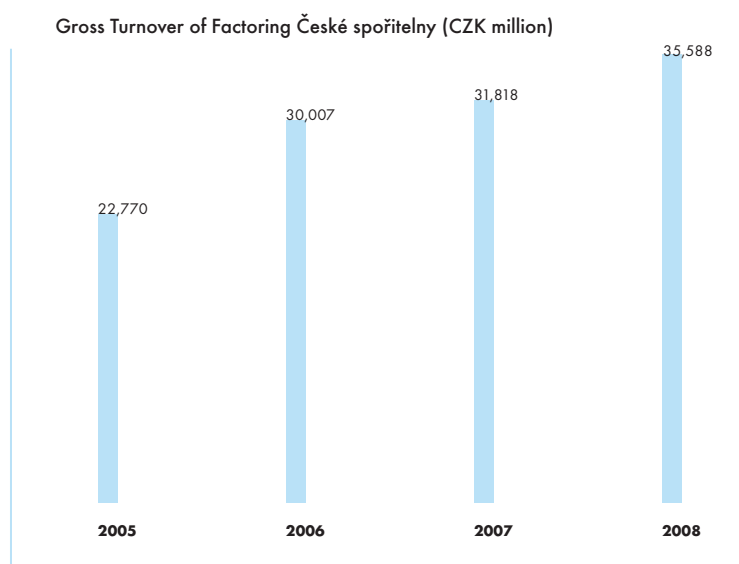


# FACTORING ČESKÉ SPOŘITELNY

**Annual report 2008**

## Key Figures



- The gross turnover of Factoring České spořitelny in 2008 increased by 12 % reaching almost CZK 35,6 billion.
- Factoring České spořitelny is one of the largest factoring companies in the Czech Republic with the market share of 25,1 %.

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# Chairman's Statement



Lubomir Civin

## Dear Shareholders, Business Partners and Colleagues,

On behalf of the Board of Directors, let me present here the company annual report for the year 2008, which was a year characterized by growing difficulties affecting not only our company, but the whole market. Czech economy, as well as other national economies, was struck by the international financial and economic crisis. Financial, capital and foreign currency markets were significantly volatile and also Czech market suffered from lack of liquidity. Factoring České spořitelny, as a stable member of a financial group of a leading domestic bank, a part of a strong Central European financial group, managed to deal with all the negative trends without hampering its business operations or limiting financial needs of its clients.

**Despite the crisis, the company's gross turnover in 2008 reached record CZK 35.6 billion, securing once again its leading position on the Czech factoring market with**

**the market share of 25.1 %.** We continued in our efforts to strengthen the cooperation with our parent bank and its business network and to enter new client segments, namely great corporations and we also successfully provided financing for a number of domestic, medium-sized and small companies, thus supporting their growth in the unfavourable environment of the world-wide economic crisis.

2008 was a year marked by the implementation of a number of steps promoting a more offensive strategy in the company development. This was based on the enhancement of the company product portfolio allowing the clients to choose from a variety of modern and flexible financial tools and additional services supporting their stable development in the turbulent economic environment.

The results of the company offensive product and business strategy influenced its income. According to Czech accounting standards, the company profit reached CZK 20.1 million, which resulted in accomplishing satisfactory figures in efficiency and rentability of the company management.

Other areas of the company business operations also recorded progressive development. Staff in key posts and methodology of their work became stabilised, and their performance reached higher levels of competence and professionalism. The company managed to improve technical and technological aspects of its operations, standardise methodology and effectively use information technologies in order to secure increasing quality of all processes necessary in the functioning of a factoring company and for the contentment of our clients. The offer of our products and services helps our clients to save their financial sources, limits their credit exposure risks, improves cash flows and secures stability of their working capital. Thus our services offer more efficient financial management to our clients and consequently opportunities for improvement of their business performance.

With regard to our responsibility in the whole society, Factoring České spořitelny participated in charity projects organised by the Financial Group of Česká spořitelna called Charity Days (Dny pro charitu). Continuing our efforts from the previous years, we provided support for the clients of the **PALATA Home for the blind and visually impaired in Prague.**

Business results reached in the demanding year of 2008 proved that Factoring České spořitelny is rightly the leader on the factoring market in the Czech Republic. Results of the cooperation of the company staff, managers and shareholder provide for optimistic expectations in spite of the demands imposed upon Central and Easter European economies by the international economic crisis.

Finally, I would like to thank to all our business partners, representatives of our sole shareholder, other partners within the Financial Group of Česká spořitelna and Erste Bank, as well as to all our employees, who participated in securing the company's accomplishments and wish them a lot of success in their professional as well as personal lives for the future.



doc. Ing. Lubomír Cívín, CSc., MBA  
Chairman of the Board of Directors

# Company profile

**Factoring České spořitelny, a.s. was originally established in November 1995 as CS Factoring s.r.o. In 1997, the company transformed into a joint stock company with Česká spořitelna obtaining a ten percent share. On June 20, 2001, Česká spořitelna bought up the remaining shares and became the sole shareholder of the company.**

The company's registered office is at Pobřežní 46, Prague 8

The company's registered capital is CZK 84 million.

The company's business activities focus on **domestic, export and import factoring, financing of selected floating assets** as well as administration of receivables in a wide range of commodities, namely corporate clientele in the areas of metallurgy, automobile and consumer goods industries, mass media, advertising, food processing industry, business chains suppliers, oil and fuel distributors and others.

2008 was a year marked by growth on the factoring market in the Czech Republic, which helped Factoring České spořitelny

to strengthen its leading position. **With the market share of 25.1 percent, the company again ranked first on the factoring market in the Czech Republic.**

In the course of 2008, the company pursued several primary objectives:

More intensive and efficient co-operation with the parent bank, namely in the area of business and risk management.

Implementation of new products based on the use of information technologies offering the clients the best possible administration of receivables and customer's portfolio.

As one of the elementary preconditions for its further successful development, the company values close co-operation with the parent bank, first-rate risk management, flexible reaction to the demands of the market secured by a widening range of products and, last but not least, maintaining high standard of services provided to the clients of Factoring České spořitelny.

## Development of the key economic indicators

	2008	2007	2006	2005
Registered capital (CZK million)	84	84	84	84
Owner's equity (CZK million)	137	138	136	112
Balance sheet total (CZK million)	6,727	7,016	7,093	5,296
Contracted amount (CZK million)	35,588	31,818	30,007	22,770
Income per accounting period. (CZK million)	20	29	21	6

# Directors and Officers

## DIRECTORS AND OFFICERS AS AT 31<sup>ST</sup> DECEMBER 2008

### Board of Directors

- Lubomír Cívín, Chairman
- Radmila Jakubová, Vice-chairman
- Karel Machytka, Member

### Supervisory Board

- Heinz Knotzer, Chairman
- Karel Mourek, Vice-chairman
- David Marek, Member

## COMPANY MANAGEMENT AS AT 31<sup>ST</sup> DECEMBER 2008

- Lubomír Cívín, Chief Executive Officer
- Radmila Jakubová, Chief Client Service, Finance and IT Officer
- Karel Machytka, Chief Sales Officer
- Roman Studničný, Chief Business Development Officer
- Michael Jehlička, Competence Centre Manager
- Petra Kožárová, Client Service Manager
- Luboš Kroulík, Risk Management Manager
- Martin Štěpka, Sales Manager

## Organizational Chart of the Company

### Supervisory Board



# Company Management Report

**2008 was a year marked by changes in the recent positive trends in the development of the world as well as Czech economy, which inevitably influenced business operations of Factoring České spořitelny.** The international economic crisis brought about declining economic activity in a number of business areas and subjects, not leaving aside some of our clients. In spite of that our company managed to sustain its above-average growth of turnover, compared to major market competitors, and thus strengthened its leading position on Czech market.

Factoring České spořitelny represents a stable part of the financial group of Česká spořitelna, which enabled the company to successfully deal with a number of problems connected with the financial crisis that occurred namely in the second half of the year. As a member of a strong financial group, the company was able to secure stable volumes of financial operations despite general shortage of financial resources on domestic and international markets. This, beyond any doubt, allowed the company clients to maintain convenient financial conditions and deal with worsening economic environment at the end of the year.

Facing the unfavourable conditions of 2008, Factoring České spořitelny pursued its lasting strategy set in previous years. This focused, among others, on securing the leading position on the market, maintained since 2004. The company's turnover of CZK 33.09 billion and the market share of 25.1 percent in 2008 confirmed its position of the factoring market leader, which, in the context of current economic development, must be regarded as success of both strategic as well as operational company management. All this places Factoring České spořitelny among the top ranking companies on the market in the Czech Republic, according to economic indicators such as turnover, market share and position and qualitative output parameters.

Following measures set in previous years, the company management in 2008 implemented a more offensive developmental strategy. This strategy is based on a compact system of risk management focusing on the highest possible elimination of credit and operational risks. This eventually allowed more intensive focus on business development and final efficiency of economic results. This led to volume growth in financing of

efficient product groups, namely international factoring, and financing of other client assets, in addition to standard client assets. The company recorded increase in the sale of additional services focusing on client's work with receivables prior to and after their financing, designed to provide for support with operational quality evaluation of customer portfolio and risk elimination. The services of Factoring České spořitelny thus offer our clients improvement in financial management and consequent improvement of a number of output parameters.

In 2008, the company management put great emphasis on **development of business activities**, namely more intensive cooperation with the parent bank, personnel reconstruction and stabilisation of the company's own sales network with the objective to improve client services, namely in promptness and quality. Factoring České spořitelny also promoted enlargement of external sales network focusing on small and medium-sized companies.

As a result of the offensive product and business strategy, the company profit according to Czech accounting standards amounted to CZK 20.1 million. Thus the company reached satisfactory economic values of efficiency and rentability.

**The Risk Management Section** played an important role in the developmental policy of the company and its deeper integration within the Financial Group of Česká spořitelna. Standardization and coordinating of methodology and operating procedures, as well as more efficient use of information technologies enabled further improvement of this crucial aspect of factoring business operations. In the long run, improvements in the risk management sector resulting in portfolio quality stabilisation and more efficient prevention, enforcement and restructuring positively influence economic results of the company.

**The Operational Section** of the company was in charge of standard business operations and providing client services according to the specifics of respective factoring products. Active work with the portfolio of assigned claims significantly lowers the company's own credit exposure risks, improves cash flow management and secures stability of operating capital of most clients.



**The Financial Section** dealt with issues of management and security currency risks brought about by increased volatility of foreign exchange markets, namely in the second half of the year. The company focused on further improvement of its financial management, specifically optimization of financial flows, elimination of negative effects of the foreign markets volatility and securing its stable liquidity in the period marked by economic crisis and limited access to financial resources. Most of the issues were dealt with successfully.

**The Information Technologies Section** represented a crucial constituent in the company's successful operations. It also functioned as an important element in the dynamic development of the company influencing product and technology innovation processes and growth in labour productivity. The company recorded improvement in technological infrastructure, further growth of its quality and safer data processing.

Factoring České spořitelny is determined to maintain its leading position on the factoring market in the Czech Republic. The results of cooperation of the whole team, management and the shareholder provide for optimistic expectations for the next years despite the difficult situation resulting from the international economic crisis affecting also economies in central and Eastern Europe.

# Report of the Supervisory Board

In the financial year 2008, the Supervisory Board of Factoring České spořitelny, a. s. was carrying out its tasks stipulated by the law and the Statutes of the company. As a controlling body, the Supervisory Board looked over the performance of the Board of Directors, progress of business activities and the management of the company. The Supervisory Board was informed on a regular basis about the business activities of the company, its financial situation and other significant factors.

The Supervisory Board has revised the financial statements of the company as to 31/12/2008 and has come to the conclusion that the accounting records and books were kept in a conclusive manner and in accordance with the accounting rules and that the financial statements reflect a real situation of Factoring České spořitelny, a. s. as to 31/12/2008.

The financial statements were audited by Deloitte s. r. o. which proved that the financial statements of Factoring České spořitelny, a. s. represent in all relevant aspects the real state of assets, liabilities and owners equity of Factoring České

spořitelny, a. s. as to December 31, 2008 and the income from operations for 2008 in accordance with the Accounting Act and the applicable rules of the Czech Republic. The Supervisory Board acknowledges the auditor's opinion.

Against this background, the Supervisory Board recommends the Shareholders Meeting to approve the financial statements of Factoring České spořitelny, a. s. as to 31/12/2008.

Furthermore the Supervisory Board recommends to the Shareholders Meeting to approve the way of distribution of the profit 2008 as suggested by the Board of Directors.

The Supervisory Board discussed and approved the Report on relations between connected parties under section 66a (9) of the Commercial Code.

The Supervisory Board discussed and approved the payment of annual bonuses of 2008 to members of Board of directors.

In Prague, 2<sup>nd</sup> April 2009



JUDr. Heinz Knotzer  
Chairman of the Supervisory Board

# Independent Auditor's Report

## to the Shareholders of Factoring České spořitelny, a. s.

Having its registered office at: Pobřežní 46, 186 00 Praha 8  
Identification number: 25629352  
Principal activities: Provision of factoring and forfaiting

### Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 9 March 2009 on the financial statements which are included in this annual report on pages 10 to 35:

“We have audited the accompanying financial statements of Factoring České spořitelny, a. s., which comprise the balance sheet as of 31 December 2008, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Factoring České spořitelny, a. s. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

## Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Factoring České spořitelny, a. s. for the year ended 31 December 2008 which is included in this annual report on pages 36 to 42. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Factoring České spořitelny, a.s. for the year ended 31 December 2008 contains material factual misstatements.

## Report on the Annual Report

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report is consistent, in all material respects, with the financial statements referred to above.

In Prague on 25<sup>th</sup> May 2009

Audit firm:

Deloitte Audit s. r. o., Certificate no. 79



Represented by:

Petr Pruner, authorised employee



Statutory auditor:

Petr Pruner, certificate no. 2138



# Balance Sheet

## as of 31 December 2008

CZK thousand	31. 12. 2008			31. 12. 2007
	Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>	6,802,241	75,437	6,726,802	7,015,717
<b>B. Fixed assets</b>	<b>30,349</b>	<b>19,749</b>	<b>10,599</b>	<b>9,759</b>
<b>B.I. Intangible fixed assets</b>	<b>9,823</b>	<b>6,641</b>	<b>3,182</b>	<b>4,857</b>
B.I.3. Software	8,753	6,393	2,360	3,864
B.I.4. Valuable rights	682	248	434	605
B.I.7. Intangible fixed assets under construction	388		388	388
<b>B.II. Tangible fixed assets</b>	<b>20,069</b>	<b>13,109</b>	<b>6,960</b>	<b>4,448</b>
B.II.2. Structures	439	356	83	142
B.II.3. Individual movable assets and sets of movable assets	19,327	12,753	6,574	4,306
B.II.7. Tangible fixed assets under construction	303		303	
<b>B.III. Non-current financial assets</b>	<b>457</b>		<b>457</b>	<b>454</b>
B.III.3. Other securities and investments	457		457	454
<b>C. Current assets</b>	<b>6,769,925</b>	<b>55,688</b>	<b>6,714,236</b>	<b>7,002,256</b>
<b>C.I. Inventories</b>	<b>165</b>		<b>165</b>	<b>211</b>
C.I.1. Material	165		165	211
<b>C.II. Long-term receivables</b>	<b>10,067</b>		<b>10,067</b>	<b>12,759</b>
C.II.8. Deferred tax asset	10,067		10,067	12,759
<b>C.III. Short-term receivables</b>	<b>6,697,089</b>	<b>55,688</b>	<b>6,641,401</b>	<b>6,879,842</b>
C.III.1. Trade receivables	6,682,170	55,688	6,626,482	6,877,961
C.III.6. State - tax receivables	497		497	507
C.III.7. Short-term prepayments made	653		653	571
C.III.8. Estimated receivables	13,125		13,125	
C.III.9. Other receivables	644		644	803
<b>C.IV. Current financial assets</b>	<b>62,603</b>		<b>62,603</b>	<b>109,444</b>
C.IV.1. Cash on hand	99		99	77
C.IV.2. Cash at bank	62,504		62,504	109,367
<b>D. I. Other assets</b>	<b>1,967</b>		<b>1,967</b>	<b>3,702</b>
D.I.1. Deferred expenses	1,967		1,967	3,702

CZK thousand	31. 12. 2008	31. 12. 2007
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,726,802</b>	<b>7,015,717</b>
<b>A. Equity</b>	<b>137,377</b>	<b>138,111</b>
<b>A.I. Share capital</b>	<b>84,000</b>	<b>84,000</b>
A.I.1. Share capital	84,000	84,000
<b>A.II. Capital funds</b>	<b>-37</b>	<b>129</b>
A.II.3. Gains or losses from the revaluation of assets and liabilities	-37	129
<b>A.III. Statutory funds</b>	<b>6,609</b>	<b>5,147</b>
A.III.1. Statutory reserve fund / Indivisible fund	6,436	4,950
A.III.2. Statutory and other funds	173	197
<b>A.IV. Retained earnings</b>	<b>26,738</b>	<b>19,121</b>
A.IV.1. Accumulated profits brought forward	26,738	19,121
<b>A.V. Profit or loss for the current period (+/-)</b>	<b>20,067</b>	<b>29,714</b>
<b>B. Liabilities</b>	<b>6,584,000</b>	<b>6,876,574</b>
<b>B.III. Short-term liabilities</b>	<b>3,895,202</b>	<b>4,025,076</b>
B.III.1. Trade payables	3,875,041	4,003,185
B.III.5. Payables to employees	1,485	1,147
B.III.6. Social security and health insurance payables	531	684
B.III.7. State – tax payables and subsidies	1,415	3,291
B.III.10. Estimated payables	16,730	16,769
<b>B.IV. Bank loans and borrowings</b>	<b>2,688,798</b>	<b>2,851,498</b>
B.IV.2. Short-term bank loans	2,688,798	2,851,498
<b>C. I. Other liabilities</b>	<b>5,425</b>	<b>1,032</b>
C.I.2. Deferred income	5,425	1,032

# Off Balance Sheet Accounts

as of 31 December 2008

CZK thousand	31. 12. 2008	31. 12. 2009
1. Amounts due from term transactions	0	23,699
2. Amounts owed from term transactions	0	23,501

# Profit and Loss Account

## as of 31 December 2008

CZK thousand

	Year ended 31. 12. 2008	Year ended 31. 12. 2007
II. Production	88,715	83,930
II.1. Sales of own products and services	88,715	83,930
B. Purchased consumables and services	27,246	26,420
B.1. Consumed material and energy	1,127	1,384
B.2. Services	26,119	25,036
<b>+ Added value</b>	<b>61,469</b>	<b>57,510</b>
C. Staff costs	42,344	43,294
C.1. Payroll costs	33,026	30,515
C.2. Remuneration to members of statutory bodies	175	70
C.3. Social security and health insurance costs	8,387	12,136
C.4. Social costs	756	573
D. Taxes and charges	715	787
E. Depreciation of intangible and tangible fixed assets	3,818	3,227
III. Sales of fixed assets and material	468	164
III.1. Sales of fixed assets	468	164
F. Net book value of fixed assets and material sold	92	3
F.1. Net book value of sold fixed assets	92	3
G. Change in reserves and provisions relating to operating activities and complex deferred expenses	-18,223	-26,232
IV. Other operating income	22,322	4,359
H. Other operating expenses	43,487	39,843
<b>* Operating profit or loss</b>	<b>12,026</b>	<b>1,111</b>
L. Costs of the revaluation of securities and derivatives		2,481
X. Interest income	155,232	132,683
N. Interest expenses	115,382	92,776
XI. Other financial income	198,559	130,509
O. Other financial expenses	213,662	123,644
<b>* Financial profit or loss</b>	<b>24,747</b>	<b>44,291</b>
Q. Income tax on ordinary activities	16,706	15,688
Q 1. – due	13,973	13,231
Q 2. – deferred	2,733	2,457
<b>** Profit or loss from ordinary activities</b>	<b>20,067</b>	<b>29,714</b>
<b>*** Profit or loss for the current period (+/-)</b>	<b>20,067</b>	<b>29,714</b>
<b>**** Profit or loss before tax</b>	<b>36,773</b>	<b>45,402</b>



# Cash Flow Statement

Year ended 31 December 2008

	Year ended 31. 12. 2008	Year ended 31. 12. 2007
<b>P. Opening balance of cash and cash equivalents</b>	<b>109,444</b>	<b>68,372</b>
<b>Cash flows from ordinary activities</b>		
Z. Profit or loss from ordinary activities before tax	36,773	45,402
A.1. Adjustments for non-cash transactions	-23,023	-33,797
A.1.1. Depreciation of fixed assets	3,818	3,227
A.1.2. Change in provisions and reserves	-18,223	-23,619
A.1.3. Profit/(loss) on the sale of fixed assets	-376	-161
A.1.5. Interest expense and interest income	-39,850	-39,907
A.1.6. Gain on the sale of equity investments	-850	
A.1.7. Adjustments for other non-cash transactions	32,458	26,663
<b>A.* Net operating cash flow before changes in working capital</b>	<b>13,750</b>	<b>11,605</b>
A.2. Change in working capital	102,063	-68,194
A.2.1. Change in operating receivables and other assets	225,941	97,597
A.2.2. Change in operating payables and other liabilities	-123,924	-165,580
A.2.3. Change in inventories	46	-211
<b>A.** Net cash flow from operations before tax and extraordinary items</b>	<b>115,813</b>	<b>-56,589</b>
A.3. Interest paid	-115,382	-92,776
A.4. Interest received	155,232	132,683
A.5. Income tax paid from ordinary operations	-15,530	-11,771
<b>A.*** Net operating cash flows</b>	<b>140,133</b>	<b>-28,453</b>
B.1. Fixed assets expenditures	-4,750	-4,615
B.2. Proceeds from fixed assets sold	468	164
B.4. Net income relating to equity investments	850	
<b>B.*** Net investment cash flows</b>	<b>-3,432</b>	<b>-4,451</b>
Cash flow from financial activities		
C.1. Change in payables from financing	-163,376	93,976
C.2. Impact of changes in equity	-20,166	-20,000
C.2.5. Payments from capital funds	-166	
C.2.6. Dividends paid	-20,000	-20,000
<b>C.*** Net financial cash flows</b>	<b>-183,542</b>	<b>73,976</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>-46,841</b>	<b>41,072</b>
<b>R. Closing balance of cash and cash equivalents</b>	<b>62,603</b>	<b>109,444</b>

# Changes in Shareholders' Equity

for the Year Ended 31 December 2008

CZK thousand	Share capital	Capital funds	Statutory funds	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	Total equity
<b>Balance at 31 December 2006</b>	<b>84,000</b>	<b>7,310</b>	<b>4,063</b>	<b>19,461</b>		<b>21,281</b>	<b>136,115</b>
Distribution of profit or loss			1,621	-340		-1,281	0
Payments from funds			-537				-537
Dividends paid						-20,000	-20,000
Gains and losses from revaluation of investment		-7,181					-7,181
Profit or loss for the current period						29,714	29,714
<b>Balance at 31 December 2007</b>	<b>84,000</b>	<b>129</b>	<b>5,147</b>	<b>19,121</b>	<b>0</b>	<b>29,714</b>	<b>138,111</b>
Distribution of profit or loss			2,097	7,617		-9,714	0
Payments from funds			-635				-635
Dividends paid						-20,000	-20,000
Gains and losses from revaluation of investment		-166					-166
Profit or loss for the current period						20,067	20,067
<b>Balance at 31 December 2008</b>	<b>84,000</b>	<b>-37</b>	<b>6,609</b>	<b>26,738</b>	<b>0</b>	<b>20,067</b>	<b>137,377</b>

# Notes to the Financial Statements

## for the Year ended 31 December 2008

### 1. GENERAL INFORMATION

#### 1.1 Incorporation and Description of the Business

Factoring České spořitelny, a. s. (hereinafter the "Company") was incorporated 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 forfeiting services which account for most of the Company's revenues.

The Company's registered office is located at Pobřežní 46, 186 00 Prague 8.

The Company's subscribed and paid-up share capital amounts to CZK 84,000 thousand.

The financial statements have been prepared as of and for the year ended 31 December 2008.

The sole shareholder of the Company is Česká spořitelna, a. s., with its registered office at Olbrachtova 1929/62, 140 00 Prague 4, Corporate ID 45 24 47 82.

Shareholder	Ownership percentage
Česká spořitelna, a. s.	100%

#### 1.2 Organisational Structure

At the end of 2008, the Company had 39 employees, of which eight were the Company's managers. The Company is organised into seven units as follows: management including secretariat, sales (representation) department, operations department (cross-border and in-country clients), customer service department, risk management department, IT department and finance and controlling department.

During the year ended 31 December 2008, changes were made to the composition of the Company's Board of Directors. As of 1 February 2008, Karel Machytka was appointed a member of the Board of Directors. The change was recorded in the Register of Companies on 21 April 2008.

On 21 April 2008, the membership of David Marek in the Supervisory Board was recorded in the Register of Companies.

On 18 December 2008, David Marek announced his resignation from the position of a member of the Supervisory Board. The Supervisory Board approved this resignation at its extraordinary meeting held on 14 January 2009. On 23 January 2009, David Marek was replaced by a new Supervisory Board member, Alois Bartlhuber. These changes were not recorded in the Register of Companies as of the balance sheet date.

As of 31 December 2008, the composition of the Company's statutory bodies was as follows:

#### Board of Directors

- Lubomír Civiň, Chairman
- Radmila Jakubová, Vice Chairwoman
- Karel Machytka, Member

#### Supervisory Board

- Heinz Knotzer, Chairman
- Karel Mourek, Member
- David Marek, Member

In the year ended 31 December 2008, the number and nominal values of shares included in the share capital changed. Originally, the share capital of the Company was composed of 280 registered shares with the nominal value of CZK 300 thousand. The changed share capital is composed of 56 registered shares in the certificate form with the nominal value of CZK 1,500 thousand. The change was recorded in the Register of Companies on 9 December 2008 and had no impact on the amount of the share capital (refer to Note 4.8.1).

### 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are 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 provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting

records, as amended; and Czech Accounting Standards for Businesses, as amended.

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

These financial statements are presented in thousands of Czech crowns ('CZK').

### 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 one year and an acquisition cost greater than CZK 13 thousand (2007: CZK 13 thousand) on an individual basis. Tangible fixed assets also include selected low value tangible assets with an estimated useful life greater than one year and an acquisition cost lower than CZK 13 thousand (2007: CZK 13 thousand).

Intangible fixed assets include identifiable assets without physical substance with an estimated useful life greater than one 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 13 thousand which are not included in selected low-value fixed assets, 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 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, if completed.

#### Depreciation for Accounting Purposes

Depreciation and amortisation 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 using the straight line method over their estimated useful lives based on the depreciation/amortisation plan.

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

Category of assets	2008 Depreciation period in years	2007 Depreciation period in years
Software, licences and other intangible assets	4	4
Selected low value tangible assets	2	2
Vehicles	5	4
Machinery and equipment	4-6	4-6
Other equipment	4-12	4-12
Technical improvement of a leased building	8	8

The depreciation period in years is established pursuant to the estimated useful life of the fixed assets.

#### 3.2 Non-Current Financial Assets

##### Valuation

Securities and equity investments are carried at cost upon acquisition. The cost of securities or equity investments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

At the date of acquisition of the securities and equity investments, the Company categorises these non-current financial assets based on their underlying characteristics as equity investments in subsidiaries and associates or debt securities held to maturity or securities and equity investments available for sale.

**As of the balance sheet date, the Company records:**

- Equity investments in subsidiaries and associates at cost;
- Debt securities held to maturity at cost increased to reflect interest income (including amortisation of premium or discount, if any); and
- Securities and equity investments available for sale at fair value if determinable. If it is not possible to determine the fair value, the acquisition cost valuation is used.

If the carrying value of non-current financial assets that are not revaluated at the balance sheet date decreases, the difference is considered a temporary impairment and is recognised as a provision.

At the balance sheet date, securities and equity investments available for sale denominated in a foreign currency are re-translated using the exchange rate of the Czech National Bank prevailing as of that date, and any resulting foreign exchange rate gains or losses are treated as a component of fair value.

**3.3 Inventory**

Purchased inventory is valued at acquisition costs. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees during transportation, commissions, insurance charges and discounts.

**3.4 Receivables**

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

The Company accounts for factoring receivables on a 'gross' basis. The factoring receivables are recognised 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 recognised through liabilities as short-term trade payables. The short-term receivables represent the nominal amount of the Company's receivables from end customers.

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

**Provisioning**

In respect of tax non-deductible provisions, the Company continuously applied the methodology adopted in 2003. The aggregate volume of receivables past their due dates by greater than 30 days was provisioned at 25 percent. This coefficient is based on the value of tax non-deductible provisions from previous years, respecting the reasonable estimate and the prudence principle.

**3.5 Loans**

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

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

**3.6 Reserves**

Reserves are liabilities of uncertain timing or amount. A reserve is recognised 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. Reserves are used exclusively for the purposes they were created for. Reserve balances are reviewed annually, and the reserves are reversed or carried forward based on the review results.

**3.7 Translation of Foreign Currencies**

Transactions in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the transaction date. As of the balance sheet date, all foreign currency assets and liabilities are retranslated using the ruling CNB foreign exchange rate as of that date and any resulting translation gains and losses are recorded through the current year's financial income or financial expenses, as appropriate.

During the reporting period, foreign exchange rate differences arising from spot transactions were posted directly to income or expenses, while foreign exchange rate difference arising from swap transactions (refer to Note 3.8) were recorded to profit or loss only after completion.

At the balance sheet date, non-current financial investments denominated in a foreign currency were translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign currency translation differences have been included in gains or losses arising from the revaluation of assets and liabilities.

### **3.8 Derivative Financial Transactions**

The Company enters into hedging currency swaps to hedge the currency risk arising from foreign exchange rate fluctuations related to the financing of receivables denominated in foreign currencies. The nominal values of ceded receivables from factoring operations denominated in foreign currencies are recognised under assets, while liabilities reflect bank loans and overdrafts.

All derivative financial transactions concluded during the year were designated as hedges of future cash flows. The Company maintains documentation for hedging derivatives and tests hedging effectiveness. The Company's criteria for a derivative instrument to be accounted for as a hedge are as follows:

- At the inception of the hedge, the documentation identifies the hedged item and the hedging instrument, defines the risk that is being hedged and the approach to establishing and documenting whether the hedge is effective, and the hedging relationship is formally documented;
- The hedge is highly effective (that is, within a range of 80 percent to 125 percent); and
- The hedge effectiveness can be measured reliably and is assessed on an ongoing basis.

### **Valuation**

Derivative financial instruments are carried at cost at the acquisition date. The cost of derivative financial instruments includes direct costs of acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As of the balance sheet date, financial derivative instruments are measured at fair value. The fair value is determined on the basis of a qualified fair valuation of all anticipated cash flows associated with hedging derivatives.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a legally enforceable contract, a forecasted future transaction, groups of assets, groups of liabilities, legally enforceable contracts or forecasted future transactions with similar characteristics where the same type and category of risk is the subject of the hedge.

Receivables and payables arising from changes in fair values of hedging derivatives are retained on the balance sheet over the term of the hedge. The gains or losses are taken to income or expenses in the same period in which the income or expenses associated with the hedged item are recognised. Gains or losses arising from changes in fair values of hedging derivatives contracted under cash flow hedging that are attributable to unhedged risks are recorded as expenses or income from derivative transactions at the measurement date.

### **3.9 Taxation**

#### **3.9.1 Depreciation of Fixed Assets for Tax Purposes**

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

#### **3.9.2 Current Tax Payable**

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the profit and loss account 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.

#### **3.9.3 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 realised. The deferred tax asset is recognised only if it is likely to be offset against taxable income.

### 3.10 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash at hand, cash in bank or term deposits.

### 3.11 Revenues

'Sales of goods and services' include factoring charges based on the issued invoices. 'Other financial income' includes interest on received debt financing based on the issued invoices. In addition, this item includes other income relating to claims paid by the credit insurance company. These are recognised based on the insured events list at the moment of the provision of cash proceeds by the insurance company.

Interest claims are recognised as 'Interest income'.

Revenues are recognised on an accruals basis.

### 3.12 Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

As a result of the global financial crisis, the Company may be exposed to an increased risk, specifically due to the high volatility and uncertainty regarding possible impairment of assets and future development on the market. The financial statements have been prepared based on the current best estimates using all relevant and available information as of the balance sheet date.

### 3.13 Year-on-Year Changes in Valuation, Depreciation and Accounting Policies and the Comparative Period

In 2008, cars were transferred from depreciation group 1 to depreciation group 2. The depreciation period was extended to five years (from the original four years). The depreciation group change was made in compliance with the amendment to the Income Taxes Act. Accumulated depreciation remained unchanged.

Depreciation of improvements on intangible fixed assets was changed as follows: with effect from 1 January 2008, improvement of intangible fixed assets results in the extension of the

amortisation period so that the depreciation period of the relevant intangible fixed assets is four years from the beginning of the period in which the improvement is put into use. The improvement of intangible fixed assets is amortised using the net book value or the increased net book value.

In addition to the above-stated changes in assets accounting, several changes were made to the use of ledger accounts, which, however, had no material impact on the structure of assets and liabilities and individual profit and loss account items.

The aggregate impact on the financial statements is immaterial and hence the comparative information for the previous period was not adjusted.

### 3.14 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 (the Company is a member of the FCI and IFG association). 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 has implemented a series of new measures and work procedures designed to 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 notably mitigate foreign exchange risks.

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

## 4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### 4.1 Intangible Fixed Assets

#### Cost

CZK thousand	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007	Additions	Disposals	Balance at 31 Dec 2008
Start-up costs	863	0	-863	0	0	0	0
Software	11,586	3,580	-6,413	8,753	0	0	8,753
Licences, know-how	0	682	0	682	0	0	682
Intangible FA under construction	979	388	-979	388	0	0	388
<b>Total</b>	<b>13,428</b>	<b>4,650</b>	<b>-8,255</b>	<b>9,823</b>	<b>0</b>	<b>0</b>	<b>9,823</b>

#### Accumulated Amortisation and Provisions

CZK thousand	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007	Additions	Disposals	Balance at 31 Dec 2008
Start-up costs	863	0	863	0	0	0	0
Software	10,023	1,279	-6,413	4,889	1,504	0	6,393
Licences, know-how	0	77	0	77	171	0	248
Intangible FA under construction	0	0	0	0	0	0	0
<b>Total</b>	<b>10,886</b>	<b>1,356</b>	<b>-7,276</b>	<b>4,966</b>	<b>1,675</b>	<b>0</b>	<b>6,641</b>

#### Net Book Value

CZK thousand	Balance at 31 Dec 2006	Balance at 31 Dec 2007	Balance at 31 Dec 2008
Start-up costs	0	0	0
Software	1,563	3,864	2,360
Licences, know-how	0	605	434
Intangible FA under construction	979	388	388
<b>Total</b>	<b>2,542</b>	<b>4,857</b>	<b>3,182</b>

In the years ended 31 December 2008 and 2007, the Company acquired intangible fixed assets of CZK nil and CZK 67 thousand, respectively. These assets include software of less than CZK 60 thousand.



## 4.2 Tangible Fixed Assets

### Cost

CZK thousand	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007	Additions	Disposals	Balance at 31 Dec 2008
Structures	439	0	0	439	0	0	439
Individual movable assets	19,669	2,819	-4,756	17,732	4,455	-2,850	19,327
- Machinery and equipment	12,738	2,819	-4,096	11,461	1,105	-14	12,552
- Vehicles	6,931	0	-660	6,271	3,340	-2,836	6,775
Tangible FA under construction	744	890	-1,634	0	303	0	303
<b>Total</b>	<b>20,852</b>	<b>3,709</b>	<b>-6,390</b>	<b>18,171</b>	<b>4,748</b>	<b>-2,850</b>	<b>20,069</b>

### Accumulated Depreciation

CZK thousand	Balance at 31 Dec 2006	Additions	Disposals	Balance at 31 Dec 2007	Additions	Disposals	Balance at 31 Dec 2008
Structures	239	58	0	297	59	0	356
Individual movable assets	15,104	1,871	-3,549	13,426	2,085	-2,758	12,753
- Machinery and equipment	10,553	1,104	-2,889	8,768	1,196	-13	9,951
- Vehicles	4,551	767	-660	4,658	889	-2,745	2,802
Tangible FA under construction	0	0	0	0	0	0	0
<b>Total</b>	<b>15,343</b>	<b>1,929</b>	<b>-3,549</b>	<b>13,723</b>	<b>2,143</b>	<b>-2,758</b>	<b>13,109</b>

### Net Book Value

CZK thousand	Balance at 31 Dec 2006	Balance at 31 Dec 2007	Balance at 31 Dec 2008
Structures	200	142	83
Individual movable assets	4,565	4,306	6,574
- Machinery and equipment	2,185	2,693	2,601
- Vehicles	2,380	1,613	3,973
Tangible FA under construction	744	0	303
<b>Total</b>	<b>5,509</b>	<b>4,448</b>	<b>6,960</b>

In the year ended 31 December 2008, investments in tangible assets predominantly related to air-conditioning equipment and hardware. In the year ended 31 December 2007, investments in tangible assets predominantly related to hardware equipment.

The Company acquired tangible assets that were charged directly to expenses in the amounts of CZK 220 thousand and CZK 479 thousand for the years ended 31 December 2008 and 2007, 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 Non-Current Financial Assets**

#### **Factoring Slovenskej sporiteľne, a. s.**

Since late 2002, the Company has held a 10 percent investment in Factoring Slovenskej sporiteľne, a. s., a subsidiary of Slovenská sporiteľna, a. s.

This investment is classified within securities and equity investments available for sale. The cost of the financial investment represented SKK 3,300 thousand. As of 31 December 2007, this equity investment was attributed a zero value. In 2008, the Company sold the equity investment for CZK 850 thousand.

#### **ERSTE FACTORING d. o. o.**

In 2005 and 2006, the Company was involved in the establishment of another factoring company within the Erste Bank Group in Croatia. ERSTE FACTORING d. o. o. was founded in Zagreb, having the share capital of HRK 5,000 thousand in which the Company owns 2.5 percent of shares. As of 31 December 2008, the entity reports an unaudited equity of HRK 54,458 thousand (2007: HRK 11,437 thousand).

This investment is classified within securities and equity shares available for sale. As of the financial statements date, the cost of the investment amounted to HRK 125 thousand, i.e. CZK 457 thousand (2007: CZK 454 thousand).

### **4.4 Inventory**

As of 31 December 2008, the Company holds material of CZK 165 thousand (2007: CZK 211 thousand), comprising chip cards used in recording qualified signature certificates.

### **4.5 Receivables**

#### **4.5.1 Long-Term Receivables - Deferred Tax Assets**

For detailed information about deferred tax assets refer to Note 4.16.

#### 4.5.2 Short-Term Receivables

CZK thousand	Balance at 31 Dec 2008	Balance at 31 Dec 2007
Trade receivables	6,626,482	6,877,961
– customers	4,774,539	4,700,950
– bills of exchange to be collected	0	0
– prepayments made	1,907,631	2,250,922
– other balances	0	0
– provisions	–55,688	(73,911)
State – tax receivables	497	507
Short-term prepayments made	653	571
Estimated balances	13,125	0
Other receivables	644	803
<b>Total</b>	<b>6,641,401</b>	<b>6,879,842</b>

The above receivables principally comprise factoring receivables, which are reported in the balance sheet line 'Trade receivables'.

The item 'Customers' includes nominal values of factoring receivables and the item 'Prepayments made' includes prepayments made for receivables under recourse factoring.

The line 'Estimated balances' includes received insurance proceeds past the waiting period relating to insured receivables.

Other receivables predominantly include rental deposits (CZK 471 thousand). In 2007, other receivables included rental deposits (CZK 466 thousand) and the fair value of a hedging derivative (CZK 210 thousand).

#### 4.5.3 Aging of Trade Receivables

Year CZK thousand	Category	Before due date						Overdue	Total
			0–30 days	31–60 days	61–80 days	81–365 days	1 year and greater		
2008	Short-term	5,649,706	758,355	94,210	13,761	68,215	97,923	<b>6,682,170</b>	
	Provisions	0	0	–15,998	–3,020	–13,406	–23,264	<b>–55,688</b>	
2007	Short-term	5,533,619	1,001,025	232,829	46,439	26,421	111,539	<b>6,951,872</b>	
	Provisions	0	0	–37,272	–6,732	–2,172	–27,735	<b>–73,911</b>	

The average maturity of receivables from customers of the Company's factoring clients in 2008 was 50.9 days (2007: 52 days).

Provisioning for accounting purposes is established by a percentage derived from the historical balance of losses and management's experience in respect of the recovery rates of distressed receivables. Given the limited availability of historical data regarding loss percentage rates, the Company was prudent in determining the risk coefficient.

Of the aggregate amount of provisions, provisions of CZK 6,856 thousand (2007: CZK 10,476 thousand) are tax-deductible. Tax-deductible provisions are recognised against receivables in the bankruptcy proceedings assigned to the Company before the legislative changes took effect. In 2008, the amount of tax-deductible provisions was decreased by a receivable in the bankruptcy proceedings written off based on an approved allocation resolution.

During 2008, the Company charged off bad and assigned receivables in the amount of CZK 32,458 thousand (2007: CZK 26,663 thousand) due to their uncollectability.

#### 4.6 Current Financial Assets

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

#### 4.7 Temporary Assets

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

#### 4.8 Equity

##### 4.8.1 Share Capital

The subscribed, paid-up and registered share capital amounts to CZK 84,000 thousand and consists of 56 shares with a nominal value of CZK 1,500 thousand per share. The shares are not publicly traded, are registered and carry voting rights.

##### 4.8.2 Distribution of the 2007 Profit

During 2008, the Company's sole shareholder acting in the capacity as the General Meeting approved the utilisation of the 2007 profit of CZK 29,714 thousand to allocate CZK 1,486 thousand to the statutory reserve fund and to allocate CZK 611 thousand to the social fund. The amount of CZK 20,000 thousand was paid out in dividends and the accumulated profit of prior years was increased by CZK 7,617 thousand. As of 31 December 2008, the accumulated profit of prior years amounted to CZK 26,738 thousand.

##### 4.8.3 Gains and Losses Arising from the Revaluation of Assets and Liabilities

In 2008, the revaluation difference of CZK 37 thousand (2007: CZK 129 thousand) arose from the foreign exchange rate gains and losses relating to securities available for sale (in 2007: relating to securities available for sale as well as hedging derivatives).

#### 4.9 Payables

##### 4.9.1 Short-Term Payables

CZK thousand	Balance at 31 Dec 2008	Balance at 31 Dec 2007
Trade payables	3,875,041	4,003,185
Payables to employees	1,485	1,147
Payables arising from social security and health insurance	531	684
State – tax payables and subsidies	1,415	3,291
Estimated payables	16,730	16,769
Other payables	0	0
<b>Total</b>	<b>3,895,202</b>	<b>4,025,076</b>

The payables to suppliers 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.

Estimated payables include predominantly 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.

#### 4.10 Bank Loans

##### 2008

Bank/creditor	Purpose	Balance at 31 Dec 2008	Interest rate	Maturity	Collateral form
Česká spořitelna	operating - EUR overdraft	107,918	1 M Euribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - USD overdraft	6,198	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - GBP overdraft	1,033	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - SKK overdraft	0	1 M Bribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - PLN overdraft	29,406	1 M Wribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - CHF overdraft	15,905	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - HUF overdraft	0	1 M Bubor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - JPY overdraft	1,883	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - RON overdraft	162	1 M Bubor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - CZK current account	1,000,000	1 M Pribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - EUR current account	323,160	1 M Euribor + risk margin	30 Jan 2010	uncollateralised
Total intercompany bank loans		1,485,665			
UniCredit	operating - CZK current account	1,000,000	1 M Pribor + risk margin	31 Dec 2009	bank guarantee - guarantee
UniCredit	operating - USD current account	203,133	1 M Pribor + risk margin	31 Dec 2009	bank guarantee - guarantee
<b>Total external bank loans</b>		<b>1,203,133</b>			
<b>Total bank loans and borrowings</b>		<b>2,688,798</b>			

## 2007

Bank/creditor	Purpose	Balance at 31 Dec 2007	Interest rate	Maturity	Collateral form
Česká spořitelna	operating - EUR overdraft	109,885	1 M Euribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - USD overdraft	63,155	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - GBP overdraft	1,811	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - SKK overdraft	18,841	1 M Bribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - PLN overdraft	27,112	1 M Wribor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - CHF overdraft	19,170	1 M Libor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - HUF overdraft	754	1 M Bubor + risk margin	30 Jan 2010	uncollateralised
Česká spořitelna	operating - RON overdraft	22,208	1 M Bubor + risk margin	30 Jan 2010	uncollateralised
Total intercompany bank loans		262,936			
Oberbank	operating - USD current account	162,702	1 M Libor + risk margin	31 Dec 2009	ČS bank guarantee
Oberbank	operating - EUR current account	26,620	1 M Euribor + risk margin	31 Dec 2009	ČS bank guarantee
Oberbank	operating - USD current account	200,000	1 M Libor + risk margin	31 Dec 2009	ČS bank guarantee
UniCredit	operating - CZK current account	800,000	1 Pribor + risk margin	31 Dec 2009	ČS bank guarantee
Commerzbank	operating - CZK current account	1,346,000	1 M Pribor + risk margin	unspecified	ČS bank guarantee
Commerzbank	operating - USD current account	0	1 M Libor + risk margin	unspecified	ČS bank guarantee
Commerzbank	operating - EUR current account	53,240	1 M Euribor + risk margin	unspecified	ČS bank guarantee
<b>Total external bank loans</b>		<b>2,588,562</b>			
<b>Total bank loans and borrowings</b>		<b>2,851,498</b>			

The average amount of the loans received from Group entities was CZK 285,008 thousand during 2008 (2007: CZK 280,469 thousand). The Company paid interest charges on these loans in the amount of CZK 12,543 thousand (2007: CZK 11,702 thousand).

In 2007 and 2008, Česká spořitelna, a. s., as the sole shareholder, provided the following bank guarantees as collateral for the loans granted by companies outside the Group: a guarantee to Commerzbank in the amount of CZK 3,000,000 thousand due on 31 January 2010, a guarantee to UniCredit Bank of CZK 1,500,000 thousand due on 31 January 2010 and to Oberbank in the amount of CZK 500,000 thousand due on 31 January 2010.

In view of the situation on the financial markets at the end of 2008, financial institutions increased the prices of loans over and above the contractual values arising from the liquidity surcharge. Also, certain institutions experienced such liquidity issues that they were unable to continue providing the Company with funding. In this situation, Česká spořitelna, a. s., as the sole shareholder, offset this shortfall by providing new loan facilities denominated in CZK and EUR. The interest incurred on these loans is in line with the requirements on thin capitalisation under the Income Taxes Act and is regarded as a non-tax deductible item in the calculation of the Company's tax liability. In respect of other loans granted by the shareholder and guarantees provided to other financial institutions, the Company follows the transitory provision on thin capitalisation which is also stated in the Income Taxes Act.

#### 4.11 Temporary Liabilities

Temporary liabilities predominantly include accrued loan interest and operating liabilities.

#### 4.12 Financial Assets and Liabilities Denominated in Foreign Currencies (Gross)

##### 2008

	CZK	USD	EUR	PLN	SKK	Other currencies	Total
Non-current financial assets	0	0	0	0	0	457	457
Short-term receivables	5,844,583	250,825	534,581	29,591	17,788	19,721	6,697,089
Short-term financial assets	60,093	831	1,544	0	0	135	62,603
Deferred expenses and accrued income	1,818	0	149	0	0	0	1,967
<b>Total</b>	<b>5,906,494</b>	<b>251,656</b>	<b>536,274</b>	<b>29,591</b>	<b>17,788</b>	<b>20,313</b>	<b>6,762,116</b>
Short-term payables	3,733,442	49,986	106,295	187	4,958	336	3,895,204
Bank loans	2,000,000	209,331	431,078	29,406	0	18,983	2,688,798
Accrued expense and deferred income	5,425	0	0	0	0	0	5,425
<b>Total</b>	<b>5,738,867</b>	<b>259,317</b>	<b>537,373</b>	<b>29,593</b>	<b>4,958</b>	<b>19,319</b>	<b>6,589,427</b>

##### 2007

	CZK	USD	EUR	PLN	SKK	Other currencies	Total
Non-current financial assets	0	0	0	0	0	454	454
Short-term receivables	6,342,173	251,271	255,269	27,336	26,811	50,893	6,953,753
Short-term financial assets	107,767	1,097	580	0	0	0	109,444
Deferred expenses and accrued income	3,693	0	0	0	0	9	3,702
<b>Total</b>	<b>6,453,633</b>	<b>252,368</b>	<b>255,849</b>	<b>27,336</b>	<b>26,811</b>	<b>51,356</b>	<b>7,067,353</b>
Short-term payables	3,928,970	23,308	58,482	240	7,095	6,981	4,025,076
Bank loans	2,346,000	225,857	189,745	27,112	18,841	43,943	2,851,498
Accrued expense and deferred income	1,032	0	0	0	0	0	1,032
<b>Total</b>	<b>6,276,002</b>	<b>249,165</b>	<b>248,227</b>	<b>27,352</b>	<b>25,936</b>	<b>50,924</b>	<b>6,877,606</b>

#### 4.13 Details of Income by Principal Activity

CZK thousand	Year ended 31 Dec 2008			Year ended 31 Dec 2007		
	In-country	Cross-border	Total	In-country	Cross-border	Total
<b>Fee income</b>	<b>80,772</b>	<b>6,474</b>	<b>87,246</b>	<b>78,679</b>	<b>3,792</b>	<b>82,471</b>
Advisory services	0	1,460	1,460	0	1,387	1,387
Other income	9	0	9	72	0	72
<b>Output</b>	<b>80,781</b>	<b>7,934</b>	<b>88,715</b>	<b>78,751</b>	<b>5,179</b>	<b>83,930</b>
Interest income	140,725	14,507	155,232	114,001	18,682	132,683
<b>Total income from operations</b>	<b>221,506</b>	<b>22,441</b>	<b>243,947</b>	<b>192,752</b>	<b>23,861</b>	<b>216,613</b>

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

Interest income includes interest on prepayments made under factoring arrangements.

#### 4.14 Services

CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Fees for factoring services	5,514	7,058
Costs of outsourcing	3,974	2,757
Rental	3,061	3,205
Legal and notarial services	2,580	1,051
Repair and maintenance	2,437	2,082
Marketing costs	1,057	934
External audit costs	872	825
Tax and other advisory	127	139
Costs of other services	6,497	6,985
<b>Total costs of services</b>	<b>26,119</b>	<b>25,036</b>

#### 4.15 Other Operating and Financial Expenses and Income

CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Other operating income	22,322	4,359
of which: income from the sale of a receivable	1,008	1,893
insurance proceeds	17,055	1,106
other	4,259	1,360
Other operating expenses	-43,487	-39,843
of which: the value of the ceded/written off receivables	-32,458	-26,663
credit insurance	-7,827	-8,796
other	-3,202	-4,384
<b>Total other operating result</b>	<b>-21,165</b>	<b>-35,484</b>



CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Other financial income	198,559	130,509
of which: foreign exchange gains	190,855	105,837
income from currency swaps	6,768	24,659
other	936	13
Other financial expenses	-213,662	-123,644
of which: foreign exchange losses	-192,907	-103,159
banking guarantees and letters of guarantee	-10,233	-12,454
other	-10,522	-8,031
<b>Total other financial result</b>	<b>-15,103</b>	<b>6,865</b>

#### 4.16 Due and Deferred Income Tax

##### Due Tax

CZK thousand	31 Dec 2008	31 Dec 2007
Due tax	14,279	13,372
Additional tax assessment	-306	-141
<b>Total</b>	<b>13,973</b>	<b>13,231</b>

The tax charge for 2008 and 2007 can be compared to the profit per the profit and loss account as follows:

CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Profit before tax	36,773	45,402
Tax at the local income tax rate of 21% (2007: 24 %)	7,722	10,896
Tax effect of tax non-deductible items	6,799	2,811
Tax effect of tax-deductible items	-242	-335
Additional payment/recovery of taxes for prior periods	-306	-141
Tax payable	13,973	13,231
Current changes in the deferred tax	2,733	5,009
Impact of the change in the tax rate on the deferred tax	0	-2,552
<b>Total income tax on ordinary and extraordinary activities</b>	<b>16,706</b>	<b>15,688</b>

The effective tax rate is 45.4 percent (2007: 34.6 percent). The tax non-deductible items include the tax arising from loans provided by ČS (refer to Note 4.10.).

## Deferred Tax

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

Deferred tax arising from CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Depreciation and amortisation of fixed assets	-408	-401
Revaluation of the financial investment	9	10
Cash flow hedging	-1	-42
Provisions against receivables	9,767	12,687
Estimated payables for social security and health insurance	700	505
Reserves	0	0
<b>Total</b>	<b>10,067</b>	<b>12,759</b>

Analysis of the change in the balance CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Opening balance	12,759	12,940
Effect of the change of tax rate	0	2,552
Current changes charged against the profit and loss account	-2,733	-5,009
Current changes charged against equity	41	2,276
Total charges against the profit and loss account	-2,733	-2,457
Total charges against the equity	41	2,276
<b>Total</b>	<b>10,067</b>	<b>12,759</b>

In the years ended 31 December 2008 and 2007, the Company recognised the deferred tax asset of CZK 10,067 thousand and CZK 12,759 thousand, respectively.

## 5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 5.1 Staff Costs and Number of Employees

The following tables summarise the average number of the Company's employees and managers and staff costs for the years ended 31 December 2008 and 2007:

#### 2008

CZK thousand	Number	Wages and salaries	Social security and health insurance	Other costs	Total staff costs
Employees	31	17,908	5,498	556	23,962
Management	8	15,293	2,889	200	18,382
<b>Total</b>	<b>39</b>	<b>33,201</b>	<b>8,387</b>	<b>756</b>	<b>42,344</b>

## 2007

CZK thousand	Number	Wages and salaries	Social security and health insurance	Other costs	Total staff costs
Employees	29	16,643	6,783	428	23,854
Management	7	13,942	5,353	145	19,440
<b>Total</b>	<b>36</b>	<b>30,585</b>	<b>12,136</b>	<b>573</b>	<b>43,294</b>

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, three of which (2007: two) are also members of the Company's Board of Directors.

### 5.2 Loans, Borrowings, and Other Benefits Provided

During the years ended 31 December 2008 and 2007, the members of the Company's management received the following benefits in addition to their basic salaries and other personal funding:

#### 2008

CZK thousand	Board of Directors	Management
Life and pension insurance	56	64
Cars/other movable assets for both business and private purposes (figure increases the tax base of employees)	251	386

#### 2007

CZK thousand	Board of Directors	Management
Life and pension insurance	23	59
Cars/other movable assets for both business and private purposes (figure increases the tax base of employees)	331	407

### 5.3 Summary of Relations with Related Parties

Given that the Company is a member of the Česká spořitelna, a. s. Group, its cooperation with the parent company continued during 2008 and 2007, both with respect to acquisition operations and to raising finance from entities outside the Group to provide funding for other transactions.

As of 31 December 2008, receivables from Česká spořitelna amounted to CZK 39,697 thousand (2007: CZK 89,186 thousand). The above predominantly include receivables arising from current account balances.

As of 31 December 2008, payables to the parent company amounted to CZK 1,485,666 thousand (2007: CZK 263,354 thousand). These amounts predominantly related to balances on overdraft accounts.

For the year ended 31 December 2008, the Company recorded expenses in relation to Česká spořitelna in the aggregate amount of CZK 47,619 thousand (2007: 30,400 thousand). They predominantly include interest on received loans, fees for issued bank guarantees and expenses arising from foreign exchange swaps. The income in the aggregate amount of CZK 8,316 thousand (2007: CZK 1,937 thousand) relates to received interest and fees from CS and income from foreign currency swaps.

Česká spořitelna issued bank guarantees to the Company for loans received from entities outside the Česká spořitelna Group in the total amount of CZK 4,500,000 thousand (2007: CZK 5,000,000 thousand).

With respect to its related parties, Factoring Slovenskej sporitel'ne, a. s. and ERSTE FACTORING d. o. o., the Company recognises receivables arising from factoring cooperation in the amount of CZK 12,074 thousand (2007: 18,120 thousand) and CZK 162 thousand.

Other business partners within the Group include Informatika České spořitelny, a. s., which is a mediator for the Company's purchases of computer technology, Penzijní fond České spořitelny, a. s. (retirement benefit policies for the Company's employees), Consulting České spořitelny, a. s. (advisory services), Procurement Services GmbH and Procurement Services CZ, s. r. o. (Group-wide procurement), and Erste Corporate Finance (advisory).

#### Overview of Supplies provided to the Company:

CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Informatika České spořitelny, a. s.	104	85
Procurement Services GmbH	352	53
Procurement Services CZ, s. r. o.	106	57
Erste Corporate Finance, a. s.	0	750
Pojišťovna České spořitelny, a. s.	0	166
Penzijní fond České spořitelny, a. s.	311	227
Consulting České spořitelny, a. s.	78	15
<b>Total</b>	<b>951</b>	<b>1,353</b>

#### Overview of Supplies provided by the Company:

CZK thousand	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Erste Factoring, d. o. o.	1,348	660
Factoring Slovenskej sporitel'ne, a. s.	107	719
<b>Total</b>	<b>1,455</b>	<b>1,379</b>

## **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 dispute, the outcome of which would significantly impact the Company's financial statements.

## **7. POST BALANCE SHEET EVENTS**

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# Report on Relations

## between Related Parties under Section 66a (9) of the Commercial Code for the Year Ended 31 December 2008

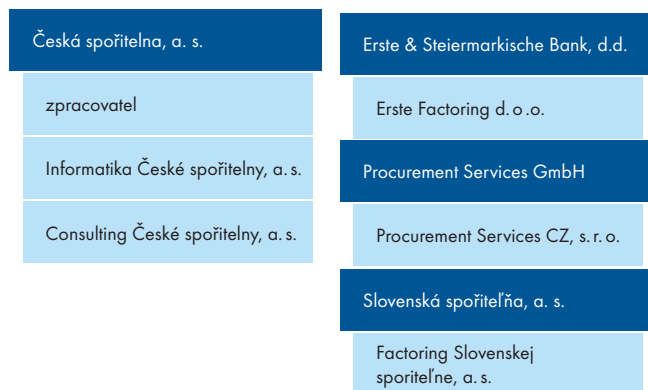
**Factoring České spořitelny, a.s.**, having its registered office at Pobřežní 46, 186 00 Prague 8, Corporate ID: 25 62 93 52, recorded in the Register of Companies, Section B, File 5075, maintained by the Municipal Court in Prague (hereinafter the “**Company**” or the “**reporting entity**”), is part of a business group (holding company) in which the following relations between the reporting entity and controlling entities and also between the reporting entity and entities controlled by the same controlling entities (hereinafter the “**related entities**”) exist.

This report on relations between the entities stated below was prepared in accordance with Section 66a (9) of the Commercial Code 513/1991 Coll., as amended, for the year ended 31 December 2008 (hereinafter the “**reporting period**”).

In the reporting period, the reporting entity and entities listed below entered into the contracts listed below and adopted or effected the following legal acts and other factual measures:

### A. CHART OF THE WHOLE BUSINESS GROUP/THE ENTITIES WHOSE RELATIONS ARE DESCRIBED

Erste Bank der oesterreichischen Sparkassen AG



### B. CONTROLLING ENTITIES

- **Česká spořitelna, a.s.**, with its registered office at Olbrachtova 1929/62, 140 00 Prague 4, Czech Republic, Corporate ID: 45244782  
Relation to the Company: directly controlling entity  
For a description of relations refer to **Appendix 1**
- **Erste Group Bank AG**, with its registered office at Am Graben 21, Vienna, Austria, Corporate ID: 90003195  
Relation to the Company: indirectly controlling company – entity controlling Česká spořitelna, a. s.  
Description of relations – none

### C. OTHER RELATED PARTIES

#### Companies directly controlled by Česká spořitelna, a.s.:

- **Informatika České spořitelny, a.s.**, with its registered office at Antala Staška 32/1292, 140 00 Prague 4, Corporate ID 25631519  
Relation to the Company: Fellow subsidiary of the Company  
For a description of relations refer to **Appendix 2**
- Consulting České spořitelny, a.s., with its registered office at Vinohradská 1632/180, 130 00 Prague 3, Corporate ID 63079798  
Relation to the Company: Fellow subsidiary of the Company  
For a description of relations refer to **Appendix 2**

#### Companies controlled by other members of the ERSTE Group:

- Erste & Steiermarkische Bank, d.d., with its registered office in Rijeka, Jadranski trg 3a, 51 000, Croatia, VAT 03337367  
Relation to the Company: related entity directly controlled by Erste Bank  
Description of relations – none

- Procurement Services GmbH, with its registered office at Brehmstrasse 12, 1010 Vienna, Austria  
Relation to the Company: related entity directly controlled by Erste Bank  
For a description of relations refer to **Appendix 2**
- Slovenská sporiteľňa, a. s., with its registered office at Tomášikova 48, 832 37 Bratislava, Slovak Republic, Corporate ID 00151653  
Relation to the Company: related entity directly controlled by Erste Bank  
Description of relations – none
- Factoring Slovenskej sporiteľne, a. s., with its registered office at Tomášikova 48, 832 37 Bratislava, Slovakia, Corporate ID 35849665  
Relation to the Company: reporting entity's related entity directly controlled by Slovenská sporiteľňa  
For a description of relations refer to **Appendix 2**
- ERSTE FACTORING d. o. o., with its registered office in Zagreb, Ivana Lučica 2, 10 000, Croatia, VAT 080558484  
Relation to the Company: related entity directly controlled by Erste & Steiermarkische Bank  
For a description of relations refer to **Appendix 2**
- Procurement Services CZ, s. r. o., with its registered office at Želetavská 1449/9, 140 00 Prague 4 ("Procurement Services CZ")  
Relation to the Company: related entity directly controlled by Procurement Services GmbH  
For a description of relations refer to **Appendix 2**

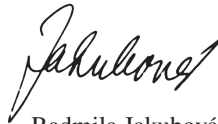
The report was dealt with and approved by the Board of Directors of the Company on 29 January 2009.

In Prague on 29 January 2009

Factoring České spořitelny, a. s.



Lubomír Cívín  
Chairman of the Board of Directors



Radmila Jakubová  
Vice-Chairwoman of the Board of Directors



Karel Machytka  
Member of the Board of Directors

Our review of the legal relations put in place between the reporting entity and the related parties indicates that the reporting entity suffered no detriment as a result of the contractual arrangements, other legal acts or other measures implemented, made or adopted by the reporting entity during the year ended 31 December 2008 in the interest, or at the initiative, of individual related parties.

**APPENDIX 1 TO THE REPORT ON RELATIONS  
DESCRIPTION OF RELATIONS WITH ČESKÁ SPOŘITELNA, A. S.**

**1. Contracts**

**1.1 Purchase of Services**

**Current Account Contracts**

In the prior reporting periods, the Company entered into current account contracts and used these accounts in the current reporting periods:

Name	Party to the contract	Contract date	Effective date	Performance description	Interest income on the balance on accounts	Detriment incurred
Current account contracts	Česká spořitelna, a. s.	1997-2008	1997-2008	Opening and administration of current accounts	CZK 348 thousand	None

**Loans Received**

In the reporting period, the Company entered into the following contracts under which it received the following funds:

Name	Party to the contract	Contract date	Effective date	Total loan	Average received amount	Paid interest and other fees in the year ended 31 Dec 2008	Detriment incurred
Overdraft account loan contracts	Česká spořitelna, a. s.	2003-2008	2003-2008	CZK 550 million	CZK 285 million	CZK 13,664 thousand	None
Loan contracts	Česká spořitelna, a. s.	2008	10/2008 - 12/2008	CZK 3,500 mil.	CZK 1,323 mil.	CZK 10,477 thousand	None



## Other Purchases

In the reporting period, the Company entered into the following contracts under which it received services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contracts for the granting of the right to use a logo	Česká spořitelna, a. s.	2001	2001–2008	The right to use the ČS, a. s. logo in the Company's logo	CZK 295 thousand	None
Contracts for participation	Česká spořitelna, a. s.	2003–2008	2003–2008	Contract for participation Financial accounting, controlling, asset administration, procurement, human resources, internal audit, marketing, corporate communication	CZK 965 thousand	None
Contract for outsourcing of services	Česká spořitelna, a. s.	2008	2008	Interest rate and currency derivative trades	CZK 3,515 thousand	None
Contract for transactions on financial markets	Česká spořitelna, a. s.	2002	(indefinite time)	Interest rate and currency derivative trades	CZK 10,233 thousand	None

## 1.2 Sale of Services

### Other Sales

In the reporting period, the reporting entity entered into the following contracts under which it provided services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for co-operation	Česká spořitelna, a. s.	2005	2005–2008	Monitoring pledged receivables with ČS, TOP Export	CZK 1,200 thousand	None
Contract for transactions on financial markets	Česká spořitelna, a. s.	2002	(indefinite time)	Interest rate and currency derivative trades	CZK 6,768 thousand	None

## 2. Other Contractual Relations

### Collateral received for the Company's Payables

The Company entered into the following contracts under which it received collateral for its payables to third parties in the current reporting period:

Name	Party to the contract	Contract date	Effective date	Performance description and amount	Consideration	Detriment incurred
Contract for the provision of bank guarantees and statement of guarantees	Česká spořitelna, a. s.	2003	2003-2008	Bank guarantee and statement of guarantee for Commerzbank AG, Prague branch	CZK 2,705 thousand	None
Contract for the provision of bank guarantees	Česká spořitelna, a. s.	2004	2004-2008	Bank guarantee for UniCredit Bank, a. s. for the provision of a loan	CZK 4,280 thousand	None
Contract for the provision of bank guarantees	Česká spořitelna, a. s.	2005	2005-2008	Bank guarantees for Oberbank AG, Czech Republic branch for the provision of a loan	CZK 346 thousand	None
Insurance contract	Česká spořitelna, a. s.	2005	2005-2008	Insurance of operational risks	CZK 1,046 thousand	None

**APPENDIX 2 TO THE REPORT ON RELATIONS  
DESCRIPTION OF RELATIONS WITH THE FOLLOWING PARTIES:**

Consulting České spořitelny, a. s.  
Informatika České spořitelny, a. s.  
Factoring Slovenskej sporiteľne, a. s.  
ERSTE FACTORING d. o. o.  
Procurement Services GmbH  
Procurement Services CZ, s. r. o.

**1. Contracts**

**1.1 Purchase of Services**

In the reporting period, the Company entered into the following contracts under which it received services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for cooperation	Consulting České spořitelny, a. s.	2002-2008	2002-2008	Consulting	CZK 78 thousand	None
Contract for outsourcing of services	Procurement Services GmbH	2008	2008	Group procurement services	CZK 352 thousand	None
Contract for outsourcing of services	Procurement Services CZ, s. r. o.	2008	2008	Group procurement services	CZK 106 thousand	None

**1.2 Purchase of Goods**

In the reporting period, the Company entered into the following contracts under which it received goods:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contracts for provision of computers	Informatika České spořitelny, a. s.	2003-2008	2003-2008	Provision of hardware	CZK 104 thousand	None

### 1.3 Sale of Services

In the reporting period, the reporting entity entered into the following contracts under which it provided services:

Name	Party to the contract	Contract date	Effective date	Performance description	Consideration	Detriment incurred
Contract for the use of software	Factoring Slovenskej sporiteľne, a. s.	2003	2003-2008	Licence fees	CZK 107 thousand	None
Contract for the use of software	ERSTE FACTORING d. o. o.	2006	2006-2008	Licence fees	CZK 1,348 thousand	None

### 2. Other Contractual Relations

Performance Received for Services Arising from Factoring Co-operation

The Company entered into factoring contracts under which it received performance in the current reporting period:

Name	Party to the contract	Contract date	Effective date	Performance description and amount	Consideration	Detriment incurred
Factoring contracts	Factoring České spořitelny, a. s.	2004-2008	2008	Cession, management and collection of receivables	CZK 64 thousand	None

**Factoring České spořitelny, a. s.**

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