chair of the Board of Directors

Dear Shareholders, Business Partners and Colleagues,

On behalf of the Board of Directors, it is my pleasure to present the Factoring České spořitelny Annual Report for 2016.

After a highly successful 2011–2014 period, Factoring České spořitelny recorded a decrease in turnover in 2015 and 2016, irrespective of this the Company still remains one of the three largest factoring companies in the Czech factoring market.

In 2016, the Company reported a turnover of nearly CZK 31.8 billion from assigned and administered receivables. This figure represents a 23% decrease year-on-year. The market share of Factoring České spořitelny dropped to 24.2% in 2016, and after twelve past years when the Company held the position of a market leader in the Czech factoring market it still remains amongst the three largest factoring companies in the Czech Republic.

The Company continued its efforts to deepen cooperation with the parent bank and its business network. Even though the Company terminated cooperation and decreased receivable

turnover with several major factoring clients and despite a generally high competitive pressure, new clients were acquired and majority of current clients retained, particularly middle and large corporate clients.

Factoring České spořitelny continued to develop and standardize work process methodologies which, in combination with maximum use of new information technologies, allow the Company to enhance the quality of the work processes that are key to the operations of a factoring company and which are further reflected in the increasing quality of services provided to our clients.

I would like to take this opportunity to thank all our clients and business partners, the representatives of our sole shareholder, our Česká spořitelna Financial Group and Erste Bank colleagues and our employees and, last but not least, to my former colleague Radmila Jakobová, holding the position of chairperson of the Board of Directors until March 2016. I very much appreciate the attitude of those who contributed to our excellent longstanding cooperation and results. I wish you all professional and personal success.

A handwritten signature in black ink, appearing to be 'K. Nováček', written over a white background.

Karel Nováček

Chair of the Board of Directors

Company's Profile

Factoring České spořitelny, a.s. was established in November 1995 as CS Factoring s.r.o. It was transformed into a joint-stock company in 1997, and Česká spořitelna acquired a 10% stake. On 20 June 2001, Česká spořitelna purchased the remaining shares from the original owners to become the Company's sole shareholder.

Since mid-2009, the Company's registered office has been located at Budějovická 1518/13B, Prague 4.

The Company's basic capital totals CZK 114 million. In 2014, the Company increased its equity to more than CZK 1.1 billion in the form of a basic capital supplement.

The main Company object is domestic, export and import factoring and the comprehensive administration and monitoring of receivables for small, medium-sized and large enterprises in various sectors of industry, trade and services.

The industries that dominate in the Company's client portfolio include metallurgy, automotive and consumer goods, chemicals, food processing, retail chain suppliers, advertising and media etc.

Even though its market share decreased year-on-year, from 30.2% in 2015 to 24.2% at 2016 year-end, the Company still remains one of the three largest factoring companies in the Czech Republic's factoring market.

In 2016, the Company continued implementing a number of key strategic activities:

- deepening and streamlining the cooperation with the parent bank, primarily in the areas of sales and risk management,
- enhancing the services relating to the managed portfolio of client receivables,
- implementing new processes designed to improve service quality,
- systemizing and strengthening the overdue receivables collection and improving enforcement processes.

Since 1 September 2013, Factoring České spořitelny has been known as Erste Factoring; the Company has thus become an integral part of Erste Corporate Banking - the corporate banking brand of Česká spořitelna Financial Group.

For the brand and for its efforts and performance, the Company received the prestigious Czech Business Superbrands award in 2015 and again in 2016.

Key requirements for future success are close cooperation with the parent bank Česká spořitelna, high-quality and professional risk management, a flexible response to market needs and maintaining a high standard of client services.

Changes in key financial indicators

In CZK ths.	2013	2014	2015	2016
Assets from clients' accounts receivable financing	9,228,524	9,213,168	7,376,849	7,429,910
Basic capital	114,000	114,000	114,000	114,000
Share premium	80,000	80,000	80,000	80,000
Capital funds	0	818,400	818,400	818,400
Equity	288,869	1,142,047	1,120,206	1,145,547
Added value	150,787	159,044	99,733	75,608
Profit/loss before additions to/use of provisions and allowances	51,969	134,228	(53,648)	166,070
Profit/loss for the current period	62,059	65,446	8,767	25,968

Company Management Report

In 2016 Czech economy continued to maintain favorable development trends irrespective of a slight deceleration of GDP growth, which, according to preliminary estimates of the Czech Statistical Office, increased by 2.3%. The Czech market environment with very low interest rates continues to promote the opportunities for companies to make cheap investments into their manufacturing capacities and to finance their regular business activities. Similar economic growth is expected also for 2017, predictions of economists, however, may be affected by several significant expected events in the domestic market, in particular expected termination of Czech currency interventions in the second half of 2017. External factors, such as crude oil price developments, the real start of Brexit in the United Kingdom or key elections in France and Germany may have a great impact on Czech economy.

The factoring market represented by the Association of Factoring Companies dropped slightly down by more than 4% in 2016. One of the reasons was the discontinued cooperation with one of the most significant corporate clients of Factoring České spořitelny in 2015; the failure in the turnover from this client receivables took full effect not earlier than in 2016. Our Company, the Czech factoring market leader since 2004, still ranks amongst three largest factoring companies in the Czech Republic. In the next period, maintaining and strengthening the Company's leading market position will be the key task for both the Company management and all its employees.

Even though the total turnover of assigned receivables dropped, an increase in export factoring by more than 13% and an increase in financial market investments by nearly 5% demonstrate positive trends.

Factoring České spořitelny has been a member of the Česká spořitelna Financial Group for 15 years. Being part of a strong financial group has helped the Company maintain its stability – in good and bad times of the Czech economy – and provide continuous financing to clients, thus providing for their growth even under deteriorated economic conditions.

The year 2016, contrary to prior years, was more favorable for the Company in terms of lower number of newly arising credit and operational risks and insolvencies. The payment discipline of business entities remained at the same level as in 2015. However, contrary to expectations, proceeds from pending litigation and bankruptcy proceedings worsened. These aspects resulted in the creation of additional allowances the amounts of which unfortunately affected the Company's financial results.

The year 2016 was again characterized by continued growth in credit and operational risks, particularly caused by numerous insolvencies and bankruptcies and the worsening payment discipline of a number of enterprises. These facts resulted in the creation of

new allowances the amounts of which unfortunately affected the Company's financial results.

In 2016, the Company carried on with its rigorous application of the comprehensive risk management concept established in previous years to ensure optimal elimination of credit and operational risks. Another key feature of the Company's strategic management is ongoing active cooperation with credit insurance companies on the Czech market. These processes are designed to eliminate and diversify the Company's risk and to help clients regularly assess the quality of their customer portfolios, thereby forestalling the negative impacts of non-standard situations and minimizing financial losses.

The Company management continued to focus on **business development** in 2016. The Company significantly changed its business team which, after passing comprehensive training, tried to further deepen cooperation with the parent bank's business teams. Emphasis was put on further improvement of the client service and its speed and quality Flexible and high-quality network covering the whole territory of the Czech Republic made it possible to systematically map and cover client needs. A stable offer of products with the emphasis on basic types of factoring continues to offer the clients to fully utilize a spectrum of financial and non-financial products of the Company.

In the last year, the **Risk Management Department** continued to take part in implementing the Company's plans and deepening its integration into the broader Financial Group. The process of methodological and procedural standardization coupled with the rigorous use of information technologies ensured sustained quality of activities that are key to the operations of a factoring company.

The **Operations Department** ensured that current deals were smoothly implemented and that a high standard of service quality was maintained for individual types of factoring products. This department's excellent work with the portfolio of assigned receivables greatly reduced the Company's own credit risk as well as client credit exposures arising from supplier credits provided to customers. The department has also improved the liquidity management and the stability of working capital financing for a majority of clients; both these functions are important and valuable parts of the Company's financial management. In 2016 the Company focused on improving the electronic communication with clients, particularly on further development of the internet application eFactoring, which provides clients an on-line access to factoring data, makes it possible to cede receivables and send other documents in an electronic format.

In 2016, the **Finance Department** focused on further improving the Company's financial management, in particular on reducing operating costs, optimizing the management of financial flows, mitigating the

adverse effects of foreign currency market volatility and ensuring good liquidity. Most of these processes were successfully handled thanks to excellent cooperation with Česká spořitelna.

The **Information and Telecommunications Technologies Department** assures the stability of the Company's technical and technological operations and so contributes not only to the quality and security of the Company's operations, but also to the corporate innovation process applied to products and technologies.

Irrespective of a decline in turnover and decrease of its market share Factoring České spořitelny still remains one of the three largest factoring companies in the Czech market.

Last year's results, the combined efforts of all the Company's employees and management and the support of the sole shareholder form a basis for the Company's continued prominence and success on the Czech market.

In 2017, the Company's main goal will be to continue in active implementation of the ČS Financial Group's corporate strategy and to further enhance the contribution of factoring to fulfill its very ambitious goals.

Prague, 29 March 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Factoring České spořitelny, a.s.:

Opinion

We have audited the accompanying financial statements of Factoring České spořitelny, a.s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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 the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 or regulation, in particular, whether the other information complies with law or 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 or 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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Company's 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 accounting principles generally accepted in the Czech Republic 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.

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 above regulations 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 law or regulation, we exercise professional judgment and maintain professional skepticism 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 control.
- Obtain an understanding of internal control 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 control.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

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



Roman Hauptfleisch, Auditor
License No. 2009

29 March 2017
Prague, Czech Republic

Balance Sheet

at 31 December 2016

In CZK ths.	31 Dec 2016			31 Dec 2015
	Gross	Allowances	Net	Net
TOTAL ASSETS	7,952,679	(462,995)	7,489,684	7,440,920
A. Stock subscription receivable	0	0	0	0
B. Fixed assets	24,571	(20,960)	3,611	3,179
B.I. Intangible fixed assets	11,637	(9,987)	1,650	697
B.I.1. Research and development	0	0	0	0
B.I.2. Valuable rights	11,637	(9,987)	1,650	697
B.I.2.1. Software	10,861	(9,211)	1,650	697
B.I.2.2. Other valuable rights	776	(776)	0	0
B.I.3. Goodwill	0	0	0	0
B.I.4. Other intangible fixed assets	0	0	0	0
B.I.5. Advances granted for intangible fixed assets and intangible fixed assets in progress	0	0	0	0
B.I.5.1. Advances granted for intangible fixed assets	0	0	0	0
B.I.5.2. Intangible fixed assets in progress	0	0	0	0
B.II. Tangible fixed assets	12,934	(10,973)	1,961	2,482
B.II.1. Land and structures	0	0	0	0
B.II.1.1. Land	0	0	0	0
B.II.1.2. Structures	0	0	0	0
B.II.2. Movable assets and sets of movable assets	12,934	(10,973)	1,961	2,482
B.II.3. Gain or loss on revaluation of acquired property	0	0	0	0
B.II.4. Other tangible fixed assets	0	0	0	0
B.II.4.1. Perennial crops	0	0	0	0
B.II.4.2. Livestock	0	0	0	0
B.II.4.3. Miscellaneous tangible fixed assets	0	0	0	0
B.II.5. Advances granted for tangible fixed assets and tangible fixed assets in progress	0	0	0	0
B.II.5.1. Advances granted for tangible fixed assets	0	0	0	0
B.II.5.2. Tangible fixed assets in progress	0	0	0	0
B.III. Long-term investments	0	0	0	0
B.III.1. Interests – controlled or controlling entity	0	0	0	0
B.III.2. Loans and borrowings – controlled or controlling entity	0	0	0	0
B.III.3. Shares in associates	0	0	0	0
B.III.4. Loans and borrowings to associates	0	0	0	0
B.III.5. Other long-term securities and interests	0	0	0	0
B.III.6. Loans and borrowings - other	0	0	0	0
B.III.7. Other long-term investments	0	0	0	0
B.III.7.1. Miscellaneous long-term investments	0	0	0	0
B.III.7.2. Advances granted for long-term investments	0	0	0	0
C. Current assets	7,926,718	(442,035)	7,484,683	7,436,287
C.I. Inventories	0	0	0	0
C.I.1. Materials	0	0	0	0
C.I.2. Work in progress and semi-finished production	0	0	0	0
C.I.3. Finished products and goods	0	0	0	0
C.I.3.1. Finished products	0	0	0	0
C.I.3.2. Goods	0	0	0	0
C.I.4. Livestock	0	0	0	0
C.I.5. Advances granted for inventories	0	0	0	0
C.II. Receivables	7,923,047	(442,035)	7,481,012	7,431,420
C.II.1. Long-term receivables	44,705	0	44,705	39,934
C.II.1.1. Trade receivables	0	0	0	0
C.II.1.2. Receivables – controlled or controlling entity	0	0	0	0

In CZK ths.	31 Dec 2016			31 Dec 2015
	Gross	Allowances	Net	Net
C.II.1.3. Receivables – significant influence	0	0	0	0
C.II.1.4. Deferred tax asset	44,485	0	44,485	39,634
C.II.1.5. Other receivables	220	0	220	300
C.II.1.5.1. Receivables from partners	0	0	0	0
C.II.1.5.2. Long-term advances granted	220	0	220	300
C.II.1.5.3. Unbilled revenue	0	0	0	0
C.II.1.5.4. Miscellaneous receivables	0	0	0	0
C.II.2. Short-term receivables	7,878,342	(442,035)	7,436,307	7,391,486
C.II.2.1. Trade receivables	7,871,945	(442,035)	7,429,910	7,376,849
C.II.2.2. Receivables – controlled or controlling entity	0	0	0	0
C.II.2.3. Receivables – significant influence	0	0	0	0
C.II.2.4. Other receivables	6,397	0	6,397	14,637
C.II.2.4.1. Receivables from partners	0	0	0	0
C.II.2.4.2. Social security and health insurance	0	0	0	0
C.II.2.4.3. Due from government - tax receivables	5,323	0	5,323	13,509
C.II.2.4.4. Short-term advances granted	1,074	0	1,074	1,128
C.II.2.4.5. Unbilled revenue	0	0	0	0
C.II.2.4.6. Miscellaneous receivables	0	0	0	0
C.III. Short-term financial assets	0	0	0	0
C.III.1. Shares in subsidiaries or parents	0	0	0	0
C.III.2. Other short-term financial assets	0	0	0	0
C.IV. Cash	3,671	0	3,671	4,867
C.IV.1. Cash in hand	92	0	92	119
C.IV.2. Cash at bank	3,579	0	3,579	4,748
D.I. Prepaid expenses and accrued income	1,390	0	1,390	1,454
D.I.1. Prepaid expenses	1,390	0	1,390	1,454
D.I.2. Prepaid expenses (specific-purpose expenses)	0	0	0	0
D.I.3. Accrued income	0	0	0	0

In CZK ths.	31 Dec 2016	31 Dec 2015
TOTAL EQUITY & LIABILITIES	7,489,684	7,440,920
A. Equity	1,145,547	1,120,206
A.I. Basic capital	114,000	114,000
A.I.1. Registered capital	114,000	114,000
A.I.2. Own ownership interests (-)	0	0
A.I.3. Changes in basic capital	0	0
A.II. Share premium and revaluation reserve	898,400	898,400
A.II.1. Share premium	80,000	80,000
A.II.2. Capital funds	818,400	818,400
A.II.2.1. Other capital funds	818,400	818,400
A.II.2.2. Gain or loss on revaluation of assets and liabilities (+/-)	0	0
A.II.2.3. Gain or loss on revaluation upon corporate transformation (+/-)	0	0
A.II.2.4. Differences arising on corporate transformation (+/-)	0	0
A.II.2.5. Differences arising between balance sheet date and transformation date (+/-)	0	0
A.III. Reserves from profit	8,602	8,336
A.III.1. Other reserves	7,744	7,744
A.III.2. Statutory and other reserves	858	592
A.IV. Profit (loss) brought forward (+/-)	98,577	90,703
A.IV.1. Retained earnings	98,577	90,703
A.IV.2. Accumulated loss (-)	0	0
A.IV.3. Other profit (loss) brought forward (+/-)	0	0
A.V.1. Profit (loss) for the year (+/-)	25,968	8,767
A.VI.2. Approved decision on advances for profit distribution (-)	0	0
B.+C. Provisions and liabilities	6,331,571	6,311,612
B.1. Provisions	0	0
B.1.1. Provision for pensions and similar obligations	0	0
B.1.2. Provision for corporate income tax	0	0
B.1.3. Provisions recognized under special legislation	0	0
B.1.4. Other provisions	0	0
C. Liabilities	6,331,571	6,311,612
C.I. Long-term liabilities	0	0
C.I.1. Bonds payable	0	0
C.I.1.1. Convertible bonds	0	0
C.I.1.2. Other bonds	0	0
C.I.2. Amounts owed to credit institutions	0	0
C.I.3. Long-term advances received	0	0
C.I.4. Trade payables	0	0
C.I.5. Long-term notes payable	0	0
C.I.6. Liabilities – controlled or controlling entity	0	0
C.I.7. Liabilities – significant influence	0	0
C.I.8. Deferred tax liability	0	0
C.I.9. Other liabilities	0	0
C.I.9.1. Liabilities to partners	0	0
C.I.9.2. Unbilled deliveries	0	0
C.I.9.3. Miscellaneous liabilities	0	0
C.II. Current liabilities	6,331,571	6,311,612
C.II.1. Bonds payable	0	0
C.II.1.1. Convertible bonds	0	0
C.II.1.2. Other bonds	0	0
C.II.2. Amounts owed to credit institutions	3,306,500	3,164,374
C.II.3. Short-term advances received	4,944	4,945

In CZK ths.	31 Dec 2016	31 Dec 2015
C.II.4. Trade payables	2,993,644	3,115,698
C.II.5. Short-term notes payable	0	0
C.II.6. Liabilities – controlled or controlling entity	0	0
C.II.7. Liabilities – significant influence	0	0
C.II.8. Other liabilities	26,483	26,595
C.II.8.1. Liabilities to partners	0	0
C.II.8.2. Short-term borrowings	0	0
C.II.8.3. Liabilities to employees	1,663	2,083
C.II.8.4. Liabilities arising from social security and health insurance	702	892
C.II.8.5. Due to government – taxes and subsidies	1,756	1,421
C.II.8.6. Unbilled deliveries	22,362	22,199
C.II.8.7. Miscellaneous liabilities	0	0
D.I. Accruals and deferred income	12,566	9,102
D.I.1. Accruals	0	0
D.I.2. Deferred income	12,566	9,102

Prepared on: 29 March 2017

Signature of accounting entity's statutory body:



Karel Nováček



Karel Machytka

Income Statement

for the year ended 31 December 2016

In CZK ths.	Year ended 31 Dec 2016	Year ended 31 Dec 2015
I. Revenue from sale of finished products and services	99,744	125,161
II. Revenue from sale of goods	0	0
A. Production-related consumption	24,136	25,428
A.1. Cost of goods sold	0	0
A.2. Consumption of material and energy	744	481
A.3. Services	23,392	24,947
B. Change in inventory produced internally (+/-)	0	0
C. Own work capitalized (-)	0	0
D. Personnel expenses	47,786	47,571
D.1. Wages and salaries	35,652	35,745
D.2. Social security and health insurance costs and other costs	12,134	11,826
D.2.1. Social security and health insurance costs	10,697	10,516
D.2.2. Other costs	1,437	1,310
E. Value adjustments in respect of operating activities	141,972	(60,813)
E.1. Value adjustments in respect of intangible and tangible fixed assets	1,870	1,601
E.1.1. Value adjustments in respect of intangible and tangible fixed assets – permanent	1,870	1,601
E.1.2. Value adjustments in respect of intangible and tangible fixed assets – temporary	0	0
E.2. Value adjustments in respect of inventory	0	0
E.3. Value adjustments in respect of receivables	140,102	(62,414)
III. Other operating income	131,695	25,334
III.1. Income from sale of fixed assets	644	126
III.2. Income from sale of materials	0	0
III.3. Miscellaneous operating income	131,051	25,208
F. Other operating expenses	41,505	159,528
F.1. Net book value of fixed assets sold	25	0
F.2. Net book value of materials sold	0	0
F.3. Taxes and charges relating to operations	(22)	1 150
F.4. Provisions relating to operations and prepaid expenses (specific-purpose expenses)	0	0
F.5. Miscellaneous operating expenses	41,502	158,378
* Profit or loss on operating activities (+/-)	(23,960)	(21,219)
IV. Income from long-term investments – interests	0	0
IV.1. Income from interests in subsidiaries or parents	0	0
IV.2. Other income from interests	0	0
G. Cost of interests sold	0	0
V. Income from other long-term investments	0	0
V.1. Income from other long-term investments – subsidiaries or parents	0	0
V.2. Other income from other long-term investments	0	0
H. Expenses relating to other long-term investments	0	0
VI. Expenses relating to other long-term investments	71,323	78,909
VI.1. Interest receivable and similar income – subsidiaries or parents	0	0
VI.2. Other interest receivable and similar income	71,323	78,909
I. Value adjustments and provisions relating to financial activities	0	0
J. Interest payable and similar expenses	14,303	25,516
J.1. Interest payable and similar expenses – subsidiaries or parents	14,303	25,516
J.2. Other interest payable and similar expenses	0	0
VII. Other finance income	52,403	155,841
K. Other finance cost	51,939	162,493

In CZK ths.	Year ended 31 Dec 2016	Year ended 31 Dec 2015
* Profit or loss on financial activities (+/-)	57,484	46,741
** Profit or loss before taxation (+/-)	33,524	25,522
L. Income tax	7,556	16,755
L.1. Income tax due	12,407	10,302
L.2. Income tax deferred (+/-)	(4,851)	6,453
** Profit or loss after taxation (+/-)	25,968	8,767
M. Transfer of share of profit or loss to partners (+/-)	0	0
*** Profit or loss for the year (+/-)	25,968	8,767
* Profit or loss for the year	355,165	385,245

Prepared on: 29 March 2017

Signature of accounting entity's statutory body:



Karel Nováček



Karel Machytka

Cash Flow Statement

for the year ended 31 December 2016

In CZK ths.	Year ended 31 Dec 2016	Year ended 31 Dec 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Z. Profit or loss on ordinary activities before taxation (+/-)	33,524	25,522
A.1. Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	99,248	(113,085)
A.1.1. Depreciation and amortization of fixed assets and write-off of receivables	16,785	1,601
A.1.2. Change in allowances	140,102	(62,414)
A.1.3. Change in provisions	0	0
A.1.4. Foreign exchange differences	0	0
A.1.5. (Gain)/Loss on disposal of fixed assets	(619)	(126)
A.1.6. Interest expense and interest income	(57,020)	(53,393)
A.1.7. Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	0	1,247
A.* Net cash from operating activities before taxation, changes in working capital and extraordinary items	132,772	(87,563)
A.2. Change in non-cash components of working capital	(326,746)	(85,898)
A.2.1. Change in inventory	0	0
A.2.2. Change in trade receivables	(208,078)	1,875,523
A.2.3. Change in other receivables and in prepaid expenses and unbilled revenue	198	6,414
A.2.4. Change in trade payables	(122,054)	(1,986,474)
A.2.5. Change in other payables, and in accruals and deferred income	3,188	18,639
A.** Net cash from operating activities before taxation, interest paid and extraordinary items	(193,974)	(173,461)
A.3.1. Interest paid	57,183	53,393
A.4.1. Income Tax paid	(4,221)	(10,302)
A.*** Net cash provided by (used in) operating activities	(141,012)	(130,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
B.1.1. Purchase of fixed assets	(2,327)	997
B.2.1. Proceeds from sale of fixed assets	644	126
B.3.1. Loans granted	0	0
B.4.1. Interest received	0	0
B.5.1. Dividends received	0	0
B.** Net cash provided by (used in) investing activities	(1,683)	1,123
CASH FLOWS FROM FINANCING ACTIVITIES		
C.1. Change in long-term liabilities, and long-term and short-term loans	142,125	82,700
C.2.1. Effect of other changes in equity on cash	0	0
C.2.2. Profit shares paid	0	(30,000)
C.2.3. Effect of other changes in own capital on cash	(627)	0
C.*** Net cash provided by (used in) financing activities	141,498	52,700
F. Net increase (decrease) in cash	(1,197)	(76,547)
P. Cash and cash equivalents at beginning of year	4,868	81,415
R. Cash and cash equivalents at end of year	3,671	4,868

Prepared on: 29 March 2017

Signature of accounting entity's statutory body:



Karel Nováček



Karel Machytka

Statement of Changes in Equity

for the year ended 31 December 2016

In CZK ths.	Registe- red capital	Share premium	Gain or loss on revalua- tion of as- sets and liabilities	Reserve funds, indivisible fund and other funds created from profit	Retained earnings	Accumu- lated loss of previous years	Profit for the year	Total equity
Balance at 31 Dec 2014	114,000	80,000	818,400	8,320	55,881	0	65,446	1,142,047
Profit distribution	0	0	0	624	34,822	0	(35,446)	0
Funds distribution	0	0	0	(608)	0	0	0	(608)
Paid dividends	0	0	0	0	0	0	(30,000)	(30,000)
Gain or loss on revaluation from financial investments	0	0	0	0	0	0	0	0
Profit for the year	0	0	0	0	0	0	8,767	8,767
Increase in share capital and share premium	0	0	0	0	0	0	0	0
Balance at 31 Dec 2015	114,000	80,000	818,400	8,336	90,703	0	8,767	1,120,206
Profit distribution	0	0	0	893	7,874	0	(8,767)	0
Funds distribution	0	0	0	(627)	0	0	0	(627)
Paid dividends	0	0	0	0	0	0	0	0
Gain or loss on revaluation from financial investments	0	0	0	0	0	0	0	0
Profit for the year	0	0	0	0	0	0	25,968	25,968
Increase in share capital and share premium	0	0	0	0	0	0	0	0
Balance at 31 Dec 2016	114,000	80,000	818,400	8,602	98,577	0	25,968	1,145,547

Prepared on: 29 March 2017

Signature of accounting entity's statutory body:



Karel Nováček



Karel Machytka

Notes to the Financial Statements

for the year 2016

1. General information

1.1 Incorporation and Description of the Business

Factoring České spořitelny, a.s. (hereinafter the “Company”) was incorporated as a joint stock company by a Founder’s Deed on 30 May 1997 and was recorded in the Register of Companies held at the Prague Municipal Court on 4 December 1997 in Volume B, File 5075. The Company is primarily engaged in providing factoring and forfeiture services which account for most of the Company’s revenues.

The Company’s registered office is located at Budějovická 1518/13B, 140 00 Prague 4 and the Business registration number is 25629352.

The Company’s subscribed and paid-up share capital amounts to CZK 114,000 thousand. The issue price was CZK 1,500 thousand per share (76 pieces).

The accompanying financial statements have been prepared for the year ended 31 December 2016.

The sole shareholder of the Company is Česká spořitelna, a.s., with its registered office in Prague 4, Olbrachtova 1929/62, postal code 140 00, Business registration No. 45 24 47 82. The ultimate parent company is Erste Group Bank AG. The Company is included in the consolidated group of the parent company.

1.2 Organisational Structure

At the end of 2016, the Company had 39 employees and two Board of Directors members by virtue of performing their duties. The Company is organized into four units as follows: management including secretariat, trading and marketing department, risk management department, operations and business development department.

As at 1 April 2016 chairman of the Board of Directors was changed and the number of Board members was reduced to two. At the same time two new proxy holders were appointed. As at 5 September 2016 chairman of the Supervisory Board was changed and vice-chairman was appointed. The number of Supervisory Board members was reduced to three.

As at 31 December 2016, members of the Company’s statutory and supervisory bodies were as follows:

	Position	Name
Board of directors	Chair	Karel Nováček
	Member	Karel Machytka
Proxy holders		Michael Jehlička
		Alois Barthuber
Supervisory Board	Chair	Petr Witowski
	Vice Chair	Filip Hradec
	Member	Roman Pařil

The Company has no foreign branch.

2. Basis of presentation of the financial statements

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2016.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost 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.

Pursuant to requirements of the Act on Accounting amendment and the related guidelines as applicable from 1 January 2016, the presentation of items in the balance sheet and in the income statement has changed. To achieve the comparability of these items with the respective items for the preceding reporting period, the items in the balance sheet and in the income statement for 2015 have been appropriately adjusted. The Company has followed the Czech accounting standard for entrepreneurs No. 024 “Comparative Period for the Reporting Period Started in 2016”.

Explanation Added for Translation into English

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

3. Summary of significant accounting policies

3.1 Tangible and Intangible Fixed Assets

Valuation

Tangible fixed assets include assets with an estimated useful life greater than 1 year and an acquisition cost greater than CZK 40 thousand on an individual basis.

Intangible fixed assets include identifiable assets without physical substance with an estimated useful life greater than 1 year and a cost greater than CZK 60 thousand.

Purchased tangible and intangible fixed assets are valued at acquisition cost which comprises the purchase price and incidental acquisition costs (assembly, freight, etc.).

Tangible assets with a cost below CZK 40 thousand, technical improvements with a cost below CZK 40 thousand and intangible assets with a cost below CZK 60 thousand are charged to expenses in the period in which they were acquired.

The cost of fixed asset improvements exceeding CZK 40 thousand and CZK 60 thousand, in aggregate for individual tangible and intangible fixed assets, respectively, for the taxation period increases the acquisition cost of the related fixed asset, if completed. Technical improvements are put into operation annually in December and depreciation starts in the month the technical improvement is put into accounting records.

Depreciation and Amortization for Accounting Purposes

Depreciation and amortization of tangible and intangible fixed assets for accounting purposes commences in the month following the month when the assets were put into use. The assets are depreciated/amortized using the straight line method over their estimated useful lives based on the depreciation/amortization plan.

The depreciation/amortization periods of the individual categories of assets are as follows:

Category of assets	Period in Years
Software, licenses and other intangible assets	4
Vehicles	4
Machinery and equipment	4–6
Other equipment	4–12
Technical improvements to leased building	8

Depreciation and amortization periods in years are set according to estimated useful life of the related asset.

3.2 Receivables

Upon origination, receivables are stated at their nominal value. Doubtful and bad amounts are subsequently reduced by the relevant allowances.

The Company accounts for factoring receivables on a “gross” basis. The factoring receivables are recognized in the nominal amount through assets as short-term trade receivables and the related payables to suppliers and the Company’s clients, as appropriate, are recognized through liabilities as short-term trade payables. The short-term receivables represent the nominal amount of the Company’s receivables from customers.

The prepayments made with respect to the provision of recourse factoring are posted to “short-term trade receivables” line in the balance sheet.

Allowances for impairment

The Company has created portfolio allowances for impairment for accounting purposes on the expected loss basis, taking into account client and customer ratings to determine the probability of default used in the model.

The portfolio allowances are created on a monthly basis using the following formula:

Expected Loss (portfolio allowance) = Maximum exposure not covered from settlement × probability of customer default + (Actual amount of client liabilities – total of collateral values contractually signed with the client) × Probability of client default where the value (Maximum exposure not covered from settlement × probability of customer default) corresponds to maximum of this product in the customer portfolio of the respective client.

Specific allowances are created against special workout receivables.

3.3 Equity

The share capital of the Company is stated at the amount recorded in the Register of Companies maintained in the Municipal Court. Any increase or decrease in the share capital made pursuant to the decision of the General Meeting which was not entered in the Register of Companies as at the financial statements date is recorded through changes in share capital. Contributions in excess of share capital are recorded as share premium. Other capital funds consist of monetary and non-monetary contributions in excess of share capital and contributions from profit after tax.

3.4 Loans

Loans are reported at their nominal value. Interest expenses on these loans are accrued and included in the profit or loss for the year.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

3.5 Provisions

Provisions are liabilities of uncertain timing or amount. A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reasonably reliable

estimate can be made of the amount of the obligation. Provisions are used exclusively for the purposes they were created for. Provision balances are reviewed annually, and the provisions are reversed or carried forward based on the review results.

3.6 Translation of Foreign Currencies

Foreign Currencies Transactions during the year are translated using a daily exchange rate reflecting the Czech National Bank (“CNB”) exchange rate prevailing on the day in which the transaction occurred.

As at the balance sheet date, all foreign currency assets and liabilities are retranslated using the ruling CNB foreign exchange rate as at that date and any resulting translation gains and losses were recorded through the current year’s financial income or financial expenses, as appropriate.

3.7 Taxation

3.7.1. Depreciation of Fixed Assets for Tax Purposes

Depreciation of fixed assets for tax purposes is calculated using the accelerated method.

3.7.2. Current Tax Payable

The current tax expense is based on taxable profit. Taxable profit differs from net profit 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. The Company’s liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

3.7.3. Deferred Taxation

Deferred taxation is calculated from all temporary differences between the accounting and tax values using the income tax rate that is expected to apply in the tax period when the deferred tax liability is settled or the deferred tax asset is realized. The deferred tax asset is recognized only if it is likely to be offset against taxable income.

3.8 Cash

Cash is defined as cash at hand, cash in bank or deposits payable on demand.

3.9 Revenues

Factoring charges are presented within ‘Revenue from sale of finished products and services’. In addition, this caption includes income from know-how and other income relating to re-invoicing of services.

Interest claims are recognised as ‘Interest income’.

Revenues are recognised on an accruals basis, that is, they are recognized in the periods in which the actual flow of the related revenues occurs, regardless of when the related monetary flow arises.

3.10 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcome in the following reporting periods.

3.11 Risk Management

Risks associated with the funding of ceded receivables are mitigated by using the services of insurance companies and by cooperating with partners within the international association of factoring companies (FCI). The Company places specific emphasis on the significance of diversifying the receivable portfolio which allows for the amounts recovered to sufficiently cover the partial payments made to clients and allow the Company to exercise a lien.

The Company observes measures and work procedures designed to constantly improve operational risk management over time and to eliminate fraudulent activities by clients.

The Company performs a regular assessment of the impact of exchange rate risks and takes appropriate steps on an ongoing basis to balance assets and liabilities denominated in foreign currencies. The lending method in the form of overdraft foreign exchange accounts enables the Company to manage the balancing of foreign exchange assets and liabilities and significantly mitigates foreign exchange risks.

With regard to interest rate risk, the Company uses one-month rates both for assets and liabilities.

The Company enters into derivative transactions in order to manage its foreign exchange risk. The derivatives are revalued at fair value as at the balance sheet date. Changes in the fair value of derivatives held for trading are charged or credited, as appropriate, to finance income.

3.12 Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

4. Additional information on the balance sheet and the income statement

4.1 Intangible Fixed Assets

Cost

In CZK ths.	Balance at 31 Dec 2014	Additions	Disposals	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
Software	9,495	128	0	9,623	1,238	0	10,861
Licenses and other	776	0	0	776	0	0	776
Total	10,271	128	0	10,399	1,238	0	11,637

Accumulated Amortisation and Provisions

In CZK ths.	Balance at 31 Dec 2014	Additions	Disposals	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
Software	8,671	255	0	8,926	285	0	9,211
Licenses and other	754	22	0	776	0	0	776
Total	9,425	277	0	9,702	285	0	9,987

Net Book Value

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Software	1,650	697
Licenses and other	0	0
Total	1,650	697

The Company did not acquire any intangible assets that were charged directly to expenses for the years ended 31 December 2016 and 31 December 2015.

4.2 Tangible Fixed Assets

Cost

In CZK ths.	Balance at 31 Dec 2014	Additions	Disposals	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
Machinery and equipment	8,105	579	0	8,684	0	0	8,684
Vehicles	4,426	290	(292)	4,424	1,089	(1,263)	4,250
Total	12,531	869	(292)	13,108	1,089	(1,263)	12,934

Accumulated Depreciation

In CZK ths.	Balance at 31 Dec 2014	Additions	Disposals	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
Machinery and equipment	7,307	184	0	7,491	447	0	7,938
Vehicles	2,287	1,140	(292)	3,135	1,138	(1,238)	3,035
Total	9,594	1,324	(292)	10,626	1,585	(1,238)	10,973

Net Book Value

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Machinery and equipment	746	1,193
Vehicles	1,215	1,289
Total	1,961	2,482

In the year ended 31 December 2016 investments in tangible assets predominantly related to cars. In the year ended 31 December 2015 investments in tangible assets predominantly related to hardware and cars.

The Company acquired tangible assets of CZK 64 thousand (CZK 98 thousand) that were charged directly to expenses for the years ended 31 December 2016 and 2015, respectively. These assets are low value tangible assets comprising other movable assets and sets of movable assets with an estimated useful life greater than one year not reported within fixed assets. These assets are expensed.

4.3 Receivables

4.3.1 Long-Term Receivables – Deferred Tax Assets

For detailed information about deferred tax assets refer to Note 4.16

4.3.2 Short-Term Receivables

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Trade receivables	7,429,910	7,376,849
– customers (factoring)	6,321,399	5,960,049
– prepayments made	1,550,546	1,718,734
– allowances	(442,035)	(301,934)
Due from government – tax receivables	5,323	13,509
Short-term advances granted	1,074	1,128
Total	7,436,307	7,391,486

The above receivables principally comprise factoring receivables, which are reported in the balance sheet as ‘Trade receivables’.

The ‘Customers’ caption includes nominal values of factoring receivables and the ‘Prepayments made’ caption includes prepayments made for receivables under recourse factoring.

4.3.3 Aging of Trade Receivables

Year	Category	Not yet due	Overdue					Total
			0–30 days	31–60 days	61–90 days	91–365 days	Over 1 year	
2016	Trade receivables	6,107,266	731,735	170,015	6,539	22,930	833,460	7,871,945
	Allowances – specific	(5,000)	(2,086)	(1,907)	(794)	(994)	(415,516)	(426,297)
	Allowances – portfolio	(15,738)	0	0	0	0	0	(15,738)
2015	Trade receivables	6,620,358	432,310	96,630	19,162	1,330	508,993	7,678,783
	Allowances – specific	0	0	0	0	(6,841)	(283,013)	(289,854)
	Allowances – portfolio	(12,080)	0	0	0	0	0	(12,080)

The average maturity of receivables from customers of the Company’s factoring clients in 2016 and 2015 was 68 days and 58 days, respectively.

In accordance with the method of creating of allowances for accounting purposes on the basis of the calculation of expected loss (EL) to be incurred on funds placed with clients – see note 3.2. – the Company created portfolio allowances totaling CZK 15,738 thousand and CZK 12,080 thousand, as at 31 December 2016 and 2015, respectively.

Other accounting allowances has been created for specific purpose of workout receivables totaling CZK 210,964 thousand and CZK 188,740 thousand, respectively and tax allowances have been created at an amount of CZK 215,333 thousand and CZK 101,114 thousand in 2016

and 2015, respectively. Tax deductible allowances are created against receivables from customers of the Company's clients which have been transferred to the Company as well as the Company's own receivables from clients in the instance of these entities entering bankruptcy proceedings.

In 2016 and 2015, the Company wrote off irrecoverable receivables not covered by the allowances for impairment of CZK 15,967 thousand and CZK 128,261 thousand, respectively.

Changes in the allowance accounts:

In CZK ths. Allowances against:	Balance at 31 Dec 2014	Allowance creation	Release of allowance	Balance at 31 Dec 2015	Allowance creation	Release of allowance	Balance at 31 Dec 2016
Receivables – legal	131,092	3,329	(33,307)	101,114	139,446	(25,227)	215,333
Receivables – other	233,256	46,271	(78,707)	200,820	39,005	(13,123)	226,702
Total	364,348	49,600	(112,014)	301,934	178,451	(38,350)	442,035

A significant movement in the balance of legal allowances was attributable particularly to a single transaction for which the Company also received insurance indemnification – see Note 4.14.

4.4 Cash

Cash at bank includes balances on current accounts payable on demand.

The shareholder provided the Company share premium of CZK 80,000 thousand and a contribution of CZK 818,400 thousand in excess of the share capital.

4.5 Accrued Assets and Deferred Liabilities

Accrued assets primarily comprise prepaid expenses arising from fees for bank guarantees and are recognised in the period to which they relate.

The shares are registered and carry voting rights, but are not publicly traded.

4.6 Equity

4.6.1. Share Capital

The subscribed, paid-up and registered share capital amounts to CZK 114,000 thousand and consists of 76 shares with a nominal value of CZK 1,500 thousand per share.

4.6.2. Distribution of Profit for the Year Ended 31 December 2015

On 20 May 2016, the Company's sole shareholder, exercising the powers of the General Meeting, approved the distribution of the 2015 profit totaling CZK 8,767 thousand and allocated CZK 893 thousand to the social fund and transferred CZK 7,874 thousand to retained earnings the total amount of which is CZK 98,577 thousand as at 31 December 2016.

4.7 Liabilities

4.7.1 Current Liabilities

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Amounts owed to credit institutions	3,306,500	3,164,374
Trade payables (factoring)	2,993,644	3 115,698
Short-term advances received	4,944	4,945
Other liabilities	26,483	26,595
– Liabilities to employees	1,663	2,083
– Liabilities arising from social security and health insurance	702	892
– Due to government – taxes and subsidies	1,756	1,421
– Unbilled deliveries	22,362	22,199
Total	6,331,571	6,311,612

Amounts owed to credit institutions represent in particular bank loans and overdrafts. For more details – see Note 4.7.2.

Trade payables represent expected payments in respect of ceded receivables from the Company's clients under non-recourse factoring and the aggregate amount of ceded receivables under recourse factoring.

Unbilled deliveries predominantly include estimates for payroll costs, social security and health insurance payments and estimates for operating services which have not yet been invoiced.

Due to the nature of factoring services, payables are paid after the client becomes entitled to the payment. The Company records no overdue payables.

4.7.2 Bank Loans and Borrowings

2016

In CZK ths. Bank	Purpose	Balance at 31 Dec 2016	Interest rate	Maturity	Collateral form
Česká spořitelna	operating – GBP overdraft	47,203	1 M Libor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – JPY overdraft	1	1 M Libor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – PLN overdraft	24,963	1 M Wibor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – CZK overdraft	272,141	1 M Pribor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – HUF overdraft	20,820	1 M Bubor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – EUR overdraft	188,624	1 M Euribor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – CZK current account	800,000	1 M Pribor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – USD overdraft	251,867	1 M Libor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – EUR current account	1,675,240	1 M Euribor + risk margin	31. 8. 2017	uncollateralised
Česká spořitelna	operating – USD current account	25,639	1 M Libor + risk margin	31. 8. 2017	uncollateralised
Total intercompany bank loans		3,306,498			
Komerční banka	operating – CZK current account	2			
Total external bank loans		2			
Total		3,306,500			

2015

In CZK ths. Bank	Purpose	Balance at 31 Dec 2015	Interest rate	Maturity	Collateral form
Česká spořitelna	operating – GBP overdraft	27,044	1 M Libor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – SEK overdraft	0	1 M Bribor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – PLN overdraft	1,034	1 M Wibor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – CZK overdraft	243,816	1 M Pribor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – HUF overdraft	13,651	1 M Bubor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – EUR overdraft	276,154	1 M Euribor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – CZK current account	900,000	1 M Pribor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – USD overdraft	47,566	1 M Libor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – EUR current account	1,513,400	1 M Euribor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – GBP current account	92,055	1 M Libor + risk margin	31. 8. 2016	uncollateralised
Česká spořitelna	operating – USD current account	49,648	1 M Libor + risk margin	31. 8. 2016	uncollateralised
Total intercompany bank loans		3,164,368			
Komerční banka	operating – CZK current account	1			
Československá obchodní banka	operating – CZK current account	1			
Cash in transit		4			
Total external bank loans		6			
Total		3,164,374			

The Company paid interest charges on these loans in the amount of CZK 14,303 thousand and CZK 25,516 thousand in 2016 and 2015, respectively.

4.8 Accrued Liabilities and Deferred Assets

Deferred liabilities predominantly include accrued loan interest and operating liabilities.

4.9 Financial Assets and Liabilities Denominated in Foreign Currencies (Gross)

2016

In CZK ths.	CZK	USD	EUR	PLN	GBP	Other	Total
Short term receivables	4,441,605	308,463	2,909,231	31,117	140,112	47,813	7,878,342
Cash and cash equivalents	3,268	0	403	0	0	0	3,671
Accrued assets and deferred liabilities	1,390	0	0	0	0	0	1,390
Total	4,446,263	308,463	2,909,635	31,117	140,112	47,813	7,883,403
Current liabilities	2,062,235	27,571	898,281	5,592	5,384	26,009	3,025,071
Bank loans and borrowings	1,072,143	277,506	1,863,864	24,963	47,204	20,820	3,306,500
Accrued assets and deferred liabilities	12,566	0	0	0	0	0	12,566
Total	3,146,945	305,076	2,762,145	30,555	52,587	46,829	6,344,137

2015

In CZK ths.	CZK	USD	EUR	PLN	GBP	Other	Total
Short term receivables	4,805,959	107,178	2,627,704	2,269	121,253	29,057	7,693,420
Cash and cash equivalents	4,147	421	291	0	0	8	4,867
Accrued assets and deferred liabilities	1,454	0	0	0	0	0	1,454
Total	4,811,560	107,599	2,627,995	2,269	121,253	29,065	7,699,741
Current liabilities	2,282,025	10,226	837,528	983	1,424	15,052	3,147,238
Bank loans and borrowings	1,143,822	97,214	1,789,554	1,034	119,099	13,651	3,164,374
Accrued assets and deferred liabilities	9,102	0	0	0	0	0	9,102
Total	3,407,340	107,440	2,623,151	2,017	120,523	28,703	6,289,174

4.10 Derivatives

The Company has concluded several derivative contracts for derivatives held for trading. As at 31 December 2016, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively.

The following table summarizes face values and positive or negative values of outstanding derivatives held for trading as at the balance sheet date:

In CZK ths.	Balance at 31 Dec 2016			Balance at 31 Dec 2015		
	Contractual/ Face value	Positive	Fair value Negative	Contractual/ Face value	Positive	Fair value Negative
Foreign exchange contracts, Swaps	84,479	0	0	0	0	0
Total derivatives held for trading	84,479	0	0	0	0	0

Derivatives that do not qualify as hedging instruments are included in the derivatives held for trading.

4.11 Details of Income by Principal Activity

In CZK ths.	Balance at 31 Dec 2016			Balance at 31 Dec 2015		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Fee income	95,854	1,602	97,456	121,359	1,695	123,054
Advisory services	0	1,947	1,947	0	1,964	1,964
Other income	341	0	341	143	0	143
Production	96,195	3,549	99,744	121,502	3,659	125,161

Fee income includes the fees paid to the factor. Advisory services include income from the lease of the information system to Group entities.

4.12 Services

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Consumption of material	305	269
Consumption of energy	439	212
Total consumption of material and energy	744	481
Legal and notarial services	2,932	3,711
Tax and other advisory	0	1
Fees for factoring services	3,498	3,274
External audit	1,852	883
Rental	3,864	3,971
Outsourcing costs	2,430	2,269
Marketing costs	195	446
Repairs and maintenance	3,214	3,928
Travelling	384	313
Training	196	161
Costs of other services	4,827	5,990
Total costs of services	23,392	24,947

4.13 Personnel expenses

4.13.1 Personnel expenses and Number of Employees

The following tables summarize the average number of the Company's employees and managers and staff costs for the years ended 31 December 2016 and 2015:

2016

In CZK ths.	Number	Wage costs	Social security and health insurance	Other costs	Personnel and related expenses
Employees	33	22,122	7,043	693	29,858
Management	4	13,530	3,654	744	17,928
Total	37	35,652	10,697	1,437	47,786

2015

In CZK ths.	Number	Wage costs	Social security and health insurance	Other costs	Personnel and related expenses
Employees	33	18,487	6,267	736	25,490
Management	5	17,258	4,249	574	22,081
Total	38	35,745	10,516	1,310	47,571

The number of employees is based on the average re-calculated headcount. Staff costs of management comprise the costs of the Company's managing directors and, in 2016, also remuneration for two proxy holders. Two persons (2015: four persons) are also members of the Company's Board of Directors. Wage costs of management for 2016 include also bonuses and severance pay to leaving Board of Directors' members.

4.13.2 Loans, Borrowings, and Other Benefits Provided

In 2016 and 2015, Company's management received the following benefits in addition to their basic salaries and other personal funding:

2016

Management, Members of BoD, Proxy holders	In CZK ths.	Balance at 31 Dec 2016
Vehicles/other movable assets for both business and private purposes, Management life and pension insurance, kafeteria (amount increases the tax base of employees)		648

2015

Management, Board of Directors, Proxy holders	In CZK ths.	Balance at 31 Dec 2015
Management life and pension insurance		184
Vehicles/other movable assets for both business and private purposes (amount increases the tax base of employees)		561

4.14 Other Operating Income and Expenses

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Other operating income	131,695	25,334
of which: Income from sale of fixed assets	644	126
Other operating income	131,051	25,208
Other operating expenses	41,505	159,528
of which: Net book value of fixed assets sold	25	0
Taxes and charges relating to operations	(22)	1,150
Other operating expenses	41,502	158,378
Total other operating result	90,190	(134,194)

The most significant item within Other operating income is the income from insurance claim settlement in the amount of CZK 126,096 thousand, out of which settlement of operating risk insurance claim amounts to CZK 123,543 thousand (2015: CZK 171 thousand).

Other operating expenses include, in particular, trade receivables written off in the amount of CZK 15,100 thousand (2015: CZK 17,275 thousand) and insurance premium paid in the amount of CZK 22,804 thousand (2015: CZK 27,805 thousand) for operating and commercial risk insurance.

4.15 Interest and Other Financial Income and Expenses

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Interest income	71,323	78,909
Interest expense	(14,303)	(25,516)
of which:	(14,303)	(25,516)
Other finance income	52,403	155,841
of which: Foreign exchange gains	52,078	155,532
Other	325	309
Other finance cost	(51,939)	(162,493)
of which: Foreign exchange losses	(50,837)	(161,385)
Other	(1,102)	(1,108)
Total other financial result	464	(6,652)
Total result of financial activities	57,484	46,741

Interest income includes interest on prepayments made under factoring arrangements.

Other financial income and expenses include also effects of accounting for currency swap for the purposes of managing GBP/CZK foreign exchange risk. In 2016, the result was a foreign exchange loss of CZK 624 thousand (2015: CZK 0 thousand).

4.16 Current and Deferred Income Tax

Current Tax

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Current Tax	12,414	10,315
Additional tax assessment	(7)	(13)
Total	12,407	10,302

The tax charge for 2016 and 2015 can be reconciled to the profit per the income statement as follows:

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Profit before tax	33,524	25,522
Tax at the local income tax rate of 19% (2015: 19%)	6,370	4,849
Tax effect of non-deductible expenses	7,788	7,542
Tax effect of non-taxable income	(1,744)	(2,076)
Additional payment of taxes for prior periods	(7)	(13)
Current tax payable	12,407	10,302
Current changes in the deferred tax	(4,851)	6,453
Total tax on profit on ordinary and extraordinary activities	7,556	16,755

Deferred Taxation

The deferred tax asset (liability) can be analyzed as follows:

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Deferred tax arising from		
Depreciation and amortisation of fixed assets	(199)	(252)
Allowance against receivables	43,074	38,156
Estimated payables for social security and health insurance	1,610	1,730
Total	44,485	39,634

In CZK ths.	Balance at 31 Dec 2016	Balance at 31 Dec 2015
Analysis of the change in the balance		
Opening balance	39,634	46,087
Current changes charged against the income statement	4,851	(6,453)
Total charges against the income statement	4,851	(6,453)
Total charges against the equity	0	0
Total	44,485	39,634

In the years ended 31 December 2016 and 2015, the Company recognised a deferred tax asset of CZK 44,485 thousand and CZK 39,634 thousand, respectively.

5. Related party information

Given that the Company is a member of the Česká spořitelna, a.s. Group, its cooperation with the parent company continued during 2016 and 2015, both with respect to acquisition operations and to raising finance from entities outside the Group to provide funding for other transactions.

As at 31 December 2016 and 2015, receivables from CS amounted to CZK 4,917 thousand and CZK 4,128 thousand, respectively. The above predominantly includes receivables arising from current account balances and advances granted.

As at 31 December 2016 and 2015, payables to the parent company amounted to CZK 3,310,492 thousand and CZK 3,164,367 thousand, respectively. These amounts mainly represent regular bank loans and balances on overdraft accounts and unbilled deliveries.

For the year ended 31 December 2016 and 2015, the Company recorded expenses in relation to Česká spořitelna in the aggregate

amount of CZK 22,227 thousand and CZK 35,832 thousand, respectively. They predominantly include interest on received loans, outsourcing and rental expenses. Income of CZK 2,640 thousand and CZK 2,642 thousand, respectively, relates to interest and fees received from Česká spořitelna.

Receivables to Slovenská sporiteľňa, a.s. amounted to CZK 95 thousand (2015: CZK 95 thousand) and to Erste Factoring, d.o.o. amounted to CZK 68 thousand (2015: CZK 95 thousand). Payables to První certifikační autorita, a.s. in the form of unbilled delivery amounted to CZK 15 thousand (2015: CZK 16 thousand).

With respect to its related the Company recognizes revenues from sales to Slovenská sporiteľňa, a.s. in the amount of CZK 1,135 thousand (2015: CZK 1,146 thousand), to Erste Factoring d.o.o. in the amount of CZK 811 thousands (2015: CZK 817 thousand) and to Reico in the amount of CZK 93 thousands (2015: CZK 0 thousand).

For the year ended 31 December 2016 and 2015, the Company recorded expenses in relation to related party sAutoleasing, a.s. in

the amount of CZK 12 thousand and CZK 4 thousand, respectively. In relation to related party První certifikační autorita, a.s. recorded expenses in the amount of CZK 126 thousand and CZK 97 thousand, respectively. And in relation to related party Procurement Services CZ, s.r.o. (Group purchase services) recorded expenses in the amount of CZK 76 thousand and CZK 84 thousand, respectively.

6. Contingent liabilities and off balance sheet commitments

The Company maintains no contingent liabilities or off-balance sheet commitments.

The Company is involved in no legal disputes, the outcome of which would significantly impact the Company's financial statements.

7. Subsequent events

There were no significant subsequent events that would have an impact on the information contained in the accompanying financial statements. Changes in the composition of Supervisory Board were made before the date of financial statements' approval. Chairman and member of the Supervisory Board Petr Witowski resigned from his position as of 27 January 2017. Jan Seger was appointed member of the Supervisory Board as of 1 February 2017. Filip Hradec, Vice-chairman and member of the Supervisory Board resigned from his position as at 12 March 2017. Petr Vacek was appointed member of the Supervisory Board as of 14 March 2017. Jan Seger is the Supervisory Board Chairman and Petr Vacek Vice-chairman effective from 20 March 2017. As at the date of the financial statements these changes were not made to the Commercial Register entry.

Prepared on: 29 March 2017

Signature of accounting entity's statutory body:



Karel Nováček
Chair of the Board
of Directors



Karel Machytka
Member of the Board
of Directors

Report on Relations between Related Parties

prepared pursuant to Section 82 of Act No. 90/2012 Coll. on Corporations for the year ended 31 December 2016

Factoring České spořitelny, a.s., with its registered office at Budějovická 1518/13 B, Prague 4, postal code 140 00, Business Registration Number (IČ) 25629352, incorporated in the Commercial Register, Section B, File No. 5075, maintained by the Municipal Court in Prague (hereinafter also the “**Submitter**” or “**the Company**”) 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 parties listed below has been prepared pursuant to the provisions of Section 82 of Act No. 90/2012 Coll. on Corporations, as amended, for the year ended 31 December 2016 (hereinafter the “**fiscal year**”).

The Submitter and the persons listed below entered into the following contracts and undertook or adopted the following legal actions and other measures in the fiscal year:

A. Overview of the persons whose relations are described below

Erste Group Bank AG	
—	Procurement Services GmbH
—	Procurement Services CZ, s. r. o.
—	EGB Ceps Beteiligungen GmbH
—	EGB Ceps Holding GmbH
—	Česká spořitelna, a. s.
—	sAutoleasing, a. s.
—	První certifikační autorita, a. s.
—	Erste & Steiermarkische Bank, d. d.
—	ERSTE FACTORING d. o. o
—	Slovenská sporiteľňa, a. s.
—	Factoring Slovenskej sporiteľne, a. s.

B. Controlling persons

- **Česká spořitelna, a.s.**, with its registered office at Olbrachtova 1929/62, postal code 140 00, Prague 4, Czech Republic, Business Registration Number (IČ) 45244782
Relation to the Company: directly controlling person
Description of relations – see **Annex 1**

- **Erste Group Bank AG**, with its registered office at Am Graben 21, Vienna, Austria, Business Registration Number 90003195
Relation to the Company: indirectly controlling person EGB Ceps Beteiligungen GmbH
Description of relations – **none**
- **EGB Ceps Beteiligungen GmbH**, with its registered office at Graben 21, Vienna, Austria
Relation to the Company: indirectly controlling person, a wholly-owned subsidiary of Erste Group Bank AG
Description of relations – **none**
- **EGB Ceps Holding GmbH**, with its registered office at Graben 21, Vienna, Austria
Relation to the Company: indirectly controlling person, a wholly-owned subsidiary of EGB Ceps Beteiligungen GmbH
Description of relations – **none**

C. Other related parties

Companies controlled by other members of the ERSTE Group

- **Erste & Steiermarkische Bank, d.d.**, with its registered office at Jadranski trg 3a, Rijeka, postal code 51 000, Croatia, VAT 03337367
Relation to the Company: related party directly controlled by Erste Group Bank
Description of relations – **none**
- **Procurement Services GmbH**, with its registered office at Brehmstrasse 12, 1010 Vienna, Austria
Relation to the Company: related party directly controlled by Erste Group Bank
Description of relations – **none**
- **Slovenská sporiteľňa, a.s.**, with its registered office at Tomášikova 48, 832 37 Bratislava, Slovak Republic, Business Registration Number (IČO) 00151653
Relation to the Company: related party directly controlled by Erste Group Bank
Description of relations – **see Annex 1**

- **Factoring Slovenskej sporiteľne, a.s.**, with its registered office at Tomášikova 48, Bratislava, 832 67, Slovak Republic, Business Registration Number (IČO) 35849665
Relation to the Company: related party of the Submitter directly controlled by Slovenská sporiteľňa
Description of relations – **none**
- **ERSTE FACTORING d.o.o.**, with its registered office at Ivana Lučica 2, Zagreb, postal code 10 000, Croatia, VAT 080558484
Relation to the Company: related party directly controlled by Erste & Steiermarkische Bank
Description of relations – see **Annex 1**
- **Procurement Services CZ, s.r.o.**, with its registered office at Budějovická 1912/64b, postal code 140 00, Prague 4 (“Procurement Services CZ”)
Relation to the Company: related party directly controlled by Procurement Services GmbH
Description of relations – **none**

Companies controlled or otherwise related with Česká spořitelna, a.s.

- **REICO investiční společnost České spořitelny, a.s.**, with its registered office at A. Staška 2027/79, postal code 142 00 Prague 4 („Reico“)
Relation to the Company: related party directly controlled by Česká spořitelna
Description of relations – see **Annex 1**
- **První certifikační autorita, a.s.**, with its registered office at Podvinný mlýn 2178/6, postal code 190 00, Prague 9 - Libeň („1.CA“)
Relation to the Company: affiliated company Česká spořitelna
Description of relations – see **Annex 1**
- **CNCB - Czech Non-Banking Credit Bureau, z.s.p.o.**, with its registered office at Na Vítězné pláni 1719/4, postal code 140 00 Prague 4 - Nusle („CNCB“)
Relation to the Company: affiliated company Česká spořitelna
Description of relations – **none**
- **sAutoleasing, a.s.**, with its registered office at Budějovická 1912/64b, Krč, postal code 140 00 Prague 4
Relation to the Company: related party directly controlled by Česká spořitelna
Description of relations – see **Annex 1**

Annex 1 – Transactions with Related Parties

Factoring České spořitelny, a.s. identified the relations with the related parties listed in Sections B and C and summarized them in the following categories:

Related party transactions on the debit side of Factoring ČS's balance sheet

Receivables from banks

Factoring České spořitelny, a.s. deposited cash totaling CZK 3.58 million in current and deposit accounts maintained by Česká spořitelna under contracts on the opening of a current account and loan agreements. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Other assets

Balance sheet caption Other assets includes other trade receivables and advance payments provided to related parties. In 2016, the Company recognizes receivables and advance payments in the total amount of CZK 1.34 million from Česká spořitelna and receivables of CZK 0.1 million from other related parties.

Related party transactions on the credit side of Factoring ČS's balance sheet

Liabilities to banks

Factoring České spořitelny, a.s. received funds from by Česká spořitelna, a.s. in the total amount of 3,310.5 million particularly under loan agreements and bank overdraft contracts. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Related party transactions with effect on Factoring ČS's income statement

Interest and similar income

Factoring České spořitelny, a.s. did not receive any dividend income from abroad in the fiscal year.

Interest and similar expense

Factoring České spořitelny, a.s. incurred interest expense of CZK 14.3 million within the scope of related party transactions executed on an arm's-length basis in the fiscal year. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Income from fees and commissions

Factoring České spořitelny, a.s. received income from fees and commissions within the scope of related party transactions executed on an arm's-length basis in the fiscal year, including particularly income from a cooperation agreement with Česká spořitelna a.s., in the total amount of CZK 2.6 million. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

General administrative expenses

Factoring České spořitelny, a.s. spent CZK 8.2 million on general administrative expenses within the scope of related party transactions executed on an arm's-length basis in the fiscal year, particularly rental charges and the purchase of advisory, professional, consultancy and other services. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Other operating revenues and costs

Factoring České spořitelny, a.s. had a positive balance of other operating revenues and costs of CZK 2.0 million within the scope of other related party transactions executed on an arm's-length basis in the fiscal year. Factoring České spořitelny, a.s. suffered no detriment from these transactions in the fiscal year.

Net profit/loss from financial operations

In the reporting period Factoring České spořitelny, a.s. entered into a currency swap with Česká spořitelna with the income statement effect of CZK 0.6 million. Factoring České spořitelny, a.s. suffered no detriment as a result of the transaction in the reporting period.

Contractual relations

In prior years, Factoring České spořitelny, a.s. entered into contracts with related parties listed in Sections B and C; the financial effects of the contracts are reflected in Annex I. The list below includes major contracts with related parties that were in force in the fiscal year.

Contract	Counterparty	Performance	Date	Detriment, if any
License agreement	Slovenská sporiteľňa, a.s.	Monitoring information system implementation	22.8.2011	None
Agreement on outsourcing	Česká spořitelna, a.s.	Outsourcing	1.1.2016	None
Amendment no.1 to Agreement on outsourcing	Česká spořitelna, a.s.	Outsourcing	1.5.2016	None
Amendment no.2 to Agreement on outsourcing	Česká spořitelna, a.s.	Outsourcing	1.7.2016	None
2016_ITFSČS_09 Amendment no.1 to IT service agreement	Česká spořitelna, a.s.	IT services	31.8.2016	None
Service agreement	Česká spořitelna, a.s.	Authorization to exercise the right of use of company logo	9.12.2002	None
Contract for the lease of vehicle	REICO investiční společnost České spořitelny, a.s.	Lease of a motor vehicle	1.4.2016	None
Purchase agreement	Česká spořitelna, a.s.	Sale of a motor vehicle	13.1.2016	None
Purchase agreement	REICO investiční společnost České spořitelny, a.s.	Sale of a mobile phone	1.4.2016	None
Sub-participation agreement	Česká spořitelna, a.s.	Fee for the participation of the client	4.11.2005	None
Sub-participation agreement	Česká spořitelna, a.s.	Fee for the participation of the client	1.9.2016	None
Contract for the provision of services to I.CA	První certifikační autorita, a.s.	Issuing of qualified time stamps	11.6.2007	None
Contract for the provision of services to I.CA	První certifikační autorita, a.s.	Issuing of qualified certificates	27.11.2006	None
Agreement for the participation in the NRKI project	CNCB - Czech Non-Banking Credit Bureau, z.s.p.o.	participation in the NRKI project	12.11.2015	None
Lease agreement	Česká spořitelna, a.s.	Lease of a safe deposit box	24.11.2009	None
License agreement	Factoring Slovenskej Sporitelne, a.s.	HoC II information system implementation	23.9.2009	None
Cooperation agreement	Česká spořitelna, a.s.	Doubtful receivable treatment	1.10.2009	None
Cooperation agreement	Pojišťovna České spořitelny, a.s.	Private life insurance with employer's contribution	12.12.2005	None
Cooperation agreement	Česká spořitelna, a.s.	Exchange of information through the KLIENT application	24.9.2009	None
Contract for the provision of services	Česká spořitelna, a.s.	Agreement for the use of the ISIR_CS application and its development, support and operation	18.3.2009	None
License agreement	Erste Factoring d.o.o.	HoC II information system implementation	12.7.2010	None
Contract for the provision of services	Česká spořitelna, a.s.	System environment for Linux server farm used to operate the eFactoring application	1.10.2010	None
Contract for the provision of services	Procurement Services CZ	Provision of services	30.12.2011	None

Contract	Counterparty	Performance	Date	Detriment, if any
Cooperation agreement	Česká spořitelna, a.s.	Tel. Verification – verification of pledged invoices; Monitoring; verification and assessment of clients/pledgers; „clients' Monitoring“	4.8.2015	None
Lease agreement	Česká spořitelna, a.s.	Lease of non-residential premises – Trianon	28.2.2014	None
Lease agreement	Česká spořitelna, a.s.	Lease of business premises – Antala Staška Street	15.10.2014	None
Contract for the provision of services	Česká spořitelna, a.s.	IT services – Telefonie	25.6.2014	None

D. Other legal actions

In the fiscal year, the Submitter received or undertook no additional legal or other actions for the benefit or at the request of the Related Parties that would relate to assets exceeding 10% of the Submitter's equity determined based on the latest financial statements.

E. Other measures

Factoring České spořitelny, a.s. is a party to group projects of the Erste Group Bank. Factoring České spořitelny, a.s. suffered no detriment from collaboration in the group projects. The Submitter assessed the relations between the Related Parties and has determined that they are favorable for Factoring České spořitelny, a.s. and bear low risk.

F. Conclusion

With regard to 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 foregoing contracts, other legal actions or other measures entered into, undertaken or adopted by the Submitter for the benefit or at the request of the Related Parties in the fiscal year 2016.

This Report was discussed and approved by the Company's Board of Directors on 29 March 2017.

Prague, 29 March 2017

Factoring České spořitelny, a.s.



Karel Nováček
Chair of the Board
of Directors



Karel Machytka
Member of the Board
of Directors

Factoring České spořitelny, a. s.

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