CETELEM ANNUAL REPORT

2013

COMPANY IDENTIFICATION

CETELEM ČR, a.s.
Karla Engliše 5/3208
150 00 Praha 5

Company No.: 250 85 689
VAT Reg. No.: CZ 250 85 689

Registered with: Prague Municipal Court, Section B, File 4331

T: +420 257 080 111
F: +420 257 080 128
E: cetelem@cetelem.cz
W: www.cetelem.cz

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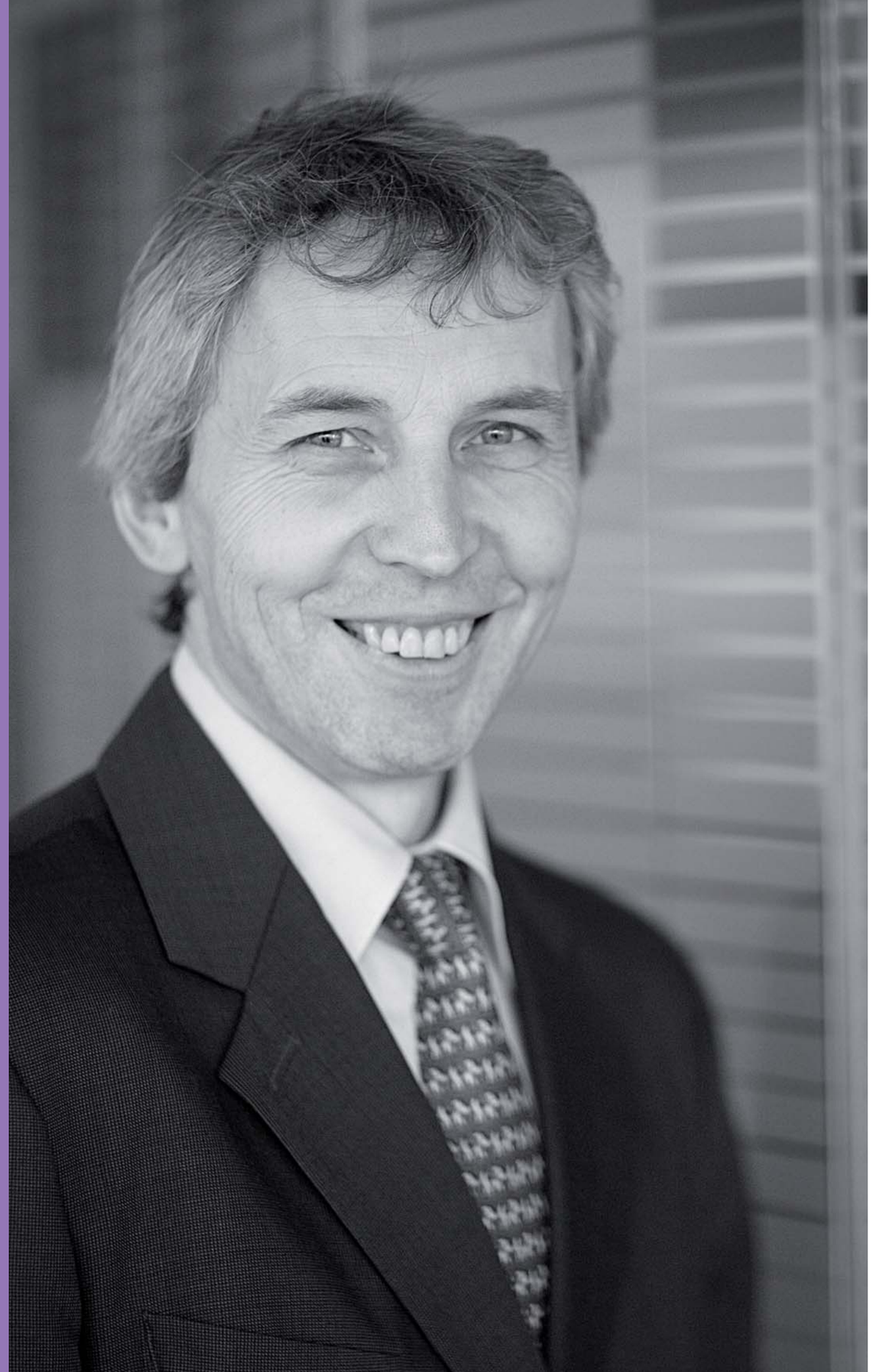


1 FOREWORD

Ladies and Gentlemen,

the year 2013 was a complicated period of time, and was rounded off by the Czech National Bank's currency intervention at the end of 2013. The good news is that the last quarter of the year saw economic recovery, although full-year GDP fell. The past year was also marked by preparations for the new Civil Code. Debt consolidation, and the related refinancing of outstanding debts, dominated the credit market last year. In November, the currency intervention and the ensuing fears of price hikes were reflected in a surge in the volume of loans granted for instalment sales.

For Cetelem, the past year was successful in many respects. The volume of new loans amounted to CZK 11.152 billion, up by 8% over 2012. Cetelem consolidated its leading position in the non-bank consumer credit market. Our market share among the consumer credit providers who are members of Česká finanční a leasingová asociace [Czech Finance and Lease Association] grew from 30 to 32 percent. From my perspective, the excellent result for 2013 is attributable to a well-designed business model and personalised approach to clients and their needs, and also prudent risk and cost management. In the latter half of 2012, we launched the Simple and Efficient project, which had been started by the Executive Committee of BNP Paribas and is planned to run well into 2016. The project is geared towards simplifying internal processes and improving the efficiency of all operations.

For our company the past year saw a number of both technical and product innovations. The purpose of these and other changes is to pursue a strategy supporting our dynamic and sustainable development. As part of instalment sales, Cetelem put in practice an innovative method of loan agreement signing using SignPad. The loan agreement is signed with the client in electronic form and then archived solely in electronic form. Another innovation last year was the pre-approved loan, which enables clients to apply for a loan for instalment sales from the comfort of their home.

For innovations to produce the desired effects, it is important to listen to the clients and their wishes. This rule is our key principle that we have long observed and on the basis of which we develop new and innovate existing products and services. We are on the right track, which is borne out by our ranking in competitions in which winners are elected by the public. Thanks to our approach, we came second in the Financial Institutions category of the Zlatý Měšec 2013 [Golden Moneybag] competition and received the silver crown for the Cetelem Credit Card in the Zlatá koruna 2013 [Golden Crown] competition last year.

Looking at this year, we expect the economic recovery to gain momentum in the latter half of 2014, with households increasing their expenditure. Debt refinancing will continue on the credit market, and this is one of the reasons to expect competitors to be increasingly aggressive in the lending business. For companies to retain their clients they will provide discounts and rewards tied to long-term repayment periods and loyalty. However, I am confident that thanks to the excellent team of people, our approach to clients and the improving efficiency of our operations and processes, this year will bring us a number of achievements again.

In conclusion, I would like to extend thanks to all clients, employees, investors and shareholders for their confidence, which I greatly appreciate and also take as a commitment for the future.

Václav Horák
Vice-Chairman of the Board of Directors
CETELEM ČR, a.s.

COMPANY PART

2 COMPANY PROFILE

CETELEM ČR, a.s. ("Cetelem") is a strong and stable company enjoying an important position on the Czech financial market. This year, it will celebrate the 18th anniversary of its successful operations on the Czech consumer credit market. In 2013, it again reinforced its position as a leading non--bank provider of credit products and services.

During its history, the company has been an innovator and pioneer in many areas, on-line in particular. Cetelem was founded in October 1996 and launched its business in June 1997. The dictum of responsible lending has been among the company's fundamental principles since the very beginning of its operations. Cetelem holds a payment institution licence awarded by the Czech National Bank. The licence confirms that the company meets stringent regulatory requirements, similar to those placed on banks, and also bears out the company's credibility and stability on the Czech financial market. The company offers a highly competitive product portfolio based on a responsible and personalised approach to clients. The Company's products and services can be requested in person at any of its branches or over the telephone or the Internet. In addition to conventional consumer credit provided at points of sale of goods and services, Cetelem also offers personal loans, credit cards, products intended for motor vehicle financing, mortgage loans and various types of insurance.

Cetelem is a wholly-owned subsidiary of BNP Paribas Personal Finance, a French bank that has been offering consumer credit since 1953 (under the Cetelem brand prior to 2008) and that therefore celebrated its 60th anniversary last year. BNP Paribas Personal Finance is present in 25 countries over four continents and is part of the financial group BNP Paribas Group, one of the world's strongest banks.

LONG-TERM STRATEGY

Cetelem's long-term strategy is to provide high-quality products and services and develop firm relationships with its clients, trade partners, and staff. Its personalised and responsible approach, combined with the development and innovation of its product portfolio in response to emerging technological options and market requirements, results in customer satisfaction. It is customer satisfaction that is the priority for Cetelem, because it is a prerequisite for the company's sound and stable growth.

Its transparent and responsible approach to lending, over and above its compliance with statutory rules and ethical norms, is the company's natural and inherent quality. This approach is based on the provision of a sufficient amount of clear and comprehensible information enabling the clients to make responsible decisions. This responsible approach also includes a willingness to reject the client where there is a risk that the client might become over-indebted and unable to honour their obligations. In addition, Cetelem fully observes the principles of professional and special-interest associations of which it is a member.

PRODUCT OFFERING

Conventional consumer credit

Conventional consumer credit is a simple and a quick way of financing instalment sales of goods and services directly at the point of sale. Cetelem works with a broad network of bricks-and-mortar and on-line shops throughout the Czech Republic. In 2013, Cetelem put in practice an innovative method of loan agreement signing using SignPad at Ikea, Datart and Euronics shops. The loan agreement is signed with the client and then archived solely in electronic form. Standard hardcopy agreements will be gradually replaced with records on modern durable media. In 2013, Cetelem also launched the Pre--approved Loan, which enables clients to apply for a loan from the comfort of their home.

- Bricks-and-mortar and on-line shops
- Goods financing starting from CZK 3,000
- Choice from several credit products
- The amount of the down payment, the length of the credit repayment period and the level of monthly instalments can be set by the client
- Simple and quick arrangements directly in the shop
- Immediate acquisition of the title to the purchased goods
- Broad network of trade partners throughout the Czech Republic

Credit cards

Credit cards, i.e. revolving loans, are a flexible tool for drawing funds on the approved credit facility, both for everyday shopping and in the case of unexpected events. The Cetelem Virtual Card can be used for e-shopping. This card is one of the most secure instruments for online payments on the Czech market. Cetelem credit card holders can make use of attractive discounts under the Bonus Club loyalty scheme, and enjoy a number of additional benefits. Thanks to the Client Zone, also operable via mobile telephones, clients can monitor all movements on their cards and access their electronic account statements virtually at any time, and can execute transfers of funds from a card to a bank account.

- 55-day interest-free period
- Card issue and activation free of charge
- Up to CZK 150 back every month as a reward for spending
- Attractive discounts and benefits at our trade partners
- First three withdrawals from ATMs in the Czech Republic are free of charge
- Additional Virtual Card for secure on-line payments
- Non-stop access to the credit account

AutoCredit/MotoCredit

AutoCredit/MotoCredit is intended for both consumers and business entities/companies for financing their purchases of new and used vehicles directly in the partner network of new and used car dealers all over the Czech Republic. The relevant credit contracts for the vehicle selected by clients can be concluded easily and quickly within 30 minutes from filing the application.

- New and used vehicle financing for consumers and business entities/companies
- CZK 20,000 to 1,000,000 credit without a guarantor (motorcycles CZK 20,000 to 500,000)
- You can choose the length of the repayment period
- Easy arrangements at the dealer's
- Immediate acquisition of the title to the vehicle
- Broad network of trade partners throughout the Czech Republic
- Suitable also for vehicles attracting a deductible VAT and government contributions

Cetelem Personal Loans

Cetelem Personal Loans are both special-purpose and any-purpose consumer loans. They are intended for financing the clients' costlier needs, but also for the consolidation of their existing conventional and revolving loans through the Combi Loan. In September, Cetelem also launched a system of rewards for due repayment.

- Easy arrangements on-line, over the telephone, or at a branch
- Special-purpose and any-purpose loan products; a special product intended for debt consolidation
- Financing of housing and refurbishment
- No fees for credit account keeping
- Loan amounts CZK 20,000 to 1,000,000
- Loan repayment period can be selected from 6 to 120 months
- Reward for due repayment equalling up to five instalments

Insurance

Working with its partner insurance companies, Cetelem offers its clients a broad range of insurance products. In addition to policies covering the risks associated with credit products, such as payment protection insurance, clients can also take out a number of individual and supplementary policies.

- Payment protection insurance
- Insurance policy covering credit card abuse and document loss or theft
- Accident insurance
- Insurance of your card and personal effects
- Insurance of outgoings
- Individual travel insurance
- Travel insurance on the Cetelem Credit Card

Mortgage loans

In April 2013, Cetelem started, in co-operation with the Wüstenrot financial group, to offer ProCetelem Wüstenrot mortgage loans. Clients can use the mortgage loan to finance new properties or to refinance their current loan for housing. This product features, for example, the option to set the interest rate up to nine months in advance.

- Buying a new property
- Refinancing
- No fee for mortgage loan processing
- No fee for loan account keeping
- No need to have a current account with Wüstenrot hypoteční banka
- Acceptance of property valuation in the case of refinancing; new valuation arranged free of charge if needed
- Interest rate can be agreed nine months in advance

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral and natural part of our corporate philosophy and our business. As a major financial institution, Cetelem therefore fully acknowledges its commitments to clients, trade partners, employees and other players on the financial market, and, last but not least, its commitments to society at large.

Cetelem supports a number of cultural, sporting and philanthropic projects. The company channels its philanthropic efforts to programmes and projects intended primarily for support of children and young people. This is the seventh year that the company has been helping commercially sexually exploited children and young people to rediscover, through the Šance ["Chance"] project, the values of life and to overcome difficult times. An important part of Cetelem's philanthropic activities is also help to physically and mentally disabled children, specifically through financial support for the Zajíček na koni ["Bunny Riding"] civic association, the LILA home for disabled children in Otnice and the Luna foundation for the disabled. In addition, Cetelem provides finance to the Veselý vozíček ["Merry Wheelchair"] civic association, in particular for the rehabilitation of a disabled boy who is re-starting active life again and becoming an active athlete despite his physical disability. Cetelem also helps, on a long-term basis, to improve the medical condition of a little girl suffering from a very serious genetic degenerative disease. It also provides financial support to Zdravotní klaun ["Therapeutic Clown"], a programme geared towards help to children in hospitals throughout the country.

The company also provides long-term support to children's homes; in addition to everyday operations, it helps to finance children's leisure activities. Specifically, it channels its assistance to the Ledce Children's Home, the Domeček Children's Centre and the Senožaty Children's Home. Through Dětská dopravní nadace [Children's Traffic Foundation], Cetelem supports the education and standard of living of children orphaned due to traffic accidents.

In addition, the company's employees also join the drive to help the needy through the Pečeme s Cetelem ["Baking with Cetelem"] project, which has been helping to finance minor philanthropic projects for a long time. Those who bake can themselves select the recipients of the funds raised from colleagues. Cetelem always doubles the amount collected from the employees.

Besides the above activity, last year Cetelem employees helped, through a special fund raising drive, to renew welfare services following the June floods at the Červený Mlýn Všestudy home for the elderly and assisted the Klíček Kindergarten through a Christmas fund raising campaign.

Cetelem pursues its responsibility to its employees through a number of benefits, including support for education. The company also devotes considerable attention to care for their health and to creating an agreeable and sound working environment for them, while placing emphasis on their high professionalism and professional ethics.

Cetelem pursues its responsibility to clients, trade partners and society at large through, inter alia, its membership of professional and special-purpose associations, by means of which it proactively helps to shape the environment for the provision of financial services. Cetelem follows a responsible approach to its clients' needs, and it has therefore long observed the responsible lending rules that are among the basic principles of its parent company, BNP Paribas Personal Finance. In lending, Cetelem emphasises the provision of information to clients about the financial services it offers, and also the constant monitoring of the quality of its credit portfolio; when a client's ability to repay a loan is at risk it seeks to find a mutual solution that is the best for the client. For Cetelem, corporate social responsibility means long-term investment in a sustainable future.

BNP PARIBAS GROUP

Cetelem is a subsidiary of BNP Paribas Personal Finance, a French bank that has been offering financial services since 1953 (under the name Cetelem prior to 2008) and therefore celebrated its 60th anniversary last year. BNP Paribas Personal Finance is present in 25 countries on four continents and employs more than 16,000 people.

BNP Paribas Personal Finance is a part of BNP Paribas Group, one of the world's strongest banks. The group operates in 80 countries and employs almost 200,000 people, of whom 145,300 are in Europe.

Co-operation between BNP Paribas Group's subsidiaries is not only based on sharing know-how in the development and implementation of new products but it also takes place in making internal processes and risk management more effective and in optimising the work with the customer portfolio. The key advantage is each of the sister companies' ability to offer a broad range of competitive products that can meet clients' financial needs, be it in the form of loan products or conventional retail banking services.

BNP Paribas Personal Finance plays its irreplaceable role of a consultant, adviser and professional guarantor either directly or through the Central and Eastern European Region. It is also thanks to this that CETELEM ČR is in a position to fully pursue its main objective, which is to provide a diversified range of financial products and continuous development of this range to reflect the changing needs and capabilities of the largest possible number of consumers.

BNP Paribas Personal Finance

Algeria, Argentine, Belgium, Brazil, Bulgaria, Czech Republic, China, Egypt, France, Italy, Luxembourg, Hungary, Morocco, Mexico, Germany, Poland, Portugal, Romania, Russia, Slovakia, Serbia, Spain, Tunisia, Turkey and Ukraine.

POSITION ON THE CZECH MARKET

Over the long time of its presence in the Czech consumer credit market, Cetelem has built a reputation as a serious, stable and responsible company offering high-quality products, both in expert circles and with the general public.

Last year, the company again boosted its leadership among the non-bank consumer credit providers that are members of ČLFA [Czech Lease and Financing Association]. Within this association, its market share grew from 30 to 32 percent (source: ČLFA, the consumer credit category). In 2013, the volume of new loans amounted to CZK 11.15 billion, up by 8% over 2012, when Cetelem granted CZK 10.37 billion worth of credit.

Last year, Cetelem registered primarily a greater demand for Personal Loans arranged on-line and for a number of other on-line services. The company also strengthened its position in the segment of vehicle and motorcycle financing, where the volume of loans increased by 35% y/y, thereby expanding its market share from 1.9 to 2.5% (source: ČLFA).

The quality of its products is borne out by, among others, the awards conferred on the company. The company came second in the Credit Companies category of the Zlatý Měšec 2013 [Golden Moneybag] competition and received the Silver Crown in the Public Award category of the prestigious Zlatá koruna 2013 [Golden Crown] competition for its Cetelem Credit Card, which was, moreover, the only loan product that was placed in the top ten. AutoCredit/MotoCredit was rated the fifth best product in the Businessmen's Award.

Volume of lending (in CZK billion)

1997	0.054
1998	0.606
1999	2.058
2000	2.728
2001	3.933
2002	4.826
2003	4.731
2004	5.870
2005	7.404
2006	8.932
2007	11.350
2008	12.160
2009	8.666
2010	9.190
2011	9.738
2012	10.365
2013	11.152

MILESTONES IN THE COMPANY'S HISTORY

1996 • Incorporation
1997 • First consumer credit provided at a trade partner's shop
1998 • Launch of the AURA credit card on the Czech market
1999 • Cetelem co-founded Solus, the non-banking register of client information
2000 • Launch of Cetelem Personal Loans
2002 • Cetelem joins MasterCard International (the first non-bank institution on the market to do so)
2003 • Launch of AURA MasterCard Electronic credit cards
2004 • Launch of the AutoCredit/MotoCredit motor vehicle financing products
2005 • Launch of Cetelem ON-LINE Loan
2006 • Issue of the first AURA PLUS credit card with a broader range of features
2007 • Expanded co-operation with financial intermediaries
2008 • Launch of Cetelem Combi Loan for debt consolidation
2009 • Issue of the first chip credit card
2010 • Cetelem joins the Non-Bank Client Information Register (NRKI)
2011 • The Czech National Bank awards a payment institution licence to Cetelem
2012 • Launch of vehicle financing for business entities/companies
2013 • Launch of dematerialisation in instalment sales, i.e. a fully digitised process of loan application

HIGHLIGHTS OF 2013

February • Cetelem comes second in the Zlatý Měšec 2013 poll in the Credit Companies
March • Cetelem again wins competitive bidding for lending at IKEA shops
April • ProCetelem Wüstenrot mortgage loan launched
May • Results of the Cetelem Barometer 2013 international study presented
• Sales of travel insurance on the Cetelem Credit Card launched
• Project of Dreams started
June • The company comes first in the Consumer Credit category of the prestigious Czech Top 100 charts
• In the Zlatá koruna 2013 competition, Cetelem Credit Card comes second in the Public Award category
July • Online sales of travel insurance launched
• The Pre-approved Loan launched as part of sales on instalment
August • In co-operation with PSA Peugeot Citroën, Cetelem begins to finance purchases of OEM accessories and repair of automobiles
September • Cetelem Personal Loan with rewards for due repayment launched
• Autokarta launched; on this card, clients can buy motor fuels with 4% discount
• Dematerialisation, i.e. a fully digitised process of loan application, launched as part of sales on instalments
October • Cetelem co-organises a benefit concert for Czech "children of the street" for Projekt Šance, o.s.
November • Cetelem's Annual Report for 2012 comes third in Czech Top 100 in the Graphic Design category
December • Cetelem is placed side by side banks in The Navigator of Responsible Lending 2013 study
• Cetelem joins the steering committee of Czech Non-Banking Credit Bureau

AWARDS WON IN 2013

Zlatá koruna [Golden Crown]
• Silver crown in the Public Award category for the credit card

Zlatý Měšec [Golden Moneybag]
• Third place in the Credit Companies category

Czech Top 100
– a chart of the most important companies in the Czech Republic
• First place in the Consumer Credit category

Czech Top 100
– a chart of the best annual reports in the Czech Republic
• Third place for the graphic design of Cetelem's Annual Report 2012, sixth position overall

KEY RATIOS FOR 2013

(As at 31 December 2013)

- CZK 2.250 billion in equity
- CZK 19.602 billion in outstandings
- CZK 1.392 billion profit before tax
- CZK 11.152 billion in new credit provided in 2013
- 418 employees (average FTE)

SHAREHOLDER STRUCTURE

(As at 31 December 2013)

BNP Paribas Personal Finance S.A. is the sole shareholder of Cetelem.

COMPANY BODIES AND MANAGEMENT

At 31 December 2013, a five-member Board of Directors directed Cetelem.
The Supervisory Board had three members. The Audit Committee had three members.

Board of Directors

Charles McArthur	Chairman
Václav Horák	Vice-Chairman
Milan Bušek	Vice-Chairman
Eric Turbot	Member from 6 May 2013
Miguel Pereira	Member from 10 December 2013

Supervisory Board

Alain Van Groenendael	Chairman
Georgi Dimitrov Georgiev	Member
Karel Šťáva	Member until 31 December 2013

Audit Committee

Georgi Dimitrov Georgiev	Chairman
Květoslava Vyleťalová	Vice-Chairwoman
Karel Šťáva	Member until 31 December 2013

Management

Václav Horák	General Director
Milan Bušek	Head, Operations and Processes Direction
Miguel Pereira	Head, Risk Direction
Jan Borák	Head, Compliance Department
Jana Kolaříková	Head, Human Resources Department
David Kopřiva	Head, Information Technologies Department
Petra Slunečková	Head, Legal Services Department
Blažena Valkošáková	Head, Finance Direction

Commercial Division

Milan Cáder	Head, Direct Sales Direction
Tomáš Chlíbec	Head, Retail Direction
Jan Kloud	Head, Car Financing Direction
Gabriela Pithartová	Head, Business Development and Strategic Partnership Dpt
Tomáš Siegler	Head, Marketing & Communication Direction
Petr Skok	Head, Product Management Direction

SUBSEQUENT EVENTS

No events that could have a material impact on the company's result and further development have been recorded between the date of the financial statements and the date of this Annual Report. The company actively responds to the development of the economic environment in order to maintain a stable market position and adequate results even during difficult economic environment.

REPORT OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

DECLARATION OF THE MANAGEMENT

REPORT OF THE SUPERVISORY BOARD

3 REPORT OF THE CETELEM ČR, A.S. BOARD OF DIRECTORS ON RESULTS IN 2013 AND THE OUTLOOK FOR THE COMING PERIOD

I VISION AND MISSION OF THE COMPANY

A trustworthy and responsible financial service provider

CETELEM ČR a.s. is a financial partner for individuals and legal entities to finance either everyday needs or long-term investments.

The company's trustworthiness, stability and reliability are borne out by the following:

- Cetelem was again the leading non-bank financial service provider in the Czech Republic by volume of lending in 2013[1].
- Cetelem enjoys a strong international backing, as it is a part of the BNP Paribas Group.
- Cetelem offers a highly competitive portfolio of financial products: conventional consumer loans provided at points of sale, personal loans, credit cards and loans for the financing of motor vehicles, and supplementary financial services intended for broad groups of customers and various distribution channels.

Cetelem fully acknowledges its commitments arising from its position as a major financial institution on the Czech market and as a member of the BNP Paribas international financial group, which subscribes to corporate social responsibility, in particular:

- economic responsibility, through applying the principles of responsible lending,
- employer's responsibility, through subscribing to a shared commitment to create opportunities for talents and to respect diversity and age,
- social responsibility, through support for charitable activities in its place of business,
- environmental responsibility, through help to finance environmental projects and those for energy savings and material recycling.

The company's credibility is built on respect for laws, the rules of the BNP Paribas Group, and the professional and ethical codes of organisations of which it is a member. An open, transparent approach to customers, trade partners, employees and investors is essential.

Emphasis on long-term relationships with customers, trade partners, investors and employees

As a specialist in personal credit services, Cetelem is keen to be the long-term company of choice for customers when they are selecting a suitable partner for the management of their personal finances. The company's strategy relies on the building of long-term and mutually beneficial relationships with customers, trade partners, investors and employees, based on reciprocated trust and partnership.

[1] Source: ČLFA

II CORPORATE STRATEGY

Customer satisfaction: our priority

Customer satisfaction is the key indicator of the success of the strategy pursued by the company and its everyday business. Cetelem adheres to a long-term strategy of providing high-quality simple, comprehensive and competitive financial services that are affordable for the general public throughout customer relationships, all while respecting the prudential rules that protect the interests of the company, shareholders, investors, and especially customers. The priority is to provide a range of products and services that fully addresses individual customer needs and actively responds to changes in the credit market.

Full range of financial services and innovation of sales

Cetelem has long pursued the aim of providing a full range of credit services via all accessible sales channels that meet customer expectations, ranging from loans provided at points of sale of goods and services to loan provision via direct customer contact. To achieve this aim, the company pays systematic attention to the building of a network of trade partners and the development of direct sales channels based on the latest technologies designed for selling financial products that fully reflect the needs of our trade partners and customers.

III CORPORATE SOCIAL RESPONSIBILITY

Cetelem is conscious of the fact that its status as a major financial institution operating in the Czech market and as a member of the BNP Paribas international financial group means that it is both obliged to be – and naturally endeavours to be – a socially responsible company in the Czech Republic. Its responsible behaviour enhances the company's credibility with customers, trade partners, employees, government authorities and the public at large. The CSR strategy is fully integrated into the company's strategy in various fields.

Responsibility to customers, trade partners, investors and the environment

Cetelem approaches the needs and capabilities of its customers responsibly. Marketing surveys, studies and continuous cooperation with trade partners are all factors contributing to the development of a commercial offering that meets customers' needs and expectations. Systematic attention is also paid to monitoring how satisfied customers are with services provided in the course of their contract with the company. Since 2004, Cetelem has participated in the annual Cetelem Barometer international study, which compares consumers' expectations, behaviour and attitudes and the development of the various markets in selected European countries. Cetelem exploits knowledge of customers' needs and capabilities and of the expected trends, which it derives from these studies, to update its product range, hone its processes, and enhance service provision quality on a regular basis.

High customer satisfaction is an essential prerequisite for the company's business and financial success and for sustainable development, also enabling Cetelem to be a trustworthy and reliable partner for its trade partners in the financing of purchases of goods and service by their customers. This aspect plays a key role in how the company is perceived by investors and other stakeholders.

As regards environmental values, Cetelem requires its employees and its suppliers of key services to adopt and observe a commitment to respect for the rules of environmental protection, occupational health and safety and the BNP Paribas Group's code of ethics. To this end, the company uses the latest technologies to minimise the consumption of natural resources, especially through projects geared towards digitising and automating internal processes and waste sorting at workplaces and an offering of products for financing energy conservation projects.

Economic responsibility, risk management and responsible lending

Cetelem maintains a responsible approach to corporate governance and risk management. The processes and control system are configured to comply with statutory requirements, regulatory measures, and professional and ethical standards. The company adheres to a responsible lending policy, which is among the fundamental principles applied by the BNP Paribas Personal Finance Group. When offering and arranging loans, Cetelem places an emphasis on providing quality information to customers about the financial services on offer, and on a rigorous and prudent assessment of their needs and the ability to honour their future obligations, with a view to preventing customers from becoming excessively burdened with debt. The company constantly monitors the quality of its credit portfolio, and where the customer's ability to repay a loan is in danger and the situation permits, it strives to identify the most expedient solution available, which most often takes the form of revised payment terms and conditions. The company also continuously monitors, evaluates and manages other risks with a view to supporting sustainable development and ensuring the company's stability and long-term profitability.

Responsible management of human resources

Cetelem has pledged to create such conditions for its employees, which will enable it to implement the group strategy and position itself as an international company respecting fundamental human needs and values. It has also accepted a firm commitment to behave ethically in accordance with the company's code of ethics, to contribute to the economic growth of its parent company, BNP Paribas Personal Finance, and to promote improvements in the quality of life of the local community and society at large. The company also pays systematic attention to the quality of employees' working conditions, occupational hygiene, and support for their health care and improvements in their technical knowledge and skills.

With the help of its system of various employee benefits, Cetelem caters to its employees' diversified interests, thereby indirectly helping to maintain its employees' work-life balance.

As part of diversity building, Cetelem carries out transparent tendering processes, which entail adherence to the principle of equal opportunities and the provision of feedback and information about the results of such competitions to all the participating candidates.

Professional and special-interest associations

Through its membership of and active involvement in professional and special-interest associations, Cetelem intently contributes to the formation of an environment conducive to the provision of financial services by non-bank entities. In 1999, Cetelem was a founding member of the SOLUS special-interest association of legal entities; it is an active member of the Czech Lease and Finance Association (ČLFA), the Bank Card Association (SBK) and the Association for Electronic Commerce (APEK). In 2002, Cetelem became the first non-bank institution on the Czech market to be accepted as a MasterCard International member. In 2011, Cetelem became a user of the NRKI register operated by the CNCB – the Czech Non-banking Credit Bureau, z.s.p.o., a special-interest association of legal entities (operating as LLCB until 7 April 2013). In 2013, Cetelem started to participate in its management as its member.

Cetelem also strives to be a respected partner of consumer organisations in attempts to establish a level footing between financial service providers and customers. Participation in public discussion forums and panel discussions on consumer protection and indebtedness underlines the positive perception of Cetelem as the recognised embodiment of professionalism.

As a member of the Czech Lease and Finance Association, Cetelem follows the Financial Market Code of Ethics, which lays down standards of conduct in the provision of financial services to customers. The objectives of the Code include, in particular, the promotion and enhancement of the standard of fair relationships in the financial market, support for the development of financial market services, steps to help customers understand financial services, greater protection of customers as consumers, and the boosting of overall confidence in the financial market.

Community activities

Social responsibility towards the environment in which Cetelem does business is integral to its operations. Its charitable activities have long focused on programmes and projects that are mainly intended to support socially disadvantaged children and young people. Since 2008, the company has partnered the Šance [Chances] project, a preventive and humanitarian relief programme for commercially sexually abused children and young people. Financial assistance was also granted to the civic associations Zdravotní klaun ["Therapeutic Clown"] and Veselý vozíček o.s. ["Merry Wheelchair"], Dětská dopravní nadace [Children's Traffic Foundation], DOM – Dům otevřených možností, o.p.s. [Open Opportunity House], the RUBIKON Centre, and the Luna foundation for the disabled, which help ill and disabled people. For several years, the company has been helping the Ledce Children's Home, the Domeček Children's Centre in Ostrava, the LILA home for disabled children in Otnice and the Zajíček na koni ["Bunny Riding"] civic association.

Once again, in 2013 Cetelem supported an employee initiative to make personal contributions in support of selected individuals and organisations helping people facing hardship by matching the donations raised by staff.

Financial support was provided to schools involved in the Sport for Schools project targeting support for children's physical activity in a bid to encourage a healthy lifestyle. In 2013, Cetelem provided a total of CZK 1,706,000 for the above projects.

Since 2010, the company has been the main partner of Městská divadla pražská [Prague Municipal Theatres], which stages productions in two theatres in Prague: the ABC and Rokoko.

IV BUSINESS ENVIRONMENT

Macroeconomic environment

The slowdown in economic growth reported in preceding years continued in 2013, when the economy found itself in an ongoing recession. Demand for consumer loans continued to be influenced mainly by households' stagnant expenditure on final consumption and the continued decline in available income. For 2013, GDP is expected to drop by 1.3% and household consumption by 0.3% year-on-year. Demand for consumer loans was also affected by the rising rate of unemployment. Average inflation was 1.4% in 2013, down by 1.9% on 2012.

The Czech National Bank continued to ease its monetary policy in 2013 and started to use the rate of exchange as a tool for easing. Due to surplus crown-denominated liquidity, interest rates on the money market decreased during the last quarter of 2013 and the PRIBOR rate hit the lowest values ever. However, the low interest rates did not have a direct impact on the consumer credit market, also because of the constant share of households' non-performing loans in the total volume of lending, which stood at 12.3%[2] for consumer loans at the end of 2013.

Macroeconomic developments and the application of cautious customer creditworthiness criteria by financial institutions resulted in stagnation of the consumer credit market.

Developments in the non-bank consumer credit market

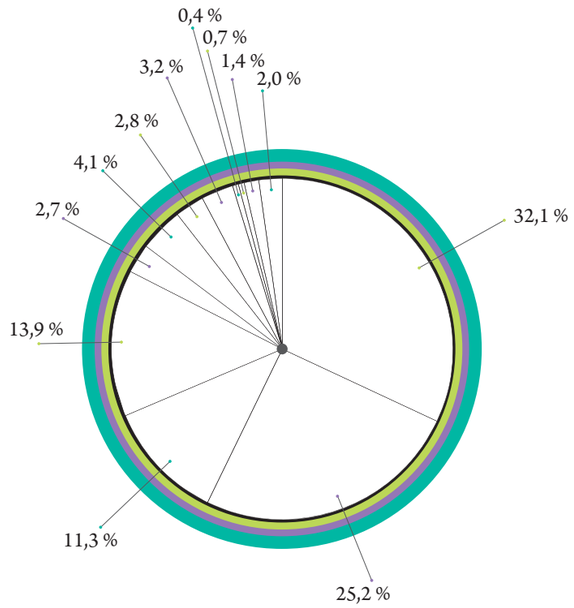
The macroeconomic environment, in particular the continued decline in GDP and the higher unemployment rate, causing a stagnation in household consumption in 2013, affected individuals' demand and potential for taking on obligations related to consumer financing. The volume of new consumer loans granted by non-banks – members of the ČLFA (Czech Lease and Finance Association) – was on a par with the preceding years and stood at CZK 34.4 billion.

At the end of 2013, the volume of consumer loans granted to individuals by ČLFA members totalled CZK 59.2 billion. Compared with 2012, this was a 4.7% contraction due to the ongoing trend of consumer loan consolidation from the preceding periods.

Despite the stagnation on the non-bank consumer credit market, Cetelem reported year-on-year growth in new loans and total outstandings.

[2] Source: CNB statistics

Graph: Market shares of non-bank consumer credit providers as at 31 December 2013[3]



32,1 %	CETELEM ČR, a.s.
25,2 %	Home Credit a.s.
11,3 %	ESSOX s.r.o.
13,9 %	Provident Financial s.r.o.
2,7 %	UniCredit Leasing CZ, a.s.
4,1 %	ŠkoFIN s.r.o.
2,8 %	GE Money Auto, s.r.o.
3,2 %	s Autoleasing, a.s.
0,4 %	Credium, a.s.
0,7 %	COFIDIS s.r.o
1,4 %	ČSOB Leasing, a.s.
2,0 %	Ostatní

[3] Source: ČLFA

V PRODUCT RANGE

Cetelem is a leading provider of credit and ancillary financial services to individuals for the financing of their personal consumption needs and investments. One of Cetelem's main goals is to offer and systematically develop a portfolio of simple, affordable financial products and sales channels in order to address ever-evolving customer needs and market changes as best it can.

Conventional consumer credit

Conventional consumer credit is the basic product intended to finance the purchase of goods and services direct at the point of sale. Its primary attribute is the benefit of paying the price of goods in instalments spread over an extended period of time. Cetelem's customers mostly make use of this product to finance purchases of consumer electronics and household appliances, household furnishings, ICT equipment and DIY items in a network of retail partners all over the Czech Republic. The trend of the growing popularity of online shopping continued and was also positively reflected in the volume of consumer credit provided at online shops, which increased by 13% on 2012.

Credit cards

Credit cards are the simplest and fastest means of payment and can be used to draw on funds up to an approved credit limit. All credit cards are valid internationally. When making non-cash purchases, customers can enjoy numerous benefits, such as a 55-day grace period, card payment bonuses amounting to 1.5% of the purchases made, and other discounts and advantages resulting, in particular, from the loyalty programme – the Bonus Club.

A significant proportion of credit card use takes place in online transactions. This upward trend is borne out by the 23% year-on-year increase in the volume of card transactions carried out in the Client Zone on the Cetelem website. In this secure part of the website, customers can make e-shop payments via Virtual Cards (Virtuální karty), one of the safest online payment instruments in the Czech market, or transfer funds from their card to a bank account. The Client Zone also offers the possibility of monitoring all credit card movements nonstop or receiving a monthly card statement in electronic form only.

Cetelem Personal Loans

Cetelem Personal Loans are intended to facilitate more expensive purchases and investments, and also to consolidate conventional and revolving loans in the form of special-purpose or any-purpose consumer credit.

In 2013, interest in consolidation remained high as it allows customers to reduce the burden on the family budget of repaying several loans at once, and at the same time cuts the paperwork associated with the loans. As with the above products, Personal Loans are also experiencing significant growth in the online environment as the volume of online loans increased by 8%. In the latter half of 2013, the advantages of Personal Loans were extended to include a reward for proper repayment.

AutoCredit/MotoCredit

It is also possible to purchase a selected automobile or motorcycle by way of Cetelem loans offered in the partner network of new and used car dealerships across the Czech Republic. The company mainly strengthened its position in the segment of vehicle and motorcycle financing: the volume of new loans increased by 35% year-on-year and its market share expanded to 2.5%. In 2013, the partnership network expanded by a further 23%. Autoúvěr/Motoúvěr is intended to finance purchases of new or used vehicles for consumers and businesses alike. The advantage for customers is that the credit need not be secured by the item financed, so they are not restricted in their ownership rights attached to the vehicle being financed. The product range for motorists included AUTOKARTA, a credit card with many advantages, such as bonuses for refuelling or other purchases.

Insurance

Insurance products offered to Cetelem's customers in cooperation with BNP Paribas Cardif pojišťovna, a.s. primarily cover the risks associated with the credit product, in particular the risk of being unable to repay credit as due. Damage or loss resulting from stolen credit cards, with or without the customer's personal documents, can also be insured. New expense insurance is designed to cover customers' regular outgoings in the case of any unforeseen events, and the range of insurance was extended to include new travel policies. Cetelem also offers personal injury insurance in the case of income reduced due to hospitalisation, permanent disability or death due to accident. Customers could also take out all-risk and TPL policies for their vehicles through Cetelem.

Distribution channels

The broad affordability of financial services for consumers is one of the company's key priorities. Financial services are available at points of sale in cooperation with more than 4,500 trade partners (merchants selling consumer goods and services and car dealerships), points of sale that accept Cetelem MasterCard credit cards, a network of ATMs, and via the internet.

Revolving loans offered via MasterCard credit cards provide customers with a high level of flexibility and convenience as they seek credit financing. Since 2005, the company has been issuing MasterCard credit cards with international validity, which also makes Cetelem's financial services available outside the Czech Republic. The card is accepted as a means of payment in a network of more than 77,000 retail outlets in the Czech Republic; it can also be used to withdraw cash from more than 4,400 ATMs or to make payments at over 4,100 online shops.

Electronic services have become a common means of purchasing goods and services. In addition to the purchase of goods on instalment, the internet can also be used to arrange credit services directly, to draw funds on approved credit facilities and to obtain information on loans that have already been provided. The Client Zone, which is accessible over the internet, offers customers easy communication with the company, self-service arrangements for revolving credit financing, information about promotional events, and the opportunity to receive credit account statements electronically. Cetelem strives to develop its Client Zone services continuously in order to offer greater convenience to customers as they seek to meet their needs and requirements. The annual increase in the Client Zone's unique visitors by 47% in 2013 shows that this is the right way forward.

Cetelem Personal Loans (Osobní půjčky), which are intended to finance costlier purchases and projects, are a part of the company's product portfolio. Since 2005, the internet has been an important sales channel for personal loans; it makes it possible for customers to obtain complete information on the financial services on offer and to apply for a loan online.

VI COMPANY GOVERNANCE AND BUSINESS MANAGEMENT

Pursuing strategic objectives

The ongoing economic recession, the stagnant household consumption, the growth in the average rate of unemployment and the rising number of insolvencies and personal bankruptcies were the main factors affecting the consumer credit market in 2013 again. Cetelem's long-term ambition is to be a stable and long-term financial partner for its customers, even during adverse economic conditions. Relying on the strong backing provided by the BNP Paribas international group and on its own resources – capital, material, technical, financial and human – the company's goal is to maintain its prominent position on the Czech consumer credit market and to achieve the corresponding financial results. Once again, in 2013 Cetelem defended its top-place ranking in the market of non-bank consumer credit providers and increased its market share to 32%.

The uncertain economic future and the adverse financial situation suffered by some of the population, prompted by the recession and, in particular, rising unemployment, were some of the main factors suppressing more significant growth in demand for consumer loans in 2013. For this reason, one of the company's main priorities was to improve credit risk management through adherence to the principles of responsible lending. Attention was paid to the optimisation of the lending rules in place, using additional available information for lending, with a view to achieving the strategic objective of a sustainable development policy with an acceptable level of credit risk.

In this respect, striking a balance between the further development of business activities and maintaining the responsible lending principles advocated by the company remained a priority also in 2013. Continuous monitoring of the quality of the loan portfolio, with an emphasis on assessments of approval processes and loan management, including the provision of consulting services to address customers' complicated circumstances that may arise, was a fundamental credit risk management practice. The company recorded no out-of-the-ordinary credit risk trends at odds with the consumer credit market and growth in the company's loan portfolio.

Despite the limiting macroeconomic conditions, the company achieved year-on-year growth both in new loans and in the overall volume of outstandings from this activity.

In 2013, the company continued to pay attention to the quality of all its services by monitoring the standard of such quality via a series of indicators, with customer satisfaction high on the agenda. Focus on the quality, comprehensive nature and competitiveness of the financial services provided by the company was the key criterion for the innovations carried out by the company primarily with a view to accelerating the processes of loan application assessment using available information, further increasing its customer servicing, improving the processes in the management of outstandings and increasing the use of electronic documents.

Since 2011, CETELEM ČR, a.s. has held a licence granted by the Czech National Bank to operate as a payment institution under Act No 284/2009 on payments, as amended; this licence is necessary to issue and manage payment instruments (credit cards) and related activities. Major attention was devoted to the quality of the services provided and also to expanding the functionalities of payment instruments (credit cards) as part of innovations, so that they would meet customers' expectations and needs.

In line with the BNP Paribas Group's ambitious plan, "Simple & Efficient", geared towards simplifying processes and improving efficiency, Cetelem's new priority in 2013 was reducing OPEX through process optimisation, automation and simplification and through a reassessment of the sourcing of suppliers' services. A stronger positive impact of these measures is expected to be felt in the coming periods.

Cetelem does not engage in any business abroad via organisational units. It does not perform any special activities concerning the environment.

Legal environment

The business environment is increasingly affected by changes in laws and regulations and their application by the designated national authorities. An important role is also played by the raising of consumer awareness and, therefore, competence.

In order to minimise regulatory risk, the company has set up a mechanism to monitor changes in legislation and case law and to evaluate their impacts on its business. The company, as a member of professional associations participating in the legislative process, is also actively involved in the monitoring and evaluation of the impacts of amendments proposed to current legislation and proposals for new legislation relevant to the company's operations, including the related dealing with supervisory and oversight bodies.

As a payment institution, the company is required to comply consistently with the criteria for the quality of the configuration and functioning of its internal management and control system, demands placed on process control, risk management, the existence of appropriate technical, personnel and organisational capacities for the prudent provision of payment services, and capital requirements.

In view of its core business, the company must respect, in particular, legislation on consumer lending, as well as other laws and regulations designed to protect consumers, whether contained in the Civil Code or in special laws.

A key factor for lending is to maintain a prudent approach when evaluating the creditworthiness of loan applicants. This is, and will increasingly be, influenced significantly by changes in legislation, developments in judicial practice, and the concretisation of attitudes and trends in the interpretative opinions of central government authorities.

The company is also affected by other current topics discussed in direct relation to finding a balance between the protection of consumer interests and the legitimate interests of the company as a creditor. These encompass, for example, conditions for legal, judicial or extrajudicial, recovery, including alternative dispute resolution methods, the conditions for enforcements, or issues related to limitations on or the structure of product pricing and penalisation. In addition to possible changes in the legislative framework, the final position adopted by administrative bodies and courts is the crucial factor for the company in this area.

System of corporate governance

The rights and obligations of company shareholders are governed by Act No 89/2012, the Civil Code, Act No 90/2012, the Business Corporations Act, and the company's Articles of Association. The company's Articles of Association are entered in the collection of documents kept by the Companies Register. In line with the Business Corporations Act, the company has adopted the two-tier system of governance and has submitted to the BCA as a whole.

The company's governing body, responsible for its business management, is the board of directors. All board members have the necessary personal and professional skills required to hold the office of a member of the board of directors.

The board of directors takes decisions on all company matters that are not reserved for the competence of the general meeting or the supervisory board by law, the Articles of Association, or decisions of the general meeting. The board of directors ensures compliance with the regulatory obligations stemming from the company's status as a payment institution, as set forth in the Payments Act. The board of directors approves and regularly evaluates the business strategy, organisational structure, risk management strategy, the strategy related to capital and capital adequacy, the information system development strategy, and internal control system policies and security principles, including information system security principles. It approves new products, activities and systems of major significance to the company, and the system of limits to be used by the company for risk control purposes. The board of directors may decide to delegate such powers to designated committees, and is entitled to revoke the delegation of these powers at any time. The board is regularly informed of the content of committee meetings and the decisions taken.

To support the board's activities, and to ensure the internal management and accountability of the board, committees are established as specifically focused expert groups to discuss important issues related to key objectives and areas of the company. Board committees are advisory bodies to the board of directors established by the board at its own discretion. The purpose of the committees is to initiate and submit recommendations to the board on technical issues. All committees report at least annually on their activities to the board of directors. The activities of each committee are carried out in accordance with the Rules of Procedure of Committees and Commissions, which are approved by the board of directors.

The board of directors regularly reports to the supervisory board on its activities, on company affairs, and on the company's financial, business and accounting situation. The supervisory board is kept sufficiently informed by a policy of holding joint meetings of the supervisory board and the board of directors. The board of directors submits to the annual general meeting, for approval, the annual financial statements, the proposed distribution of profit or coverage of losses, and the annual report, which includes a Management Report. The board of directors also submits to the general meeting, for approval, extraordinary or interim financial statements and other documents required by law.

In view of the plan to issue debt securities admitted to trading on a regulated market, in 2010 the company's highest body appointed, in accordance with applicable legislation, an Audit Committee competent monitor the preparation of financial statements, primarily through reviewing the consistence and suitability of the accounting policies applied in the company; to evaluate the efficiency of the company's internal controls, internal audit and, where appropriate, risk management systems; to monitor the process of the statutory audit of accounts; to assess the independence of the auditor and audit firm and the provision of additional services to the company; to recommend auditors; to receive and, with the auditor, to discuss information, statements and communications in accordance with laws and regulations; and to provide other company bodies, where appropriate, with information on matters falling within the scope of the Audit Committee. The Audit Committee also carries out other statutory activities. The powers and activities of the Audit Committee do not affect the powers and responsibilities of other company bodies under laws and regulations and the Articles of Association.

Information technology

Aware of how important ICT is for its successful development, in 2013 the company again devoted systematic attention to the development of the technical support for the services it offers by implementing the latest information and communication technology, and to the optimisation and, where appropriate, complete overhaul of its internal systems in order to increase the efficiency behind the use of resources. It mainly focused on corporate processes with a significant potential for reducing their operating costs. The company also continued to pay attention to system adjustments necessitated by legislation and regulatory requirements.

In 2013, the focus was on the implementation of tools to optimise the offering to customers in respect of personal loans, to improve communication with customers and, last but not least, to convert contracts with customers from hardcopy to dematerialised form. The company implemented a solution for working with data from the BRKI bank register, called P-LAB, and also started to create its new website, focusing on improving the functions in the self-service zone for customers. In the area of operation optimisation, the company launched a project for transition to the BNP Paribas Personal Finance Group's single credit card provider in Central and Eastern Europe.

The company does not engage in independent research and development, but does make systematic efforts to innovate its services and processes.

Human resources management

High-quality human resources that, through individual and team commitment, aim at meeting the company's ambitious objectives, especially customer satisfaction, and at developing business and sustainable financial results, are essential to the company's successful evolvement. In its human resources management, the company's strategy is to create an efficient working environment which is open to dialogue with employees and supports their initiatives, professional growth, performance and professional ethics.

Human resources management is based on mutual responsibility between employees and the company in order to strike a balance between challenging performance requirements and the fostering of conditions to achieve them.

Commitments of the company to its employees:
- clear information,
- individual attention,
- opportunity for professional growth,
- creation of conditions facilitating quick decision-making.

Reciprocal commitments of employees:
- full involvement in the performance of the duties required of their position,
- proper care of all customers,
- teamwork,
- initiative.

To meet their mutual obligations, the company and the group use various forms of communication with employees – mainly, but not limited to, personal meetings, and also various communications channels. The system of regular employee appraisals, where personal, team, strategic and personality targets are set and evaluated for each employee, is a major vehicle in this respect.

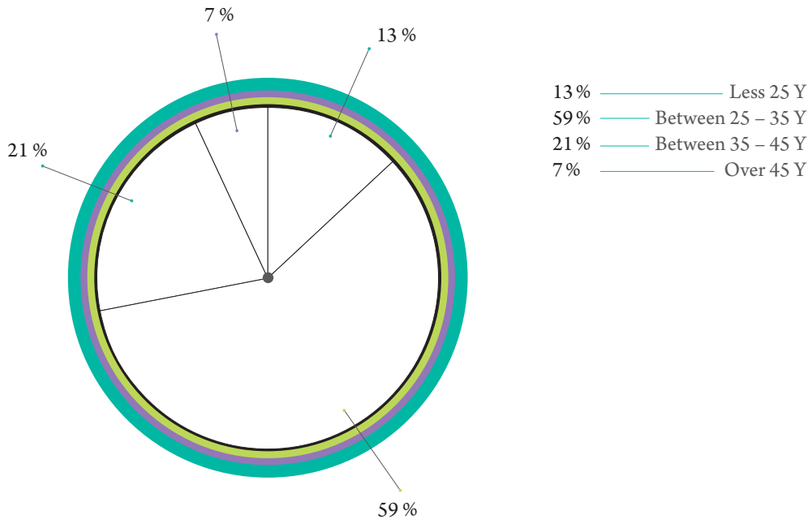
The company's remuneration policy is based on the alignment of employees' personal targets related to the company's performance and development and employees' personal development. The company's aim is to establish a system of remuneration designed to promote employee motivation so as to prevent the prioritisation of short-term goals over the company's long-term development.

To meet one of the company's goals, to be a competitive employer, in addition to its incentive-based remuneration system the company has set up a system of employee benefits as a means to retain and motivate current employees and provide an environment supportive their readiness to fulfil ambitious goals, and recruit talented employees to vacancies while enhancing and maintaining the company's competitiveness in the labour market. To this end, a Social Fund was set up in 2013.

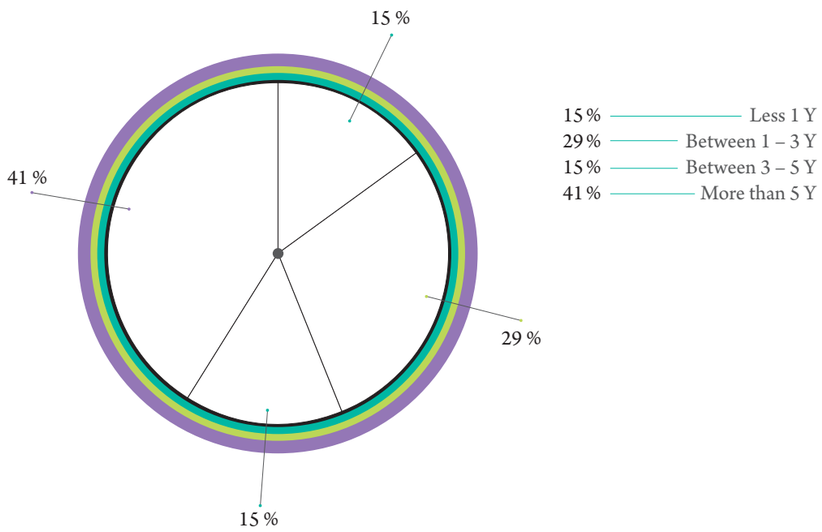
In 2013, the company again devoted systematic attention and funds to employee training and professional development. Last year, in addition to the external training system, the company continued to organise an Internal Academy, allowing promising employees to gain a deeper insight into the running of the company, as well as the functions and objectives of the various organisational units, and thus to deepen the relationship between employees and the company and its activities.

The average FTE number of employees in 2013 was 418. The average employee age is 33 years, and the proportion of women to men is 54% (females) versus 46% (males).

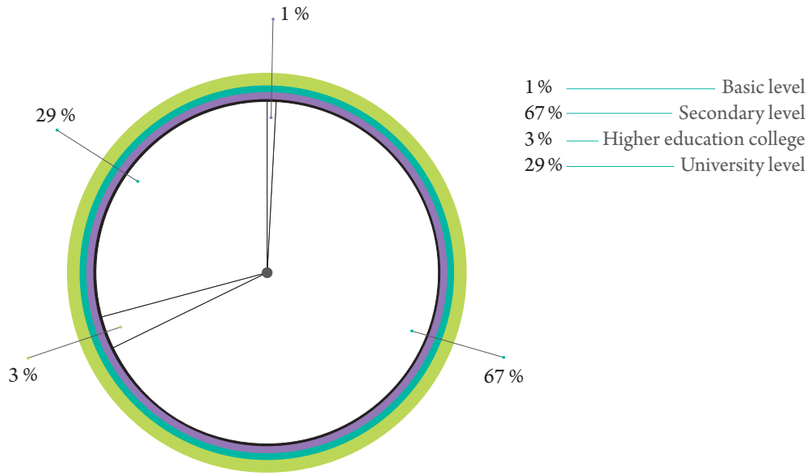
Employees' age structure as at 31/12/2013



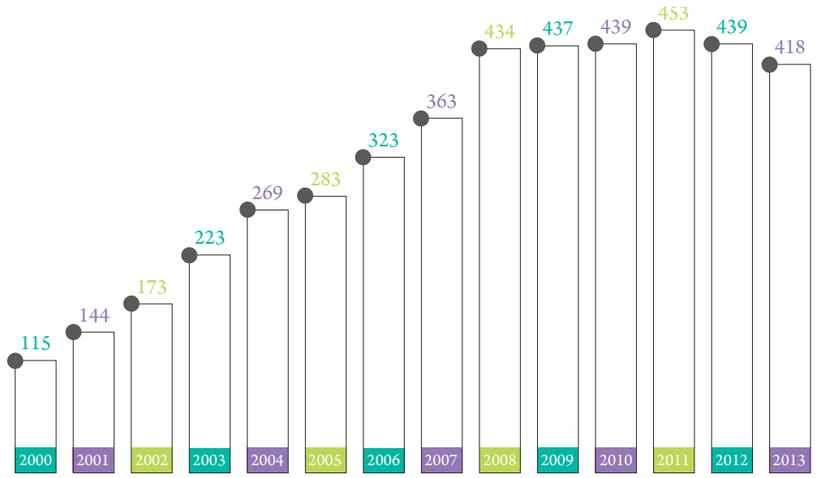
Employment with the company as at 31/12/2013



Structure of employees' education as at 31/12/2013



Average number of employees



Labour relations are governed by the applicable legislation of the Czech Republic. The company has no collective agreement in place.

VII BUSINESS AND FINANCIAL RESULTS OF THE COMPANY

Business results

Cetelem confirmed, through its business results, that it ranked among the largest providers of non-bank consumer credit services on the Czech market again in 2013, at a time of continued economic recession and stagnation on the consumer financing market. It granted credit totalling CZK 11.15 billion, up by 7.6% on 2012. In 2012, new loans amounted to CZK 10.37 billion. The company's share of the market of reputable consumer credit providers associated in ČLFA expanded to 32%[4]. This year-on-year rise in new loans was achieved despite the still contracting overall size of consumer lending in the market, weighed down by the macroeconomic environment, rising numbers of insolvencies and personal bankruptcies and tighter lending conditions.

Financial results

In 2013, profit before tax under IFRS amounted to CZK 1,392,094,000, having stood at CZK 1,469,585,000 in 2012.

The profit from the company's financing activities amounted to CZK 2,652,008,000, down by 1.3% on 2012. The largest proportion of the company's revenues comprised net interest income, amounting to CZK 2,094,561,000, up by 2.1% year-on-year.

Total operating expenses as at 31 December 2013 amounted to CZK 767,950,000 and increased by 7.9% year-on-year due to higher marketing costs, lower compensations for debt recovery costs and the recognition of the contribution to the Social Fund, set up on the basis of the sole shareholder's decision, in the result for 2013 in accordance with IFRS.

The total cost of risk rose by 5.2% year-on-year to CZK 531,815,000. The year-on-year rise is in line with the growth in new loans in 2013. Provisions have been created in amounts sufficient to cover possible losses from the write-off of receivables. As at 31 December 2013, they stood at CZK 4,487,777,000 under IFRS.

Company assets and sources of financing

As at 31 December 2013, the company's total assets amounted to CZK 16,202,321,000, up by 1.2% year on year, which reflects the increase in outstandings. The net value of non-current assets amounted to CZK 81,769,000, a drop by 6.9% compared with 2012. The bulk of new investments in 2013 consisted, in particular, of investment in the development of information systems, hardware and software. The most significant part of the company's assets (93.3%) comprises customer receivables, mainly arising in relation to lending operations, which rose by 2% compared with 2012. As at 31 December 2013, their net value was CZK 15,121,741,000.

The company's equity as at 31 December 2013 was CZK 2,250,448,000, a year-on-year decrease by 1.7%. The company recorded liabilities of CZK 13,951,873,000. Liabilities rose by 1.7% year on year. The company's liabilities mainly comprise bank loans received from entities operating in the Czech Republic and debt security issues, used by the company to finance its business activities. Liabilities related to bank loans received and debt securities issued totalled CZK 13,598,454,000, up by 2.3% compared with 2012.

With regard to the fact that the company has issued bonds admitted to trading on the open market of the Prague Stock Exchange, it has been preparing financial statements solely in accordance with international accounting standards since 2011.

[4] Source: ČLFA

Credit risk management

In 2013, the costs of credit risk management matched the overall volume of outstandings. Risk management, particularly related to personal loans and credit where higher amounts are sought, significantly benefits from the use of customer information from the NRKI and Solus registers. Thanks to this information, it is possible to make better assessments of a customer's overall financial situation, to adjust the offer to the customer's needs, and, in particular, to avoid the customers' excessive debt. This ensures that the obligations of responsible lending are met.

Systematic attention is paid to techniques for preventing credit fraud, the assessment of customers' creditworthiness and control automation. In 2013, attention was again paid to the intensive training of the various business sections in order to deepen employees' knowledge of credit risk management and the quest for balanced rules on risk in the provision of credit products. Customers' payment protection insurance also played a role in keeping an adequate level of credit risk. Harnessing synergies within the BNP Paribas Group, the company offered a portfolio of insurance products covering customers' inability to pay their financial commitments in the case adverse personal situations arise.

Cetelem creates provisions to cover potential losses. Provisioning takes place in accordance with IFRS and group practices. The rate of impairment of receivables under consumer loans is determined by statistical methods based on historical experience of the recovery of similar debts. Provisions for receivables are re-valued on a monthly basis by reference to statistical parameters from the preceding quarter. The company also creates provisions for receivables not currently registered as past-due, but in respect of which customers have been granted deferral. The Credit Committee was regularly informed of developments in credit risk and related topics.

Debt recovery

In 2013, the company continued to work on honing debt recovery procedures and processes. In order to enhance the comfort of customers who ended up in delay with an instalment, the company put into operation a new interactive tool; the tool helps to inform the customer, even before the recovery process is triggered, about his current delay and can tackle the situation well in advance. The advantages of interactive voice messages include process automation and a quick overview of customers' payments during the current month. The main objective is to contact customers immediately upon the first signs of difficulties with repayment, to identify the customer's situation and, together with the customer, to find a suitable solution as quickly as possible.

Thanks to the implementation of the scoring model, the debt recovery process has been modified so as to better reflect the customer's situation and enable a personalised approach in addressing the situation based on the customer's profile and payment history.

The company continued to maintain high quality and efficiency in all areas of the standard collection process. An emphasis on perceiving customers' needs in a situation where they are not able to meet their obligations fully also remains a priority. The pro-customer approach is covered by the new responsible collection methodology.

VIII EXPECTED DEVELOPMENT OF THE COMPANY

The Czech Republic's economy experienced continued recession in 2013. Late 2013 saw the economic activity rebounding, which gives rise to hopes for an improved macroeconomic environment in 2014 when a turnaround towards GDP growth is expected mainly thanks to recovered external demand and relaxation in monetary conditions. With a certain delay, the rate of unemployment can be expected to decline, households' confidence to return and household consumption to pick up again, which may also have a positive impact on the consumer credit market. In 2014, the market interest rates are also expected to be stable.

Further economic development is the key risk factor, which may have an adverse impact mainly on the credit risk, but also on customers' demand for new consumer loans.

One of Cetelem's main priorities in 2014 will be the management of credit risk in order to keep it at an acceptable level. The company will continue to apply the principles of responsible lending when assessing loan applications, even if customers, due to adverse circumstances, find themselves in difficulty with repayment. It will continue to pay attention to the optimisation of the lending rules in place with a view to striking a balance between an acceptable level of risk and the sustainable development of business activities. Despite the systematic attention paid to credit risk management, the estimate of future developments remains uncertain and the actual impact on the company's performance could differ significantly from forecasts.

The company's priority continues to be monitoring and improving service quality, measured by customer satisfaction in particular. The focus on providing high-quality comprehensive and competitive financial services that are simple, affordable for the general public and meet customers' individual needs will again be the priority of the innovations planned for 2014. The company will also pay significant attention to identifying opportunities for further business growth in the medium term.

In 2014, Cetelem expects a slight recovery of demand for consumer loans and growth in the volume of new loans to customers and in the overall amount of outstandings. On the basis of this expectation, the company expects the development of the various items of the bottom line, in particular an increase in net financial income, to reflect this growth. Benefits deriving from the implementation of projects geared towards widening the range of the functionalities of payment instruments (credit cards) and enhancing current customers' satisfaction and loyalty, but also of measures focused on achieving additional operating cost savings, are expected to help achieve the expected profit.

In the coming periods, the company will – in line with the BNP Paribas Group's ambitious "Simple & Efficient" project geared towards simplifying processes, improving efficiency and reducing costs – continue to identify opportunities for further optimisation, automation, innovation and group synergies. Attention will continue to focus on operating cost savings by simplifying processes, streamlining the organisational structure and optimising the sourcing of external services. The company's long-standing aim is to maintain a higher rate of growth in revenues compared with the rise in operating costs.

The company regards further economic development in the Czech Republic, the increasingly competitive environment, the continuing trend of debt consolidation and the promotion of consumer protection, including the effort to have pricing controlled by the government, as the key risk factors that can significantly affect the company's future business results and its 2014 profit.

The company continuously monitors and evaluates legislation planned at both national and EU level. This is the case, in particular, in relation to personal data, the capital requirements imposed on credit institutions, taxes, the intermediation of financial products, the provision of payment services, the licensing of non-bank consumer credit providers, etc. Legislators' interest in boosting consumer protection can be expected again in 2014.

The company believes that new legislation in private law, coming into effect as of the beginning of 2014, will be significant. The company has assessed the impacts of the new Civil Code and the related legislation. It has also carried out changes in a number of its processes during 2013.

In connection with the coming into force of the Business Corporations Act, the company has taken action to align the company's internal structure and basic corporate documents with the new legislation within the time limits set by the law, and it has submitted to the above law as a whole as of 1 January 2014.

Relying on the strong backing by the BNP Paribas international group, long-standing consumer credit know-how and its capital, material, technical, financial and human resources, Cetelem expects to be one of the most prominent lenders on the non-bank financial market again in the coming period and is poised to achieve good business and financial results again in 2014.

4 REPORT OF THE BOARD OF DIRECTORS OF CETELEM ČR, A.S. ON RELATIONS BETWEEN THE CONTROLLING PERSON AND THE CONTROLLED PERSON, AND ON RELATIONS BETWEEN THE CONTROLLED PERSON AND THE OTHER PERSONS CONTROLLED BY THE SAME CONTROLLING PERSON (HEREINAFTER ALSO REFERRED TO AS "THE RELATED PARTIES")

With regard to Section 775 of Act No 90/2012 Coll. on business corporations, this Report has been prepared in accordance with Section 66a of Act No 513/1991 Coll., the Commercial Code, in the wording effective as at 31 December 2013.

Description of the controlled person

CETELEM ČR, a.s., having its registered office at Praha 5, Karla Engliše 5/3208, Post Code 150 00, Reg. No. [IČ] 25085689 (hereinafter also referred to as "the Company") is a public limited company incorporated in the Companies Register maintained by the Municipal Court in Prague, Part B, File 4331, on 23 October 1996. As at 31 December 2013, the Company's share capital amounted to CZK 180 million and its core business was the provision of consumer credit and payment services.

Persons in the capacity of persons controlling the Company

As at 31 December 2013, the persons in the capacity of persons controlling CETELEM ČR, a.s. were BNP Paribas s.a., having its registered office in France, and BNP Paribas Personal Finance s.a., having its registered office also in France.

From 1 January 2013 to 31 December 2013, BNP Paribas Personal Finance s.a. was the sole shareholder of CETELEM ČR, a.s. BNP Paribas Personal Finance s.a. is a wholly-owned subsidiary of BNP Paribas s.a.

CETELEM ČR, a.s. and BNP Paribas Personal Finance s.a. and/or BNP Paribas s.a. did not enter into any Controlling Agreements under which the Company was controlled only by BNP Paribas Personal Finance s.a. or by BNP Paribas s.a.

Other persons controlled by the same controlling persons, with which the Company had relations based on mutual deliveries and payments

1 — ARVAL CZ s.r.o., registered office in the Czech Republic
2 — Banco BNP Paribas Personal Finance S.A., registered office in Portugal
3 — BNP Paribas s.a., registered office in France
4 — BNP Paribas Personal Finance s.a., registered office in France
5 — BNP Paribas Capital Investment Limited, registered office in the UK
6 — BNP PARIBAS CARDIF POJIŠŤOVNA, a.s., registered office in the Czech Republic
7 — BNP Paribas Fortis Bank SA/NV, registered office in Belgium, acting through its branch, BNP Paribas Fortis Bank SA/NV, pobočka Česká republika, established in Prague
8 — CETELEM SLOVENSKO a.s., registered office in Slovakia
9 — LEVAL DEVELOPPEMENT s.a., registered office in France
10 — Le Sphinx Assurances Luxembourg s.a., registered office in Luxembourg
11 — Poisťovňa Cardif Slovakia, a.s., registered office in Slovakia
12 — UBCI, a public limited company with its registered office in Tunisia

Relevant period

This Report has been prepared for the last accounting period, i.e. for the period commencing on 1 January 2013 and ending on 31 December 2013.

Legal relations between the Company and persons in the position of controlling persons

• BNP Paribas s.a.

In the last accounting period, BNP Paribas s.a. provided the Company with security, for a consideration, for its liabilities to third parties in the form of a bank guarantee issued in favour of a domestic legal entity.

On the basis of agreements on the drawdown on loans, on hedging derivatives and on term deposits, entered into in 2013 and in the preceding years, the Company accepted from BNP Paribas s.a. a payment for a partial refinancing of its commercial activities. The Company concluded agreements on hedging derivatives to hedge interest rate risks and on term deposits.

In connection with the Company's position as a licensed payment institution and the related obligation to provide for the performance of the internal audit function, the Company and BNP Paribas s.a. agreed on the conditions of the conduct of audits focused on the evaluation of the efficiency of the internal control and management system in 2013.

• BNP Paribas Personal Finance s.a.

In the last accounting period, BNP Paribas Personal Finance s.a. provided the Company with security, for a consideration, for its lease liabilities in the form of a bank guarantee issued in favour of a domestic legal entity.

In 2013, the Company and BNP Paribas Personal Finance s.a. entered into an agreement on changes to the terms and conditions under which the Company provides BNP Paribas Personal Finance s.a. with consulting services in the area of risk management for the CEE Region.

Legal relations between the Company and other related parties

The following agreements were entered into and deliveries made between the Company and other related parties in the last accounting period:

• ARVAL CZ s.r.o.

In 2013, the Company and ARVAL CZ s.r.o. concluded addenda to an agreement on vehicle fleet management entered into in the preceding period. Under the addenda, the pricing conditions for the provided services were changed.

The companies and their common trade partner entered into a tripartite master agreement on co-operation in the ongoing financing of vehicles on stock.

The companies also agreed on the financial terms and conditions for their co-operation with the members of the distribution network of ARVAL CZ s.r.o.

• BANCO BNP PARIBAS PERSONAL FINANCE S.A.

In 2013, the Company and Banco BNP Paribas Personal Finance S.A. entered into an agreement on the terms and conditions of the cross-border posting of an employee to the Company. The subject matter of the agreement is to provide an expert for credit risk management at the Company.

• BNP PARIBAS CARDIF POJIŠŤOVNA, a.s.

In 2013, the Company and BNP PARIBAS CARDIF POJIŠŤOVNA, a.s. entered into agreements on new, and changes to the existing, financial terms and conditions and on reporting (in relation to the insurance products offered), concerning the relationship between the insurer and the policy holder. In respect of certain insurance policies, the conditions for accession to insurance were changed, the range of insured risks was extended and coverage was increased for certain risks.

The companies entered into master insurance contracts under which the Company's clients are offered additional insurance products (accident insurance and travel insurance), linked to selected loan products of the Company.

The companies also entered into an agreement on the conditions of a scheme for offering additional types of insurance to the Company's current clients.

The terms and conditions of marketing support for insurance product sales were also set out in an agreement.

The contracting parties also agreed to extend the term for which office space had been sublet.

• BNP Paribas Fortis Bank SA/NV, pobočka Česká republika

In 2013, the Company and Fortis Bank SA/NV, acting through its branch, Fortis Bank SA/NV, pobočka Česká republika, entered into a master agreement on term deposits, contract on the provision of overdraft line, an agreement on the provision of electronic banking has been also set out.

The Company did not enter into any agreements with other persons controlled by BNP Paribas s.a. and BNP Paribas Personal Finance s.a. in the last accounting period.

The other cases of deliveries and payments between the related parties involved the following:

1 — Deliveries provided on the basis of unilateral legal acts made by the related parties in favour of the Company to secure its obligations to third parties by bank guarantees issued in favour of investors or other domestic legal entities;

2 — Deliveries provided under agreements, as amended where applicable, entered into before the beginning of the last accounting period, specifically the following:
- a — agreement on the provision of software and hardware for transaction processing and their maintenance,
- b — agreement on the processing of data related to the provision of consumer credit using the processing party's equipment,
- c — agreement on software maintenance and technical support,
- d — agreement on technical support related to the sharing of experience in the area of new product development,
- e — agreement on advice in the area of accounting, marketing etc.,
- f — deliveries under insurance policies,
- g — agreement on the conditions of the activities of insurance intermediaries,
- h — agreement on the provision of telecommunications services,
- i — master agreement on vehicle fleet management and maintenance,
- j — agreement on the general terms and conditions of co-operation in the implementation of security instruments used by the Company in vehicle financing,
- k — agreement on co-operation in the arrangement of loans for vehicle purchases,
- l — licence agreement on the use of trademarks,
- m — agreement on the conditions of the temporary posting of an employee,
- n — agreement on the terms and conditions of the provision of loans by the Company to employees of companies in the Group,
- o — agreement on co-operation in the arrangement of consumer credit,
- p — agreement on commercial space sublease,

3 — and other operations having the nature of customary business practice, primarily re-invoicing of services and goods provided by third-party entities, or re-invoicing of the costs incurred in accession to international insurance schemes.

The value of the deliverables accepted in 2013 from related parties amounted to CZK 575 563 th., while the financial considerations granted by CETELEM ČR, a.s. amounted to CZK 626 077 th. and also included payments for a part of the deliveries accepted in the preceding periods. The value of the deliverables provided by CETELEM ČR, a.s. to these persons in 2013 amounted to CZK 180 020 th. In return, CETELEM ČR, a.s. accepted total financial considerations of CZK 185 583 th., which also included the value of the deliverables provided in the preceding periods.

The most important item among the deliveries accepted is loans accepted from BNP Paribas s.a., which account for 46,51 %, where the cost of the loan was determined using the method of market comparables.

Interest earned on short-term deposits that the Company held with BNP Paribas and BNP Paribas Fortis Bank SA/NV in 2013 is part of the deliveries. In 2013, the term deposit amounted to CZK 900 000 th.

In 2013, no other legal acts were made upon suggestion or in the interest of the related parties, nor were any measures carried out in the interest or upon suggestion of the related parties.

In the past accounting period the relations between the related parties did not extend beyond customary business relations; they were carried out at arm's length pricing conditions; and no operations that caused or might have caused any detriment or other disadvantage to the Company were recorded.

Confidentiality

Amongst the related parties, information and circumstances that form a part of the trade secret of the controlling, controlled, and other related persons are understood to be confidential information, as is information designated as confidential information by any related party. Confidential information also includes all trading information that on its own or in connection with other information or circumstances may cause detriment to any of the related parties.

To prevent detriment on the part of the persons named herein as per the preceding paragraph of this section, this Report of the Board of Directors does not disclose any other information or circumstances.

5 REPORT OF THE SUPERVISORY BOARD OF CETELEM ČR, A.S.

In 2013 the Company's Supervisory Board carried out its activities in accordance with Section 197 et sequentes of Act No. 513/1991, the Commercial Code, as amended, the Company's Articles of Association, and conclusions adopted by general meetings.

This Report has been prepared with regard to Section 83 and 447 of Act No 90/2012 Coll. on business corporations.

On the basis of the information and materials available to it, the Supervisory Board notes that the Company carries on its business in accordance with the applicable laws, the Company's Articles of Association, and the resolutions passed by the General Meeting.

The Supervisory Board has reviewed the Board of Directors' Report on Relations between the Controlling Person and the Controlled Person, and on Relations between the Controlled Person and Other Persons Controlled by the Same Controlling Person for accounting period 2013, and notes the following:

- The Board of Directors' Report on Relations between the Controlling Person and the Controlled Person, and on Relations between the Controlled Person and Other Persons Controlled by the Same Controlling Person has been prepared with regard to Section 775 of Act No 90/2012 Coll. on business corporations, in accordance with Section 66a of Act No 513/1991 Coll., the Commercial Code, in the wording effective as at 31 December 2013;
- According to information available to the Supervisory Board, the Board of Directors' Report is complete and the disclosures contained in the Report are correct;
- No operations at variance with customary business relations have been identified and no damage to the company caused by relations between Related Parties has been identified.

The Supervisory Board has reviewed the results of the periodical internal audits at the Company and notes that the results of audits serve for remedying the shortcomings identified and for adopting remedial measures.

On the basis of the information available to the Supervisory Board about the Company's business, its examination of bookkeeping and review of the annual financial statements for the accounting period of 2013, and the auditor's report on audit of the annual financial statements for 2013, the Supervisory Board notes the following:

- The Company's bookkeeping reflects reality and complies with the law on accounting and other legal regulations and the financial statements give a true and fair view of the accounting unit's financial situation;
- annual financial statements have been audited by Mazars Audit s.r.o., and the auditor's opinion on the presented financial statements as at 31 December 2013 is unqualified;
- there are no comments on the effectiveness of the internal control system.

On the basis of its review of the annual financial statements as at 31 December 2013 and proposal for profit distribution, the Supervisory Board recommends to the sole shareholder:

- to approve the Company's annual financial statements as at 31 December 2013, and
- to approve the Board of Directors' proposal for profit distribution as follows:

Net profit in the 2013 calendar year (IFRS)	CZK 1,090,411,946.52
Dividend per share	CZK 6,665.00
Total dividends	CZK 1,199,700,000.00
Retained profit (including retained profit from previous years)	CZK 1,050,749,115.56

At Prague, on 28 March 2014

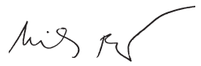
Alain van Groenendael

6 DECLARATION OF THE MANAGEMENT OF CETELEM ČR, A.S.

The undersigned hereby declare that, to their best knowledge, the annual report gives a true and fair view of the financial situation, business and financial results of CETELEM ČR, a.s. for the previous financial year and the prospects for future development of the financial situation, business and financial results.

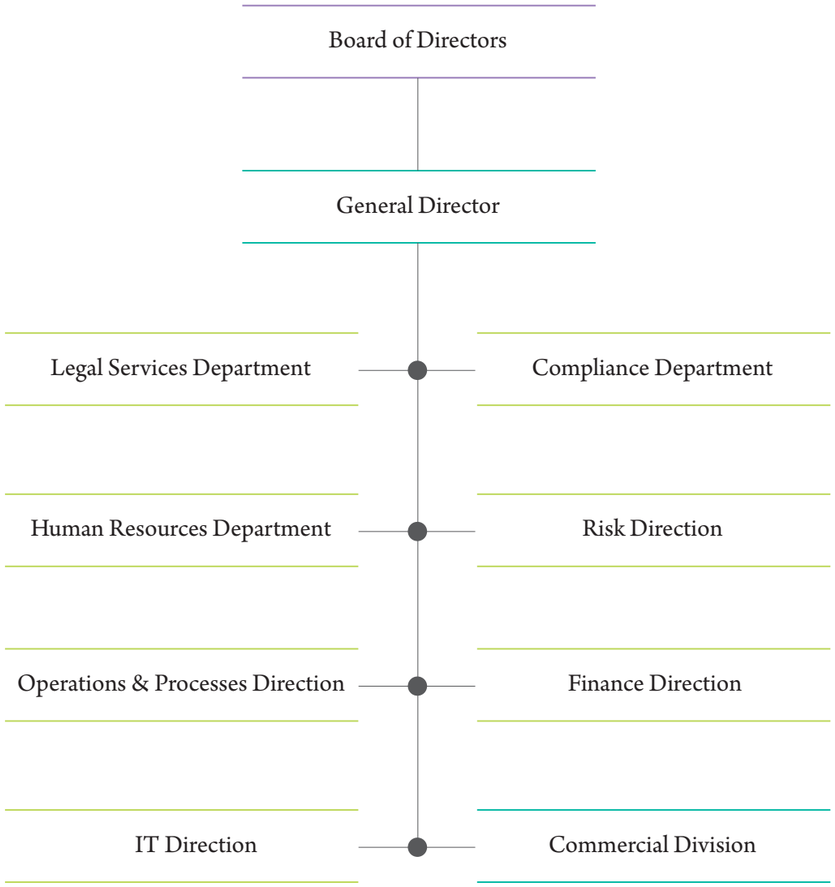
Prague, 15 April 2014

Václav Horák
Vice-Chairman, Board of Directors
CETELEM ČR, a.s.

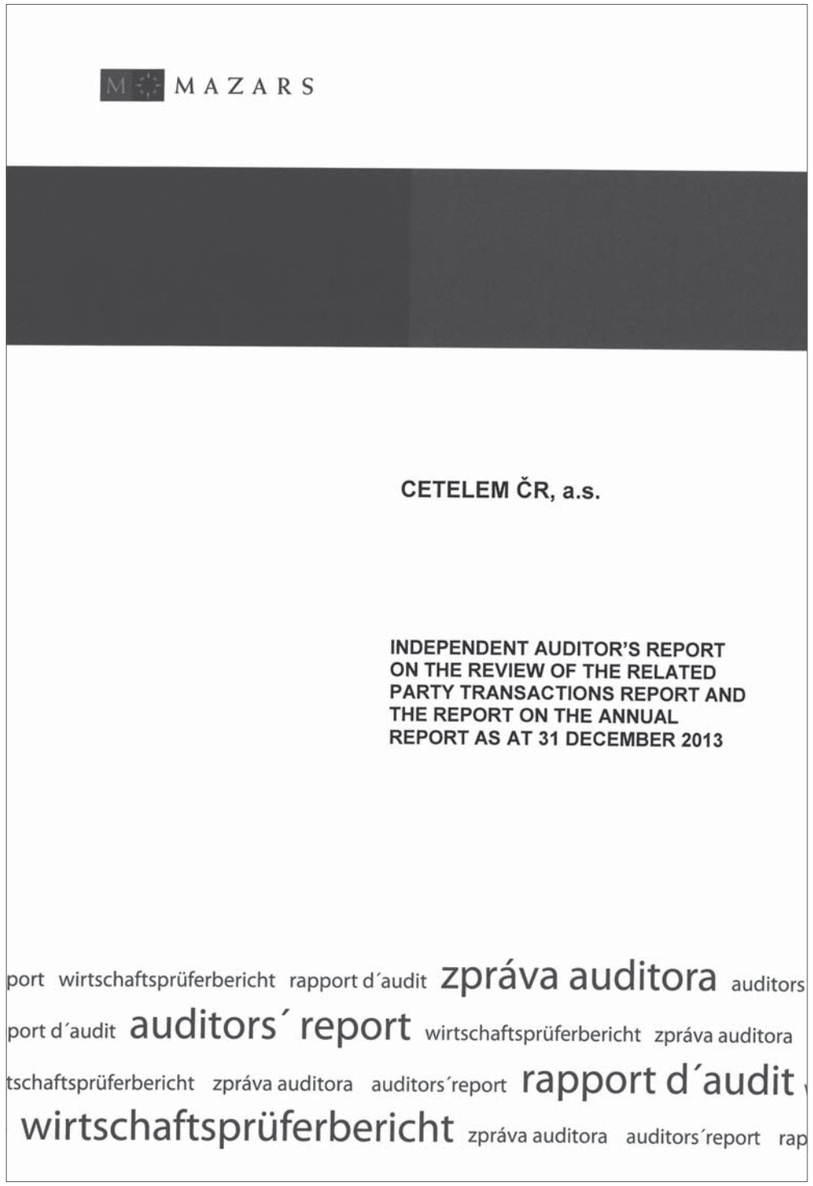


Milan Bušek
Vice-Chairman, Board of Directors
CETELEM ČR, a.s.

7 THE COMPANY´S ORGANIZATION STRUCTURE



8 AUDITOR´S REPORT



MAZARS

CETELEM ČR, a.s.

INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE RELATED PARTY TRANSACTIONS REPORT AND THE REPORT ON THE ANNUAL REPORT AS AT 31 DECEMBER 2013

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INDEPENDENT AUDITOR'S REPORT

on the Review of the Related Party Transactions Report and the Report on the Annual Report as at 31 December 2013 of CETELEM ČR, a.s.

Identification data:

Company name:	CETELEM ČR, a.s.
Registration number:	250 85 689
Company address:	Karla Engliše 5/3208 150 00 Praha 5
Balance sheet date:	31 December 2013
Audited period:	from 1 January 2013 to 31 December 2013
Date of issue:	15 April 2014
Auditors:	Mazars Audit s.r.o. Licence number 158 Milan Prokopius Licence number 2022

MAZARS

This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report for the shareholders of CETELEM ČR, a.s.

Report on the Financial Statements

On the basis of our audit we issued, on 14 March 2014, our audit report on the financial statements that are part of this annual report. Our audit report was as follows:

"We have audited the accompanying financial statements of CETELEM ČR, a.s., which comprise the balance sheet as of 31 December 2013, the statement of comprehensive income for the period ending on 31 December 2013, the statement of changes in equity as of 31 December 2013, the statement of cash flows as of 31 December 2013 and a summary of significant accounting policies and other explanatory notes. Information about CETELEM ČR, a.s. is presented in Note I.1. to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of CETELEM ČR, a.s. is responsible for the preparation of individual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European union and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations 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 of the financial statements that give a true and fair view 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

Mazars Audit s.r.o., Pobřežní 620/3, Praha 8 - 186 00
Tel: +420 224 835 730 - Fax: +420 224 835 799 - www.mazars.cz

IČ: 63986884, DIČ CZ63986884, zapsána v obchodním rejstříku vedeném Městským soudem v Praze - oddíl C, vložka 38404

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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 CETELEM ČR, a.s. as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European union."

Report on the Review of the Related Party Transactions Report

We have reviewed the factual accuracy of the information included in the related party transactions report of CETELEM ČR, a.s. for the year ended 31 December 2013 prepared pursuant to Act No. 513/1991 Coll.

This related party transactions report is the responsibility of the Company's statutory body. It is also the responsibility of the Company's statutory body to assess whether the used legislative framework is appropriate and acceptable for preparing the related party transactions report for the year ended 31 December 2013. Our responsibility is to express a conclusion on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the related party transactions report is free of material 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.

Based on our review, nothing has come to our attention that causes us to believe that the information contained in the related party transactions report of CETELEM ČR, a.s. for the year ended 31 December 2013 contains material factual misstatements.

Report on the Annual Report

We have audited the annual report of CETELEM ČR, a.s. for consistency with the financial statements for the year ended 31 December 2013 which are included in this annual report. The correctness of the annual report is the responsibility of 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 plans and performs 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 of CETELEM ČR, a.s. for the year ended 31 December 2013 is consistent, in all material respects, with the financial statements referred to above.

Prague, 15 April 2014

Mazars Audit s.r.o.
Licence number 158
Pobřežní 620/3
186 00 Praha 8

Represented by:

Jana Švenková
Partner

Milan Prokopius
Auditor, licence number 2022

FINANCIAL PART

INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR 2013 OF CETELEM ČR, A.S.

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

TABLE OF CONTENTS

1 BALANCE SHEET

Balance Sheet as at 31 December 2013 (CZK '000)

Description	Ref.	31 December 2013	31 December 2012
Total assets		16,202,321	16,010,670
Cash and cash equivalents	IV.1.	2,254	1,787
Receivables from banks	IV.2.	920,169	930,899
Receivables from clients	IV.3.	15,121,741	14,829,636
Other long-term securities and investments	IV.4.	11,790	8,949
Tax assets – current and deferred	IV.5.	20,576	53,402
Property, plant and equipment	IV.6.	41,371	45,403
Intangible assets	IV.7.	40,398	42,394
Other assets	IV.8.	44,022	98,200
Liabilities		13,951,873	13,721,103
Liabilities to banks	IV.9.	11,099,556	12,286,644
Debt securities issued	IV.10.	2,498,898	1,001,273
Provisions	IV.11.	30,638	67,103
Tax liabilities – current and deferred	IV.12.	915	27,141
Other liabilities	IV.13.	321,866	338,942
Equity		2,250,448	2,289,567
Owners' equity	IV.14.	2,250,448	2,289,567
Share capital	IV.14.	180,000	180,000
Reserve funds and other reserves	IV.14.	52,521	36,000
Retained profit	IV.14.	923,497	896,949
Other comprehensive gains, losses	IV.14.	11,218	8,377
Gains or losses from revaluation of assets and liabilities	IV.14.	-7,200	-5,228
Profit/loss for the period	IV.14.	1,090,412	1,173,469
Share attributable to minority shareholders	IV.14.		
Total liabilities and equity		16,202,321	16,010,670

2 STATEMENT OF COMPREHENSIVE INCOME

Statement of Comprehensive Income for the year ending 31 December 2013 (in CZK '000)

Description	Ref.	31 December 2013	31 December 2012
Interest income	V.1	2,391,065	2,390,040
Interest expense	V.1	-296,504	-339,100
Net interest income		2,094,561	2,050,940
Income from fees and commissions	V.2	591,515	758,729
Fee and commission expenses	V.2	-48,615	-139,310
Net income from fees & commissions		542,900	619,419
Dividend income	V.3	2,757	3,016
Income from investments and participations			
Net income from trading and hedging activities			
Other income/expense	V.4	11,790	12,878
Operating income		2,652,008	2,686,253
Payroll and personnel costs	V.5	-344,566	-349,372
General operating costs	V.6	-363,300	-308,075
Depreciation of property, plant and equipment	V.7	-24,167	-24,322
Amortisation of intangible assets	V.8	-35,917	-30,165
Operating costs		-767,950	-711,934
Operating income before asset impairment and provisions		1,884,058	1,974,319
Impairment of receivables	V.9	-531,815	-505,734
Impairment of assets	V.10	3,386	2,323
Net additions/charges to provisions	V.11	36,465	-1,323
Profit before tax		1,392,094	1,469,585
Income tax	V.12	-301,682	-296,116
- Current	V.12	-268,394	-285,395
- Deferred	V.12	-33,288	-10,721
Profit / loss for the period, after tax		1,090,412	1,173,469
Other comprehensive income for the period, after tax		869	1,389
Total comprehensive income for the period		1,091,281	1,174,858
Comprehensive income for the period, attributable to:			
- Company owners		1,091,281	1,174,858
- Minority shareholders			
Loss / earnings per share – basic	V.13	6.06	6.52
Loss / earnings per share – diluted	V.13		

3 STATEMENT OF CHANGES IN EQUITY

Changes in equity (in CZK '000)	Issued capital	Reserve fund & other capital funds & retained profit *	Revaluation differences	Revaluation of realisable financial assets	Total
1 January 2012	180,000	2,072,349	-2,488	4,248	2,254,109
Dividend payment		-1,139,400			-1,139,400
Income for the accounting period		1,173,469	1,389		1,174,858
31 December 2012	180,000	2,106,418	-1,099	4,248	2,289,567
Dividend payment		-1,130,400			-1,130,400
Income for the accounting period		1,090,412	869		1,091,281
31 December 2013	180,000	2,066,430	-230	4,248	2,250,448

Note: /* Reserve fund and other capital funds and retained profit include the statutory reserves, net profit for the period, and retained profit.

4 STATEMENT OF CASH FLOWS

Statement of cash flows for the year ending 31 December (in CZK '000)

Description	31 December 2013	31 December 2012
Cash at the beginning of the period	932,686	6,956
Accounting profit or loss from ordinary activities before tax	1,392,094	1,469,585
Adjustment for non-cash transactions	-1,821,310	-1,665,737
Fixed asset depreciation/amortisation	60,084	54,487
Change in allowances and provisions	363,948	411,501
Gain (loss) from the disposal of fixed assets	-3,386	-2,323
Proceeds from dividends and profit sharing	-2,757	-3,016
Net interest expense and income	-2,338,112	-2,210,681
Adjustments for other non-cash transactions, if any	98,913	84,295
Net cash flow from operating activities before tax, change in working capital and non-recurring items	-429,216	-196,152
Change in the non-cash portion of working capital	-1,421,744	-251,865
Change in receivables from operating activities, prepayment accounts and estimated receivables	-562,672	-881,104
Change in current liabilities from operating activities and estimated payables	-859,072	629,239
Change in inventories		
Change in current financial assets not included in cash		
Net cash flow from operating activities before tax and non-recurring items	-1,850,960	-448,017
Interest expense excluding capitalised interest	-176,286	-180,579
Interest income	2,454,875	2,375,554
Income tax on ordinary activities paid and additional assessments for previous years	-294,621	-236,383
Income and expense on non-recurring accounting transactions		
Dividends and profit shares received	2,757	2,964
Net cash flow from operating activities	135,765	1,513,539
Fixed asset acquisition costs	-54,483	-47,122
Proceeds from the disposal of fixed assets	3,668	3,634
Loans to related parties	-2,932	-974
Net cash flow from investing activities	-53,747	-44,462
Change in non-current liabilities	1,038,119	596,054
Change in equity	-1,130,400	-1,139,400
Payment of equity shares to members		
Additional cash contributions from members and shareholders		
Loss settlement by members		
Direct payments from reserves		
Dividends paid	-1,130,400	-1,139,400
Net cash flow from financing activities	-92,281	-543,346
Net increase or decrease in cash and cash equivalents	-10,263	925,730
Cash at the end of the period	922,423	932,686

5 NOTES TO THE FINANCIAL STATEMENTS

I BACKGROUND

I.1 Company organisation and lines of business

CETELEM ČR, a.s. (hereinafter referred to as "the Company") was incorporated on 23 October 1996 and started its business in June 1997. Its share capital is CZK 180,000,000.

Registered office:
CETELEM ČR, a.s.
Company No. [IČ] 25 08 56 89
Incorporated in the Companies Register with the Municipal Court in Prague, Section B, File 4331
Praha 5, Karla Engliše 5/3208, Post Code 150 00

Lines of business:

a — Services in the administrative management area, services of an economic and organisational nature (comprising the provision of non-bank credit and loans, issuance of credit cards, out-of--court debt collection for third parties, operations addressing insolvency, receivables purchasing, receivables assignment);
b — Data processing, hosting and related activities, network administration;
c — Intermediation of trade and services;
d — Leasing and lending of movable assets (including lease-purchase schemes, finance leases, operating leases, and office furnishings and equipment leasing and lending);
e — Advice and consulting, expert studies and opinions;
f — Out-of-school education and training, organising technical training courses, including lecturing;
g — Purchase goods for resale and sale;
h — Broking activities in the insurance industry;
i — Providing or procurement of consumer credit;
j — Payment institution activity in the extent of payment services in accordance with permission of the Czech National Bank.

In compliance with the applicable Act no. 284/2009 Coll., on the Payment system, as amended, the Company obtained a Payment Institution license issued by the Czech National Bank. This permission is necessary for issuing and administration of means of payments (credit cards) and related activities.

I.2 Governing and supervisory bodies as at 31 December 2013

Governing body	Position	In office from
Board of Directors		
Charles McArthur	Chairman of the Board of Directors	27 November 2012
Václav Horák	Vice-Chairman of the Board of Directors	11 June 2012
Milan Bušek	Vice-Chairman of the Board of Directors	11 June 2012
Eric Turbot	Member of the Board of Directors	6 May 2013
Miguel Pereira	Co-opted member of the Board of Directors until the date of the next General Meeting	10 December 2013
Supervisory Board		
Alain Van Groenendael	Chairman of the Supervisory Board	11 June 2012
Georgi Dimitrov Georgiev	Member of the Supervisory Board	1 November 2012
Karel Šťáva	Member of the Supervisory Board elected by employees until 31. 12. 2013	9 November 2010
Audit Committee		
Georgi Dimitrov Georgiev	Chairman of the Audit Committee	1 November 2012
Květoslava Vyleťalová	Vice-Chairman of the Audit Committee	22 June 2010
Karel Šťáva	Member of the Audit Committee until 31. 12. 2013	22 June 2010

I.3 Organisational structure

No major change was made in the Company's organisational structure during the 2013 accounting period. The Company has no separate organisational component.

Number of employees – average full time equivalents

Year	Total	Of whom, managers
2012	439	12
2013	418	14

I.4 Persons holding more than 20% of the company's share capital and the size of their interest

Shareholder	Registered office of the company	% of the share capital
BNP Paribas Personal Finance S.A.	bd Haussmann 1, 75009, Republic of France	100%
Total		100%

The Company's parent company is BNP Paribas S.A. with its registered office at 16, boulevard des Italiens 750 09 Paris, Republic of France. CETELEM ČR, a.s. is a part of the consolidation group of BNP Paribas S.A.

I.5 Amendments made to the companies register

The Company is incorporated in the Companies Register maintained with the Municipal Court in Prague, Section B, File 4331.

On the basis of decision of the sole shareholder there was a change in the composition of the Board of Directors during the year 2013. As of 20 September 2013 the function of the Vice-Chairman of the Board of Directors Radoslaw Kuczynski was terminated. As of 6 May 2013 Eric Turbot became a member of the Board of Directors. He replaced Martin Fuchs who resigned from the Board of Directors 22 March 2013.

As of 31 December 2013 Karel Šťáva resigned from the function of the member of the Supervisory Board.

I.6 Agreements and contracts

No agreements conferring decision-making rights regardless of the interest in the share capital were entered into between members in 2013 or in the preceding years. No controlling agreements or profit transfer agreements were concluded.

II BASIS OF PREPARATION

II.1 Statement of compliance

These financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (version in force as at 31 December 2013).

In accordance with the processes of the BNP Paribas Group, the company did not apply some regulations of IAS 39 about hedge accounting and some adjustments which were not approved.

There were not used new standards, amendments and interpretations adopted by the European Union whose implementation was not compulsory for the year 2013.

Further standards mandatory from 1 January 2013 with no impact on the financial statement as at 31 December 2013 were not used.

II. 2 Purpose of financial statements

The BNP Paribas consolidation group, which also includes CETELEM ČR, a.s., applies the International Financial Reporting Standards, adopted as binding for use in the European Union. For this reason, and also considering the fact that the Company issued bonds on the basis of the approved Bond programme by the Czech National Bank as at 29 December 2010, CETELEM ČR, a.s. has decided to use only the International Financial Reporting Standards for bookkeeping and has prepared the financial statements in accordance with these Standards since the beginning of the year 2011.

III SIGNIFICANT ACCOUNTING POLICIES. SEGMENT INFORMATION

III.1 Significant accounting policies

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and the Interpretations adopted by the IASB's International Financial Reporting Interpretations Committee (IFRIC), approved for use in the European Union and applied by the BNP Paribas Group.

The 2013 financial statements do not cover any new standards, amendments or interpretations (SIC) adopted by the European Union, which were not binding for 2013 and standards applied by the European Union because their application should has no impact on the 2013 financial statements.

III.2 Accounting principles

The Company's books are kept in compliance with the generally accepted accounting and reporting principles, including, but not limited to, the following:

- True and fair view principle – selection of accounting principles that are relevant for the decision-making needs of the users of financial information and are reliable, i.e., credibly present the Company's results and financial position and reflect the economic nature of events, and are neutral, prudent and complete in all respects.
- Going-concern principle – the Company is expected to continue operating in the future periods.
- Accrual principle (independence of accounting periods) – transactions and events are taken account of in the accounting period in which they occur. This principle allows recognising the time lag between sales and purchases on the one hand and payment of cash on the other. Accruals/deferrals are recognised on a monthly basis.
- Consistency principle (permanence of methods) – the methods of reporting and classification of financial accounting items do not change, except for changes required by accounting standards or by reclassification of items is achieved a better presentation of an event.
- Materiality and aggregation principle – items material for users' economic decision-making are presented separately, whereas immaterial items are aggregated with other similar items.
- No-offset principle – payables and receivables, as well as costs and revenues, are reported separately, unless required or permitted by IFRS.
- Comparative information principle – comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

III.3 Consolidation

Under the Company's rules, the consolidation group comprises the accounting entities over which the Company solely exercises control. For solely control is considered when a company directly or indirectly owns more than 50 % of the voting rights. The company is not obliged to prepare consolidated financial statement if its individual financial statement is sufficient for filling a true and fair view of the accounting and financial situation of the consolidation unit. The reason is that controlled entities are immaterial individually and in aggregate.

Immateriality means a situation of an equity interest in a company, where none of the following assumptions is met: i) a contribution of at least EUR 15 million from consolidated income; ii) a contribution of at least EUR 1 million to the consolidated operating result or income before tax; iii) a contribution of more than EUR 500 million to consolidated assets.

The Company's equity interests do not meet any of the above conditions and are disclosed in "Other Long-term Securities and Investments".

III.4 Participations with significant influence

Investments in participations with significant influence are valued by the equity method, i.e. on the basis of the share of equity held. To have a significant influence means to participate in the financial and operating policy decisions of another company in which the Company holds an equity interest but which it does not control fully. To have significant influence, the Company must hold directly or indirectly at least 20% of the voting rights. In the financial statements, equity interests are presented in "Other Long-term Securities and Investments" (measured by the equity method) in the Assets part of the Balance Sheet and re-measurement is included in the relevant part of equity. When the loss of a company in which the Company holds an equity interest reaches or exceeds the equity interest, the value of the equity interest is reduced to nil and the Company's interest is written off as a future loss. Recognition of further losses is discontinued except to the extent that the Company is obliged to cover the loss under the law or under contract.

III.5 Financial instruments

III.5.1 Receivables and loans

a — Classification
Financial assets include, without being limited to, the loans provided by the Company. Loans and receivables are financial assets with fixed or pre-determinable payments, which are not tradable in an active market.

b — Measurement
Upon acquisition, at the moment of entering into an agreement concerning the financial instrument in question, loans are measured at fair value, which includes the initial costs of acquisition of the asset plus the payments of fees and commissions received, accrued by the effective interest rate method.

Subsequently, loans are re-measured to the carrying amount, i.e., the value of the financial asset at acquisition reduced by the instalments on the principal and further reduced or increased by the cumulative amortisation of the difference between the initial value and value at maturity, measured on the basis of the effective interest rate, and further reduced by impairment losses, if any.

Income from loans includes interest and the amortisation of transaction costs and received fees (commissions that are included in the initial acquisition cost of the loans, using the effective interest rate method, and are recognised in revenues and expenses over the life of the asset).

The Company does not hold or issue any other financial instruments re-measured to fair value with impact on the Income Statement.

Trade receivables are recognised in their carrying amount.

III.5.2 Financial liabilities

Financial liabilities include interest-bearing bank loans, bank overdrafts, issued securities, trade payables and other liabilities.

Interest-bearing bank loans and overdrafts are stated at remaining value using the effective interest rate.

III.5.3 Debt securities

Financial instruments issued by the Company are classified as debt instruments in such case that there is a commitment of the Company to deliver cash or another financial assets to the holder of the financial instrument.

Debt securities are valued by the emission value on the issue including transaction costs and subsequently measured at amortized cost used the effective interest rate method.

III.5.4 Derivatives and hedge accounting

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities.

The Company prepares formal documentation for hedging which details the hedging relationship, identifying the instrument, or portion of the instrument, the hedging strategy and the type of risk hedged, the hedging instruments, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Company assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether actual changes in the fair value or cash flows of the hedging instrument and the hedged item are within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged items. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

The accounting treatment of derivatives and hedged items depends on the hedging strategy. In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Gains or losses from revaluation of assets and payables". The amounts taken to shareholders' equity over the life of the hedge are transferred to the Statement of Comprehensive Income under "Net interest income". The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the measurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the Statement of Comprehensive Income. If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the Statement of Comprehensive Income. Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the Statement of Comprehensive Income.

III.5.5 Impairment of financial assets

a — Doubtful loans

For doubtful loans are considered assets where is a risk that debtors will not be able to meet all are part of its obligations.

b — Impairment of financial assets, provisioning and hedging

The Company reports impairment of financial assets in the case that (i) there exist objective reasons for permanent impairment as a result of a future loss event which occurred after the originate of the loan or assets acquisition, or (ii) due to an event affecting the amount or timing of future cash flows, and (iii) the probability of loss can be reliably measured.

The Company assesses the probability of permanent impairment of loans from the viewpoint of individual loans as well as from the viewpoint of asset groups.

On an individual basis, an asset is treated as impaired:
- in the case of a receivable overdue for three months,
- it is known, or indications exist, that the debtor is in serious financial difficulties and the risk exists that obligations will not be honoured.

Impairment of financial assets reflects the difference between the pre-failure value and the present value, discounted by the initial effective rate of interest on the asset consisting of its components (the principal, interest etc.) that are considered to be non-recoverable.

The changes resulting from impairment of financial assets are recognised in the Statement of Comprehensive Income and are reversed only if the subsequent increase in the recoverable value is attributable to events that occurred after the initial recognition of permanent impairment. Impairment loss is reversed only to the extent that the book value of the asset does not exceed the amortized value that would be determined if there were no permanent impairment loss.

In the case of failure of an asset, the theoretical interest income to be included in the asset (measured by the initial effective interest rate and discounted using the assumed recoverable cash flow) is recognised in 'interest income' in the Statement of Comprehensive Income. Impairment of loans is carried in the separate accounts of the allowances that reduce the value of the loans recognised in assets at cost.

Financial assets are written off in part or in full and the respective allowances reversed when all available debt collection methods have failed or the time for debt collection expired or when the Company transfers all risks and rewards related to the financial asset to a different subject. All rights and obligations related to the transfer are recognised separately as assets or liabilities.

For receivables for which impairment is not monitored on an individual basis, the impairment is permanently valued on a portfolio basis with the pooling of loans with similar characteristics. An internal rating scheme, using historical data, made it possible to develop this system. Historical data serve to estimate the probabilities of loss. This helps the Company to identify the group of debtors whose debts are likely to suffer permanent impairment, and who are not recognised individually as doubtful debtors. This calculation also helps to estimate future losses from the portfolio of receivables, taking into account the trends of the economic cycle in the period of estimation. Changes in the allowance on a portfolio basis are recognised in the Statement of Comprehensive Income.

On the basis of an expert decision, the Company can create additional allowances on a portfolio basis to cover unexpected economic events. This approach is applied when it is not possible to use in an effective manner the parameters from portfolios of loans with similar characteristics.

III.6 Foreign currency transactions

Foreign currency transactions are transactions denominated or requiring settlement in a currency other than the functional currency. A functional currency is the currency of the primary economic environment in which the Company operates. The method employed depends on the classification of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Czech crowns at the end of reporting period at the exchange rate of the Czech National Bank at that date. Non-monetary assets and liabilities denominated in a foreign currency, which are stated at historical cost, are translated at the foreign exchange rate as at the date of the transaction.

Foreign exchange differences arising on translation are charged to financial expense or to financial income as at the date of the financial statements.

III.7 Financial assets and liabilities offsetting

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet only when the Company has a legally enforceable right to offset the recognised amounts and intends to settle the respective asset and the respective liability on a net basis or to realise the asset and settle the respective liability at the same time.

III.8 Inventories

With regard to its line of business, the Company does not recognise inventories. Consumption of overhead material is charged to costs on the accrual basis. Material remaining unconsumed at the date of financial statements is recognised as 'Other assets'.

III.9 Cost of risk

Cost of risk includes allowances corresponding to the impairment of fixed-income assets, in particular receivables on loans and receivables from financial institutions. The cost of risk item also includes the reported losses caused by bad debt write-off and proceeds from written-off receivables, and damage caused by fraud.

III.10 Tangible and intangible assets

Property, plant and equipment are stated in the Balance Sheet as operating assets and investment property. The Company currently records operating assets that are used for the provision of services. It does not own any investment property intended to generate income from rent.

Internal software which fulfils the Group capitalization rules is capitalized at the amount of direct development expenses including external expenses and staff costs of participating employees.

The assets for which substantially all the risks and rewards of ownership remain with the lessor are classified as operating lease and these assets are not recognised in the Company's Balance Sheet. Rent payments are recognised in the Statement of Comprehensive Income over the duration of the lease.

a — Methods of valuation of non-current assets
Tangible and intangible non-current assets acquired are valued at acquisition cost at the date of the accounting transaction. The acquisition cost also includes the costs directly related to the acquisition of the asset.

Thereafter the value of non-current assets is reduced by accumulated depreciation and amortisation and further losses caused by impairment.

b — Allowances for non-current assets
As at each date of financial statements, the Company assesses the book value of its tangible and intangible assets, taking into account its possible impairment. If there are signals that the book value of an asset is higher than its estimated realisable value, the Company re-measures the asset to its realisable value by a one-time write-off. The asset impairment losses are recognised in the item of "change in allowances and provisions". A stock-take of the assets was performed and no reasons were found for reducing their value by allowances for tangible and intangible non-current assets.

c — Methods of depreciation/amortisation
In its accounting, the Company depreciates its non-current assets on a straight-line basis according to the approved depreciation plan, which reflects an expert assessment of the economic and technical useful life of the assets. Improvements of leased assets are depreciated over the period of use of the assets. The depreciation is recognised through the asset depreciation part of the Statement of Comprehensive Income.

When parts of an asset have different useful lives, requiring replacement at different times, such components are depreciated as separate items (technical equipment of leased premises).

Impairment of non-current assets is assessed at least once a year. When impairment of an asset is identified, the Company posts an allowance that reduces the value of the asset and is recognised in profit or loss (impairment of assets). The allowances are reversed when the estimate of asset impairment is changed or when reasons for reducing the value of the asset no longer exist.

The loss or gain from the disposal of the tangible assets that were used for operating activities is recognised as 'impairment' (Statement of Comprehensive Income).

Depreciation/amortisation plan:

Name	Accounting depreciation Period of depreciation
Software and other intangible non-current assets	3
Office buildings / improvement	Term of lease (in fixed-term agreements)
- building	80 – 60 years
- façade	30 years
- technical equipment	20 years
- fixtures and fittings	10 years
Machines, instruments and equipment	5
Passenger cars	3
Equipment and furniture	5 or 8
Computers	3

III.11 Employee costs and benefits

Employee benefits are classified in one of four categories:
- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing, contribution from the social fund and additional payments;
- long-term benefits, including compensated absences, and other types of cash based deferred compensation;
- termination benefits;
- post-employment benefits, including pension plans.

The Company registers only short-term emoluments with maturity up to 12 months to its employees, specifically the wages, compensation for wages, other contributions, and benefits, expensed when paid.

Provisions are created for potential liabilities arising from employees' termination for redundancy and for remuneration of management where the payment depends on the fulfilment of conditions in the future periods.

The Company has no long-term liabilities and no pension liabilities to its employees. Under Czech legislation, the State is responsible for the payment of pensions to employees. The Company pays regular contributions as required by the law, which are expensed when incurred.

III.12 Provisions

A provision is recognised in liabilities when i) the Company has a present or constructive obligation as a result of a past event, ii) it is probable that a transfer of economic benefits will be required to settle the obligation and iii) a reliable estimate can be made of the amount of the obligation. If the effect of discounting is material, provisions are determined by discounting the expected future cash flows, reflecting the current market-based time value of money.

III.13 Cash and cash equivalents

Cash comprises cash on hand and cash in transit. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of encashment in the near future rather than as investment.

III.14 Revenue accounting

Interest income and expense related to all interest-bearing instruments are recognised in the Statement of Comprehensive Income in the relevant period, using the effective interest rate. Default interest is included in interest income once paid by the debtor. Fees related to loan provision are a part of the effective interest rate. Other fees and commissions are allocated to their relevant periods. Dividends from investments are recognised when shareholders' entitlement to dividend payment arises.

III.15 Income tax and deferred tax

The resultant tax amount stated in the Statement of Comprehensive Income includes the tax payable for the period and the deferred tax.

• Deferred tax
The accounting entity measures the deferred tax liability on the basis of the temporary differences caused by the different accounting and tax treatment of certain items only when the Company expects to generate a future taxable income against which the temporary differences can be offset, provided that tax deductibility conditions are met. The corporate income tax rate enacted for the next taxation period, or the expected rate, is used for the measurement of deferred tax.

• Provision for income tax
The accounting entity prepares its financial statements before filing the annual tax return and therefore it is not possible to fully eliminate a difference between the reported income tax payable and the actual tax liability. Such a difference, if any, is recognised in the period when the tax return is filed and the tax paid. The amount of the current tax is based on the result for the current period, adjusted by items that are not taxable or tax deductible, and is measured using the tax rates enacted at the date of the financial statements.

The income tax for the current period and the deferred tax are recognised in the 'Income tax' section of the Statement of Comprehensive Income. Deferred tax is recognized in the Balance sheet in part Owners' equity ("Gains or losses from revaluation of assets and liabilities").

III.16 Sectors and territories

The Company operates in the sector of loan provision to the retail segment. Its services are, for the most part, provided in the Czech Republic. Only a minor portion of its services are provided to other segments and therefore separate reporting by segment is not used.

III.17 The use of estimates

The preparation of financial statements in accordance with the IFRS requires the Company's management to make estimates and determine assumptions that can affect reported expenses and revenues in the Statement of Comprehensive Income, the amounts of the assets and liabilities reported at the end of the reporting period in the Balance Sheet and the information published in the Financial Statement for the period. These estimates, which apply in particular to the valuation of assets, and determination of impairment of assets and provisions, are based on information available at the end of the reporting period. The actual results may significantly differ from these estimates mainly due to the changes in market conditions.

The main areas in which material differences may occur between the actual result and the estimate include, in particular, allowances for loans, revaluation of derivative instruments for cash flow hedge including measurement of its effectiveness and provisions for potential liabilities. Information about the key forward-looking assumptions and about other key sources of uncertainty in the estimates at the end of the reporting period, which involves a significant risk of causing material adjustments to the carried amounts of assets and liabilities in the next period, is provided within the relevant chapters.

IV BALANCE SHEET: ADDITIONAL INFORMATION

IV.1 Cash and cash equivalents

Cash and cash equivalents (in CZK '000)	31 December 2013	31 December 2012
Cash and valuables	2,254	1,787
Total	2,254	1,787

IV.2 Receivables from banks and other financial institutions

Receivables from financial institutions (in CZK '000)	31 December 2013	31 December 2012
Bank accounts	28,165	58,895
Term-accounts	900,000	880,000
Total	928,165	938,895
Allowance for receivables from financial institutions	-7,996	-7,996
Receivables from financial institutions (net value)	920,169	930,899

IV.3 Receivables from clients

Receivables from clients (in CZK '000)	31 December 2013	31 December 2012
Loans provided	19,601,522	18,909,004
Total receivables from clients	19,601,522	18,909,004
Of which doubtful loans	4,399,279	4,204,823
Allowances for receivables	-4,479,781	-4,079,368
Net value of receivables from clients	15,121,741	14,829,636

Change in allowance for impaired assets (in CZK '000)	31 December 2013	31 December 2012
Allowance at the beginning of the period	-4,087,364	-3,877,819
Net increase in the allowance	-400,413	-209,446
Allowance at the end of the period	-4,487,777	-4,087,364

Note: /* Net increase in allowance in 2012 reduced by balance sheet reclassification of IFRS impact

Change in allowance by asset type (in CZK '000)	31 December 2013	31 December 2012
Receivables from financial institutions	-7,996	-7,996
Loans to and receivables from clients	-4,479,781	-4,079,368
Allowance at the end of the period	-4,487,777	-4,087,364

IV.4 Other long-term securities and investments

Name, registered office (in CZK '000)	% of share capital	Amount of equity for the 2013 accounting period *preliminary data	Accounting income for the 2013 accounting period *preliminary data
Společnost pro informační databáze, a.s. Praha 4, Antala Staška 510/38	27.96%	40,126	15,174

Společnost pro informační databáze, a.s. (SID, a.s.) was not included in the consolidation group because CETELEM ČR, a.s. does not have the position of a controlling or managing entity and because the investment in SID, a.s. is without any significance for the Company in terms of the balance sheet total, net turnover and equity.

In 2013, the value of this ownership interest was re-measured by the equity method as at the book closing date.

Name, registered office (in CZK '000)	% of share capital	Acquisition cost of financial asset	Valuation difference (equity method) * preliminary data	Value on re-measurement at 31 December 2013 (equity method) * preliminary data
Společnost pro informační databáze, a.s. Praha 4, Antala Staška 510/38	27.96%	572	11,218	11,790

The accounting entity is not a member with unlimited liability.

IV.5 Tax assets: Current and deferred

Deferred tax (in CZK '000)	2013			2013		
Item	Temporary difference	Tax rate	Deferred tax	Temporary difference	Tax rate	Deferred tax
Tangible and intangible non-current assets	29,756	19%	5,654	18,879	19%	3,590
Accrued interest income					19%	
Amortisation of fees	-192,619	19%	-36,598	-130,293	19%	-24,755
Total assets	-162,863		-30,944	-111,396		-21,165
Amortisation of fees	16,376	19%	3,111	24,898	19%	4,731
Liabilities arising from industrial relations	10,653	19%	2,024	11,497	19%	2,184
Allowance for receivables	235,241	19%	44,696	349,608	19%	66,426
Total liabilities	262,270		49,831	386,003		73,341
Revaluation of equity	8,889	19%	1,689	6,454	19%	1,226
Total equity	8,889		1,689	6,454		1,226
Total deferred tax liability/tax asset	108,296		20,576	281,061		53,402

IV.6 Property, plant and equipment

Tangible non-current assets (in CZK '000)	Buildings and constructions	Machines, instruments and equipment and furnishings	Computers	Passenger cars	Additions to tangible non-current assets	Tangible non-current assets
Assets as at 1 january 2012 at cost	47,374	20,571	81,291	22,733	23,552	195,521
Additions to non-current assets					16,048	16,048
Disposals of non-current assets		-349	-7,092	-9,833		-17,274
Transfer of completed capital projects				1,311	-1,311	
Assets as at 31 December 2012 at cost	47,374	20,222	74,199	14,211	38,289	194,295
Accumulated depreciation as at 1 Jan 2012	-26,571	-20,186	-77,883	-15,892		-140,532
Current year depreciation	-5,505	-289	-7,185	-11,343		-24,322
Net book value of non-current assets disposed of during the period				-1,311		-1,311
Accumulated depreciation of non-current assets disposed of during the period		349	7,092	9,832		17,273
Accumulated depreciation as at 31 Dec 2012	-32,076	-20,126	-77,976	-18,714		-148,892
Net book value of tangible non-current assets as at 31 December 2012	15,298	96	-3,777	-4,503	38,289	45,403
Assets as at 1 January 2013 at cost	47,374	20,222	74,199	14,211	38,289	194,295
Additions to non-current assets					20,561	20,561
Disposals of non-current assets			-3,369	-8,791		-12,160
Transfer of completed capital projects				282	-282	
Assets as at 31 December 2013 at cost	47,374	20,222	70,830	5,702	58,568	202,696
Accumulated depreciation as at 1 Jan 2013	-32,076	-20,126	-77,976	-18,714		-148,892
Current year depreciation	-5,766	-71	-7,983	-10,347		-24,167
Net book value of non-current assets disposed of during the period				-282		-282
Accumulated depreciation of non-current assets disposed of during the period			3,369	8,647		12,016
Accumulated depreciation as at 31 Dec 2013	-37,842	-20,197	-82,590	-20,696		-161,325
Net book value of tangible non-current assets as at 31 December 2013	9,532	25	-11,760	-14,994	58,568	41,371

IV.7 Intangible assets

Intangible non-current assets (in CZK '000)	Software	Other intangible non-current assets	Additions to intangible non-current assets	Intangible non-current assets
Assets as at 1 January 2012 at cost	227,450		2,425	229,875
Additions to intangible non-current assets			31,220	31,220
Disposals of intangible non-current assets				
Transfer of completed capital projects	32,215		-32,215	
Assets as at 31 December 2012 at cost	259,665		1,430	261,095
Accumulated amortisation as at 1 January 2012	-188,536			-188,536
Current year amortisation	-30,165			-30,165
Net book value of intangible non-current assets disposed of during the period				
Accumulated amortisation as at 31 December 2012	-218,701			-218,701
Net book value of intangible non-current assets as at 31 December 2012	40,946		1,430	42,394
Assets as at 1 January 2013 at cost	259,665		1,430	261,095
Additions to intangible non-current assets			33,921	33,921
Disposals of intangible non-current assets	-162			
Transfer of completed capital projects	35,061		-35,061	
Assets as at 31 December 2013 at cost	294,564		290	294,854
Accumulated amortisation as at 1 January 2013	-218,701			-218,701
Current year amortisation	-35,917			-35,917
Net book value of intangible non-current assets disposed of during the period	162			162
Accumulated amortisation as at 31 December 2013	-254,456			-254,456
Net book value of intangible non-current assets as at 31 December 2013	40,108		290	40,398

IV.8 Other assets

Accruals and other assets (in CZK '000)	31 December 2013	31 December 2012
Accrued income		
Prepaid expenses	16,802	17,710
Trade receivables	27,220	80,490
Total accruals and other assets	44,022	98,200

Temporary asset accounts contain prepaid expenses (prepaid overhead consumables, technical support for information systems, etc.); accrued income; payments expected but not yet received, attributable to the current period revenue (payable in the next period); and other assets, including, but not limited to, trade receivables.

IV.9 Liabilities to banks and other financial institutions

Liabilities to financial institutions (in CZK '000)	31 December 2013	31 December 2012
Bank accounts (overdraft)	175,860	97,282
Bank loans	10,923,696	12,189,362
Total liabilities to banks and other financial institutions	11,099,556	12,286,644

Liabilities to banks (in CZK '000) Type of liability	Interest rate	Securityí	31 December 2013 audited	31 December 2012 audited	Validity
Uncommitted line of credit (including overdraft) of CZK 260 million	Fixed	Guarantee by BNP Paribas S.A.		62,843	indefinite period
Uncommitted line of credit (including overdraft) of CZK 700 million	Fixed	Guarantee by BNP Paribas S.A.		41,171	indefinite period
Uncommitted line of credit (including overdraft) of CZK 1,000 million	Fixed	Guarantee by BNP Paribas S.A.	606,960	546,688	indefinite period
Uncommitted line of credit of CZK 2,500 million	Fixed	Guarantee by BNP Paribas S.A.	1,383,996	1,927,800	indefinite period
Uncommitted line of credit of CZK 3,000 million	Fixed	Guarantee by BNP Paribas S.A.	250,948	285,791	indefinite period
Uncommitted line of credit (including overdraft) of CZK 3,000 million (merged overdraft)	Fixed	Guarantee by BNP Paribas S.A.	2,693,378	2,253,469	indefinite period
Uncommitted line of credit (including overdraft) of CZK 5,420 million	Fixed	Guarantee by BNP Paribas S.A.	3,439,583	4,287,129	indefinite period
Other liabilities to banks	Fixed	Guarantee by BNP Paribas S.A.		107,236	indefinite period
Total bank loans			8,374,865	9,512,127	
Bank loans from related parties	Fixed	Unsecured	2,724,691	2,774,517	indefinite period
Total bank loans			11,099,556	12,286,644	

IV.10 Debt securities

Debt Securities (in CZK '000) Title	Issue date	Maturity date	Total nominal value	Interest rate	31 December 2013	31 December 2012
Cetelem ČR var/14	9. 5. 2011	9. 5. 2014	1,000,000	6M Pribor+0,83%	1,001,704	1,001,273
Cetelem ČR var/16	27. 6. 2013	27. 6. 2016	1,500,000	6M Pribor+0,55%	1,497,194	
Debt securities					2,498,898	1,001,273

IV.11 Provisions

Provisions (in CZK '000)	31 December 2013	31 December 2012
Provisions at the beginning of the period	67,103	65,780
Additions to provisions	264	1,323
Charges to provisions	-36,729	
Total provisions	30,638	67,103

In 2013 the accounting entity made accounting provisions for the Company's contingent liabilities arising from remuneration of management where the payment depends on the fulfilment of conditions in the future periods. During the year 2013 provisions for contingent liabilities under a lease agreement, provision for the replacement of information technology and provisions to cover contingent liabilities arising from labour-law were largely dissolved.

IV.12 Tax liabilities: Current and deferred

Income tax payable (in CZK '000)	31 December 2013	31 December 2012
Current period income tax	268,394	285,395
Income tax advance	267,479	258,254
Income tax assets		
Income tax liability	915	27,141

IV.13 Other liabilities

Accruals and other liabilities (in CZK '000)	31 December 2013	31 December 2012
Accrued income	1,318	2,778
Prepaid expenses	80,349	125,324
Trade payables and other liabilities	230,222	203,793
Interest Rate SWAP	9,977	7,047
Accruals and other liabilities	321,866	338,942

Accrued revenue consists of payments received from clients in respect of a future period and amortised by the effective interest rate.

Prepaid expenses consist of trade payables affected by the time lag occurring during the operations related to loan provision as at the book closing date (time lag between the date on which loans are granted and the date on which the relevant funds are debited to the Company's bank accounts to be credited to authorised dealers' and clients' accounts).

Trade payables and other payables comprise payables arising from labour-law relations, specifically unpaid wages, unpaid insurance and the down payment for employees' income tax for December 2013, payable in January 2014, the tax liability in respect of indirect taxes payable in January 2014, and liabilities to suppliers, including estimated items. Estimated items comprise the costs related to the current period, the amount of which was not precisely known as at the date of the financial statements. They include, in particular, unbilled supplies of services and goods (services purchased in connection with loan provision, supplies of utilities, postal charges, telecommunications services, database administration etc.).

Negative fair value of interest derivatives are liabilities from hedge derivatives in total amount of 2,250 million CZK with the maturity between 12 and 36 months.

As at 31 December 2013, the Company had no payables overdue for more than 180 days, nor did it have any other liabilities not stated in the Balance Sheet.

IV.13.1 Hedging derivatives

Hedging derivatives (in CZK '000)	31 December 2013		31 December 2012	
	Positive Fair Value	Negative Fair Value	Positive Fair Value	Negative Fair Value
Hedging of cash flow		9,977		7,074
Interest rate SWAP		9,977		7,074
Total hedging derivatives		9,977		7,074

Total nominal value of derivatives used for the purpose of interest risk hedge was 2,250 million CZK as at 31 December 2013. Hedging derivatives were at the amount of 1,000 million CZK as at 31 December 2012.

Derivatives for hedging purposes are primarily concluded on the basis of contract with BNP Paribas and are measured at fair value based on the methods used by BNP Paribas.

IV.14 Equity

As at 31 December 2013, the Company's equity was CZK 2,250,448,000; as at 31 December 2012 amounted to 2,289,567,000 CZK. Detailed information about the Company's equity is indicated in the Statement of Changes in Equity in chapter 3.

The Company's share capital is CZK 180,000,000 and is fully paid up. The Company issued 180,000 registered shares in uncertificated form, each with a nominal value of one thousand Czech crowns. Their transferability is restricted by the Company's articles of association. There has been no change in share capital in recent years.

Other comprehensive income, losses and Gains or losses from revaluation of assets and liabilities represent revaluation of shares in SID, a.s. and revaluation of hedging derivatives at fair value and deferred tax from revaluation.

On 6 May 2013, the sole shareholder, acting in the capacity of the General Meeting, decided to pay dividends from retained earnings of 2012 at the amount of 1,130,400,000 CZK and the amount of 22 629 000 CZK allocate to the established "Social Fund Cetelem" as a fund of profit. Within IFRS accounting that amount was included in staff costs with the impact on the profit for the current period.

Until the balance sheet preparation date the company has not decided on a dividend for the year 2013.

V STATEMENT OF COMPREHENSIVE INCOME: EXPLANATORY NOTES

V.1 Net interest income

Net interest income (in CZK '000)	31 December 2013			31 December 2012		
	Income	Expense	Net income	Income	Expense	Net income
Client transactions						
Credit and loans	2,391,065		2,391,065	2,389,400		2,389,400
Transactions with banks and other financial institutions						
Deposits, interest and loans		-296,504	-296,504	640	-339,100	-338,460
Net interest income /(expense)	2,391,065	-296,504	2,094,561	2,390,040	-339,100	2,050,940

Net interest income comprises all income and expenses related to financial instruments and reported using the method of amortisation of costs (interest, fees, commissions, and transaction costs), the amount of which is measured using the effective interest rate method.

V.2 Fees and commissions

Fees and commissions (in CZK '000)	31 December 2013			31 December 2012		
	Income	Expense	Net	Income	Expense	Net
Client transaction charges	282,490	-6,480	276,010	296,021	-5,514	290,507
Payment transaction charges	7,771		7,771	7,350		7,350
Commissions from insurance	188,329		188,329	320,786	-93,117	227,669
Other income	112,925	-42,135	70,790	134,572	-40,679	93,893
Net income on fees	591,515	-48,615	542,900	758,729	-139,310	619,419

Charge and commission income and expense comprise, in particular, the fees, commissions and contract penalties related to the Company's core business – the provision of loans; they do not constitute the initial direct income and expense reflected in the measurement of interest income using the effective interest rate.

V.3 Dividend income

In 2013, the Company received dividends at the amount of 2,757,000 CZK. In 2012, the Company received dividends at the amount of 2,964,000 CZK and other revenues from long-term financial assets amounted to CZK 52,000.

V.4 Other income and expense

Net income from other activities includes the Company's income and expenses related to the provision of non-core services. In 2013, other income amounted to CZK 11,790,000. In 2012, other income was at the amount of 12,878,000 CZK.

V.5 Payroll and personnel costs

Employee costs (in CZK '000)	31 December 2013	31 December 2012
Wage costs	-229,544	244,320
Other personnel expenses	-21,355	29,706
Social and health insurance	-71,038	75,346
Social fund	-22,629	
Total payroll costs	-344,566	349,372

V.6 General operating costs

General operating costs (in CZK '000)	31 December 2013	31 December 2012
Costs of payment instruments	-10,744	-10,460
Rent	-40,023	-44,084
Travel costs	-4,913	-11,204
Information technology	-98,636	-97,987
Low-value tangible and intangible assets	-4,594	-3,140
Other services	-242,985	-242,797
Other taxes and charges	35,910	50,165
Others	2,685	51,432
Net operating costs	-363,300	-308,075

V.7 Depreciation of property, plant and equipment

Depreciation of property, plant and equipment (in CZK '000)	31 December 2013	31 December 2012
Buildings and equipment	-5,766	-5,505
Computers	-7,983	-7,185
Vehicles	-10,347	-11,343
Other tangible assets	-71	-289
Total depreciation of PP&E	-24,167	-24,322

V.8 Amortisation of intangible assets

Amortisation of intangible assets (in CZK '000)	31 December 2013	31 December 2012
Software	-35,917	-30,165
Total amortisation of intangible assets	-35,917	-30,165

V.9 Impairment of receivables

Cost of risk for the current period (in CZK '000)	31 December 2013	31 December 2012
Net additions to allowances	-400,413	-410,178
Reversal of allowances	-117,947	-73,941
Receivables' write-off not covered by allowances	-13,455	-21,614
Total cost of risk	-531,815	-505,734

Cost of risk for the current period by type of asset (in CZK '000)	31 December 2013	31 December 2012
Loans to and receivables from clients	-531,815	-505,734
Total allowance	-531,815	-505,734

The entity wrote off the loss-making receivables whose value decreased due to permanent impairment caused by fraud or death of the debtor, and the write-off of which is, under the income tax act, tax allowable, and also receivables which the Company, given its long-term experience, does not expect to recover or the Company is not able to collect actively because the period expired. The amount written--off was CZK 84,529 thousand in 2013 and CZK 54,542 thousand in 2012.

In 2013, income from written-off and transferred outstanding amounted to 15,035 thousand CZK, in the year 2012 11,471 thousand CZK. These incomes are part of Other income and expenses in chapter V.4.

V.10 Impairment of assets

Asset impairment means a realised loss or gain from the disposal of the non-current assets used for operating activities and intended for replacement. In 2013, this gain amounted to CZK 3,386,000 and in 2012 it was CZK 2,323,000.

V.11 Provisions

The accounting entity made in 2013 accounting provisions at the amount of 264 thousand CZK concerning contingent liabilities arising from remuneration of management where the payment depends on the fulfilment of conditions in the future periods. In 2013 provisions for contingent liabilities under a lease agreement, provisions for the replacement of information technology and provisions to cover contingent liabilities arising from labour-law were dissolved at the amount of 36,729 thousand CZK.

In 2012, provisions were made at the amount of 1,323 thousand CZK concerning contingent liabilities arising from labour-law relations.

V.12 Income tax

Income tax	31 December 2013	31 December 2012
Profit before tax	1,090,412	1,469,585
Income tax rate	19%	19%
Tax rate for the assessment of deferred tax	19%	19%
Non-tax deductible costs	192,949	88,921
Other non-tax deductible items	108,296	281,061
Income tax	-301,682	-296,116
of which:		
Current period income tax (income tax provision)	-268,394	-285,395
Deferred tax	-33,288	-10,721
Impact occurring after the closing of the period		

As at 31 December 2013, the effective tax rate was 19.27 %. In 2012, the amount was 19.42 %. The difference between the effective tax rate and tax rate is due to significant reduction of allowances for doubtful debts on loans: owing to the limit on tax deductible allowances, they were not accepted as tax-deductible costs.

V.13 Earnings per share

Net earnings per share (in CZK '000)	31 December 2013	31 December 2012
Net earnings per share for the current period	1,090,412	1,173,469
Number of shares	180,000	180,000
Net earnings per share	6.06	6.52

VI RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

VI.1 Overall presentation of risks

The Company's strategy is to apply a prudent and balance approach in all areas of taken risks – credit risk, market risk, particularly in the area of liquidity risk, interest rate risk, operational risk and regulatory risk. The Company's core business is the provision of consumer loans to private individuals and the provision of services related thereto. The Company is mainly exposed to risks concerning to this segment. The objective of risk management is to maintain stable long-term profitability of the Company through various risk management tools, especially statistical models and processes, skilled employees and the application of the rules of BNP Paribas Group.

The Company has been and still can be exposed particularly to the external environment influence due to a significant deterioration in market, economic and regulatory conditions, in particular the deterioration in the credit or liquidity market, increasing protection of consumer or from macroeconomic situation (recession, decline in household consumption, unemployment, etc.).

Market failure and a sharp economic decrease, which may occur rapidly and therefore they cannot be fully predicted, could impact the business environment for the financial institutions for a short or long period of time. They could have had a significant adverse impact on the financial situation of the Company, its business, economical result or the cost of risk.

The following major risks have been identified in the context of these activities:

• Credit risk
in terms of receivables from clients or business partners represents an existing or threatening risk of loss in economic value due to the failure of clients to meet their obligations, it is associated with changing creditworthiness of a debtor;

• Interest rate risk (market risk)
the Company provides loans to private individuals and/or business owners under terms and conditions that are fixed contractually when the loan is being granted. Interest rate risk is a change in market interest rates during the contractual relationship. To ensure the stability of net interest income, the tariff rate must be ensured against any fluctuations in the economic environment, especially against changes in the market rates (interest rate risk);

• Liquidity risk
represents potential loss due to lack of sufficient financial means to cover liabilities from the business. The Company must ensure that mainly sufficient funds to cover the loans provided to its clients are available to it throughout its life (liquidity risk);

• Operational risk
risk of loss due to shortcomings or failures of internal processes, the human factor, or the system, or risk of loss due to external factors including risk of loss due to violation or non-observing of legal regulation. Operational risk includes risks of human resources, compliance risks, legal risks, tax risks, informational technology risks, risk of failure and reputational risk (public reputation of the Company).

• Regulatory risk
risk of loss due to legal regulation changes which influence significantly entrepreneurship of the Company.

VI.2 Credit risk

Credit risk represents an existing or potential risk of loss of economic value of receivables on loans due to clients' default. It is associated with deterioration in the borrowers' credit quality, which may lead to losses for the Company. The estimated probability of loss and expected effectiveness of recovery actions in the case of default are the key parameters of credit quality measurement. The loan portfolio does not contain any significant individual items: it consists of a large number of loans with relatively small amounts to be repaid.

The risk of other counterparties, where exists or may arise financial obligatory to the Company, is also monitored within credit risk management.

• Risk of clients' insolvency
The risk of insolvency proceedings comprises the risk of bankruptcy being declared in respect of the client's assets, resulting in an initiation of mechanisms foreseen by law for the discharge of debts. Therefore, the Company is exposed to a risk of financial losses due to a lower recoverability, limited amount of recoverable debt and due to a longer period of receivables recovery. The risk of clients' insolvency is regularly monitored within the uniform system for evaluating credit risk.

• Risk of early repayment
The risk of early repayment is the risk that clients could pay their liabilities earlier and higher amount than expected, resulting in a financial loss for the Company. The risk of early repayment of granted loans is regularly observed and monitored. In the current period was not achieved significant deviation from the anticipated development.

• Impact of the macroeconomic development on the credit risk management
The credit risk development can be adversely affected by the macroeconomic development. The credit risk in the area of providing consumer loans is particularly sensitive to rising unemployment, prises and the gradually increasing indebtedness of households even leading to excessive indebtedness and growing number of personal bankruptcies. The Company´s used criteria for an approval of loans are focused to minimize the losses caused by the aforementioned negative effects. A part of risk management standard procedures is an assistance service for clients having problems with the repayment of their loans.

VI.2.1 Credit risk management

In order to manage the credit risk, the Company uses the uniform methodology defined by the central risk management of the parent company and is adjusted in procedures of the Group applied by the BNP Paribas Personal Finance. The methods and tools for risk management depend on the type of loans. Selection and ongoing monitoring of distribution channel is critical for consumer loans. Loans are provided to clients in accordance with the segmentation by using scoring models and expert systems. Credit risk of business partners is restricted by monitoring of maximum limits of risk set for each vendor.

External databases are used for appraisal of creditworthiness of clients and business partners. Used databases are Solus and CNCB – Czech Non-Banking Credit Bureau and both are operated by interest associations of legal entities.

The highest internal body for credit risk management in particular areas, for assessing and approving limits on credit risk for all credit transactions and products is a Credit Committee. The Credit Committee assesses and approves the principles of business policy with respect to credit risk management; assesses and approves non-standard loan transactions exceeding the limits defined for system assessment and approval of credit transactions; defines and approves the system of measurement and management of credit risk, including the level structure of credit portfolio of the Company to achieve specified levels of financial goals; compares and assesses actual development of credit risk with defined goals; monitors and manages changes in setting rules for loan approval and approves corrective measures in case of exceeding set limits. During risk management of other counterparties, where exists or may arise financial obligatory to the Company, monitors mainly compliance with the exposure to individual counterparties. The Credit Committee has one subcommittee which main purpose is consulting, evaluating and taking action in the area connected with providing funding to cooperating business partners.

The Risk Direction is a separate organisational unit, independent of the Company's business and financial activities and is responsible for overseeing the Company's credit risk, including:

• Determination of the conditions for lending and conditions of co-operation with trading partners;
• Provision of system support for loan transactions;
• Credit risk monitoring, measuring and reporting;
• Realizing remedial measures when limits are exceeded or adverse trends emerge;
• Management of data infrastructure and the analytical systems that support risk management;
• Definition of procedures for the prevention of fraudulent operations;
• Contributing to the formulation of the Company's internal rules and work procedures;
• Overseeing the credit risk scoring models.

VI.2.2 Overdue receivables

The table below shows the net book values of outstanding receivables by the length of time past the due date, not reduced by created portfolio allowances (allowances on a portfolio basis); it also shows the values of doubtful debts reduced by individual allowances (with allowances applied on an individual basis), and the security, if any, for these assets.

Overdue receivables and liabilities reduced by individual allowances, as at 31 December 2013 (in CZK '000)	Overdue receivables not covered by individual allowances					Doubtful receivables not covered by individual allowances	Total loans and other overdue liabilities	Security for overdue receivables not covered by individual allowances	Security for doubtful receivables covered by individual allowances
	Total	Up to 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets measured to fair value									
Tradable financial assets (except for variable-income securities)									
Loans to and receivables from financial institutions									
Loans to and receivables from clients	1,513,331	1,513,331				952,029	2,465,360		
Overdue receivables reduced by individual allowances	1,513,331	1,513,331				952,029	2,465,360		
Off-balance sheet liabilities – loan commitments									
Guarantees granted									
Off-balance sheet liabilities reduced by allowances									
Total	1,513,331	1,513,331				952,029	2,465,360		

Overdue receivables and liabilities reduced by individual allowances, as at 31 December 2012 (in CZK '000)	Overdue receivables not covered by individual allowances					Doubtful receivables not covered by individual allowances	Total loans and other overdue liabilities	Security for overdue receivables not covered by individual allowances	Security for doubtful receivables covered by individual allowances
	Total	Up to 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets measured to fair value									
Tradable financial assets (except for variable-income securities)									
Loans to and receivables from financial institutions									
Loans to and receivables from clients	1,735,184	1,735,184				751,555	2,486,739		
Overdue receivables reduced by individual allowances	1,735,184	1,735,184				751,555	2,486,739		
Off-balance sheet liabilities – loan commitments									
Guarantees granted									
Off-balance sheet liabilities reduced by allowances									
Total	1,735,184	1,735,184				751,555	2,486,739		

VI.3 Market risk (risk of loss from assets and liabilities management)

All financial instruments and positions of the Company are exposed to market risk, i.e. the risk that a future change in the market conditions may impair the value of or may disadvantage a certain instrument.

The Company uses methods and procedures for credit risk and currency risk management applied by the BNP Paribas Group. The purpose is to manage the risk of the fluctuations in net interest income which are caused by changes in interest rates, foreign exchange rates, and the maturities of financial instruments, through the asset/liability gap analysis and the approved limits in each of the groups.

VI.3.1 Market risk management

The Committee for assets and liabilities management is the supreme authority for the management of assets and liabilities; discusses the analysis of the structure of assets and resources to cover them. The Committee mainly monitors and manages interest rate risk and liquidity risk; assesses actual amount of available resources and proposes requirements of refinancing for the specified following period; interprets risk and in case of need takes decision; decides about the securing from; supervises compliance of limits set for a different types of refinancing and their correspondence with the Group's policy; reviews the availability of resources, their amount in relation to business plans and plans for future development of the Company; seeks and evaluates alternative refinancing options and monitors compliance with the capital adequacy required by law and discusses its amount with competent units of the Group.

VI.3.2 Interest rate risk

Interest rate risk is the risk of a change in the value of a financial instrument as a result of a change in the market interest rates. The period of time for which the financial instrument's interest rate is fixed indicates the extent to which the instrument is exposed to the interest rate risk resulting from different maturities. Interest rate risk is also caused by the different maturities of underlying floating-rate financial instruments. The Company provides, for the most part, fixed-rate loans with fixed maturity, which bear no interest rate risk attributable a variable nature of their pricing conditions. Interest rate risk is also minimised by the selection of a refinancing form corresponding to the financial asset's profile at the time of its inception, refinancing sources with the floating interest rate are provided in the form of hedging derivatives.

VI.3.3 Currency risk

Currency risk emerges when the economic value of a foreign-currency financial instrument is affected by changes in foreign exchange rates. To eliminate this risk, such financial asset must be matched by a liability denominated in the same currency in which the asset was provided. The currency risk management is governed by the principle that customer products are funded by refinancing sources in the same currency. The Company does not record foreign-currency assets and liabilities in amounts at which a change caused by exchange rate fluctuations could cause material loss. The functional currency of the Company is the Czech crown and its activities are carried out mainly in Czech crowns.

VI.3.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to obtain sufficient readily available funds to meet its liabilities resulting from financial contracts. Assignable financial instruments (assets/liabilities) with a variable interest rate, identical underlying rate, but different maturity, cause the liquidity risk. The liquidity risk results from various maturities of assets and liabilities, and it comprises the risk that the Issuer would not be able to finance its assets as of the relevant maturity date and in the corresponding rate, and the risk that the Issuer would not be able to fulfil its liabilities as they become due.

The Company's approach to liquidity management is based on providing for sufficient liquidity to pay all of its liabilities as they fall due under both ordinary and extraordinary circumstances without incurring any material losses. The Company monitors on a regular basis the maturities of the various financial assets and liabilities and the information supporting the planned cash flows. The daily liquidity position is recorded and is regularly tested against various scenarios reflecting both normal and adverse market conditions.

The Company creates a liquidity reserve in the form of short-term deposit in case of the liquidity crisis.

The Company uses different refinancing methods. For the most part, financing is provided for through bank loans from third parties, bank loans within the Group, debt securities, and the Company's own funding. Support by the BNP Paribas Group, also in the form of hedging liabilities of the Company, is one of the pillars of the Company's liquidity management; it improves financing flexibility and reduces the risks inherent in the dependence on other sources and the risk of potential adverse impacts.

Financial assets and liabilities by maturity as at 31 December 2013 (in CZK '000)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans to and other receivables from clients	941,044	1,623,457	6,001,840	5,569,228	357,109	14,492,678
Financial assets by maturity	941,044	1,623,457	6,001,840	5,569,228	357,109	14,492,678
Liabilities to financial institutions	1,020,000	1,180,000	3,130,000	2,810,000		8,140,000
Bonds			999,718	1,496,979		2,496,697
Financial liabilities by maturity	1,020,000	1,180,000	4,129,718	4,306,979		10,636,697
Net position	-78,956	443,457	1,872,122	1,262,249	357,109	3,855,981

Financial assets and liabilities by maturity as at 31 December 2012 (in CZK '000)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans to and other receivables from clients	831,381	1,469,320	5,590,685	5,709,483	569,417	14,170,286
Financial assets by maturity	831,381	1,469,320	5,590,685	5,709,483	569,417	14,170,286
Liabilities to financial institutions	770,000	1,750,000	4,085,000	2,710,000		9,315,000
Bonds			999,051			999,051
Financial liabilities by maturity	770,000	1,750,000	5,084,051	2,710,000		10,314,051
Net position	61,381	-280,680	506,634	2,999,483	569,417	3,856,235

VI.4 Operational risk

Operational risk is the risk resulting from inadequacy or failures of internal processes, people and systems or from external events, which had, could have or could have had the consequence of the lost or opportunity cost.

Operational risk comprises the human resource risks, the compliance risk, legal risks, tax risks, information system risks, outage risks, risks related to financial information disclosure, and the reputation risk (public reputation of the Company).

VI.4.1 Operational risk management

The main aim of operational risk management is the preparedness for critical situations and minimisation of potential losses of the Company by increasing the efficiency of management and control system, identification of strengths and weaknesses of the control mechanisms and creating the early warning system.

The operational risk management in the Company has to take into account:
- Own risk profile – own general exposure to the potential operational risk events;
- Risk tolerance – the degree of exposure to the operational risk, which the company is able to accept.

The Company set up these objectives and principles of operational risk management:
- Mobility of all employees to implement measures to control risk.
- Reduce the likelihood of operational risk incidents that could threaten:
  - The good name of the company;
  - The confidence which have clients, shareholders, investors, employees and supervising authorities towards the Company;
  - The quality of services and products;
  - The profitability of its business;
  - The efficiency of processes.
- Maintaining effective management and control system with appropriate level of formalization, which enables the proper risk control.
- Achieving an appropriate balance between risks taken and the cost of operational risk management system.

The Company has put in place operational risk management standards and processes for compliance with these principles and objectives including:
- Monitoring of compliance with statutory regulations and other legal requirements.
- Definition and separation of each individual's competences.
- Observance of principles of independent multiple authorisations of transactions and their ex post checking and monitoring.
- Documentation of controls and procedures, including regular evaluation and identification of operational risks.
- Regular reporting of operating incidents, disclosure of losses and proposals for remedial measures.
- Measures to mitigate the impacts of risks, including insurance if considered to be effective.
- Preparation of contingency plans to manage emergency situations.
- System of training and professional development.
- Standards of ethics, and business codes of practice.

The Committee for operational risk and security is the supreme authority for operational risk management. The Committee discusses and evaluates areas of activities related to operational risk and security of the Company (physical and informational) including the state of emergency planning in the Company. The Committee for operational risk and security discuss in particular the status of historical and potential incidents, their coverage of internal controls; discusses the losses and potential losses from incidents; controls the accuracy of approach to calculate these losses and examines the adequacy of capital to cover these risks and examines the map of company's risks from the point of timeliness and completeness in relation to operational risks.

In 2013 were mapped risks of operating departments, legal department, marketing, car financing direction and retail on the basis of the annual plan. It was also updated 10 scenarios of potential incidents.

VI.4.2 Regulatory risk

The business environment is being increasingly affected by changes in legislation and the interpretations thereof by the governmental authorities competent to do so. Fully in line with the principles applied within the EU, the growing interest in boosting consumer protection, in particular, has a bearing on the Company. Higher quality information provided to consumers, and hence their improved competence, also plays a major role. Organisations for consumer right protection are also important agents of change.

The Company is obliged to satisfy a number of regulatory requirements, in particular those set out in the Civil Code, as a piece of general legislation, and also those set out in special legislation on consumer credit, insurance mediation and personal data protection, and in laws and regulations on payment services, capital markets, taxes, bookkeeping and reporting. Changes in the above legislation can have a major impact on the market environment in which the Company operates. However, these changes are not fully predictable. Any change in legislation or governmental authorities' decision-making practice, which results in a material change of the conditions for lending, a requirement to obtain a permit/licence to operate a business, any intervention with the position of lenders or with their capital, or the imposition of new obligations and restrictions – all of this can have unfavourable impacts on the company's business, results, financial standing, liquidity and business prospects.

In order to eliminate the regulatory risk, the Company has in place a mechanism for monitoring legislative amendments and evaluating their impacts. Either on its own or as a member of professional organisations, the Company monitors and evaluates legislative plans and also specific proposals put forth by the stakeholders in the law-making process in the Czech Republic and the EU. This is the case in, for example, the areas of personal data, capital requirements for lending institutions, taxes, intermediation of financial products, licensing of non-bank providers of consumer credit etc. Since the legal framework within which the Company carries on its business is continuously evolving, its future shape cannot be fully predicted, and the impacts on the Company's activity therefore cannot be evaluated to the full extent.

With regard to its core business, the Company is primarily obliged to satisfy the requirements for consumer protection in the provision of financial services. The key laws in this respect include Act No 145/2010 on consumer credit, as amended, and Act No 89/2012, the Civil Code.

Where the Company's business practices fail to meet the requirements of the law on consumer credit, which are mainly placed on the particulars to be contained in loan agreements, advertising, and on performing the information obligations prior to and during the course of the credit relationship, an up to CZK 20 million administrative fine can be levied on the Company. As a result of contravening the law, the Company can also face financial losses from credit transactions because of the risk that the contractual rate of interest is reduced retroactively, or it may be held liable for the Company's trade partners (credit intermediaries) failing to perform their own information obligations to clients.

Effective as of 1 January 2014, the Company is subject to extensively overhauled private law and company law (Act No 89/2012, the Civil Code, and Act No 90/2012 on business corporations) and the related laws and regulations. During the course of 2013, the Company adjusted its client documentation, contracts with trade partners, corporate documents and internal processes to the new legislation. In view of the ambiguous interpretation of certain provisions of the above codes, and hence the need to wait for the relevant case law, the Company cannot however rule out the risk of errors in its internal processes, contracts with clients or informative documents, such as can be capable of causing the duty to pay administrative fines or the obligation to face claims under private law, primarily consumers' claims.

The emphasis on a high degree of customer satisfaction is reflected in the tighter legislative requirements placed on the content and intelligibility of client documentation. The Company is therefore continuously modifying its lending conditions and process with a view to maximising protection for consumers' vested interests and minimising the risk of penalisation for non-compliance with the respective legislation and with the evolving interpretation thereof by the State's supervisory and surveillance authorities and courts' unifying opinions. A rapid development of jurisprudence can be expected in the application of the new Civil Code.

The Company is licensed as a payment institution under Act No 284/2009 on payments. Its position as an entity so regulated entails the obligation to continuously meet the criteria for the design and working of the internal management and control system and the requirements placed on process management and risk management, those for the existence of suitable technical, personnel and organisational prerequisites for the prudent provision of payment services, and also capital requirements.

Practices contrary to the terms on which the payment institution licence was awarded can result in a prohibition of payment service provision through electronic payment instruments (credit cards) issued by the Company, and, in turn, contraction of the future volume of funds provided in the segment of revolving loans.

A potential future loss of the licence for business under the law on payments may have a significant unfavourable impact on the company's business, financial standing, business results, liquidity and business prospects.

In 2013, the Czech National Bank, as the payments surveillance authority, conducted an inspection at the Company, centred on compliance with the law on payments as regards the Company's performance of its information obligations related to payment service provision and as regards the Company's anti-money laundering procedures. The CNB did not note any non-compliance.

In connection with the legislation governing the environment in which the Company operates, the potential risk of breaching the rules for the protection of personal data of the Company's clients should be noted. The Company is subject to the obligations and restrictions laid down in Act No 101/2000 on personal data protection, as amended.

A breach by the Company of statutory obligations in personal data protection could attract a penalty of up to CZK 10 million. As at the date of the financial statements, the Company is not aware of any breach of personal data protection rules such as could result in a penalty imposed by the Office for Personal Data Protection; however, the Company is unable to rule out this possibility.

The Company may be exposed to a risk related to the administrative proceedings pending between the Office for Personal Data Protection and SOLUS, a special-interest association of juristic persons, Reg. No. 69346925, of which the Company is a member and whose rules for personal data processing in the client registers operated by it the Company applies in its credit rating processes. These administrative proceedings concern the legal opinion expressed by the Office for Personal Data Protection on personal data processing in credit bureaus and the data subjects' right to revoke at any time their consent to data processing, even if they have overdue debts. Should a court uphold the above regulatory authority's legal opinion, the information value of the credit bureaus used in credit risk management could be impaired and the potential losses from riskily granted credit may increase.

The risk cannot be ruled out that the Company's procedures will be held non-compliant with legislation, which may result in a risk that an administrative fine will be levied and also a risk of the Company having to face civil claims from consumers. The foregoing may result from the following: the ongoing absence of rulings clarifying the interpretation of legislation and the absence of unifying regulatory practice mainly on the part of regulatory authorities and authorities competent for out-of-court dispute resolution, for example, as regards the inconsistency in their attitude to the alleged unlawful charging of fees for credit account administration and keeping by entities having the same object of business as the Company, to creditors' options for unilateral amendments to their contracts with consumers, to the assessment of 'unfair terms' to which consumers are subjected, etc.

In credit risk management, the Company will also have to cope, on an ongoing basis, with the impacts of the already enacted legislative changes related chiefly to the implementation of e-government, as a result of which creditors can be expected to have fewer opportunities to obtain and check client identification data and other data important for credit risk management from the identification documents produced by clients.

Despite the Company's effort to minimise the costs incurred in litigation to collect debts – from the perspective of the subject matter of litigation, where the overwhelming majority of the legal disputes concerns clients defaulting on their obligations under loan agreements – the Company is compelled to refrain from using alternative dispute settlement through arbitration due to the tighter legislative framework for resorting to arbitration in consumer disputes and in view of the current developments in courts' case law.

The transition to the standard, i.e. judicial resolution of disputes over defaulted loans, will result in higher costs incurred in recoveries, and both in terms of the direct costs related to court proceedings and in terms of the overhead costs related to operating the Company's internal process of litigation. We infer this impact from the change of statutory provisions on the flat rate of fees for legal representation of parties to proceedings, enacted in 2013, and from an evaluation of the impacts of the forthcoming amendment to the Civil Procedure Rules, which will apparently reduce in practice the possibility to use external legal advice in the process of managing debts under defaulted loans with a view to preventing the possibility for claiming the costs of external legal representation in a considerable part of the disputes conducted by the Company.

The Company proceeds prudently and applies due care in financial service provision while taking into account consumers' vested interests, but going forward, it cannot rule out a non-compliance risk related to the contemplated amendment to the law on criminal liability of juristic persons.

In 2013, the Company was compelled to modify its internal processes and contractual framework for co-operating with certain trade partners in order to minimise the risk inherent in the change of legislation on the value added tax, i.e. the risk that the Company would be liable for its trade partners' failure to pay VAT.

The Company operates in financial service provision to consumers. It is therefore affected by the legislative plans presented by political representatives in late 2013. The Company regards as most essential their considerations to impose caps on interest rates or a cap on APR, which will have to be reflected in the product pricing structure.

As at the date of the financial statements, the Company is not involved in any exceptional case or dispute such as would have a material impact on its financial standing, activity, results, or assets and liabilities. The Company's dispute agenda focuses on recovering overdue receivables from clients or trade partners.

The Company is not aware of any other significant risks arising from potential administrative proceedings conducted by inspection and surveillance authorities.

VII OTHER INFORMATION

VII.1 Off-balance sheet receivables and payables

As at 31 December 2013, the potential liabilities arising from approved lines of credit and loan commitments to clients amounted to CZK 11,751,693,000 and as at 31 December 2012 they amounted to CZK 11,562,615,000. Liabilities arising from approved lines of credit do not necessarily imply future disbursements, because a part of the future liabilities will be discharged without the funds being drawn in full.

VII.2 Contingent assets and liabilities

The Company is not aware of any material contingent liabilities and does not record any contingent assets. As of the date of financial statements, the Company does not register any exceptional case of dispute. The Company is not aware of any risks resulting from potential administrative proceedings conducted by the inspectional or supervisory bodies.

VII.3 Related parties

VII.3.1 Income and costs

Relationships to related parties Income Statement items (in CZK '000)	31 December 2013	31 December 2012
Interest expenses	-97,724	-94,750
Interest revenues	261	634
Commissions and fees	188,329	227,092
Services provided by the Company	2,383	50,450
Services provided to the Company	-27,173	-29,194
Total	66,076	154,232

VII.3.2 Amounts receivable from and payable to related parties

Relationships to related parties Balance Sheet items (in CZK '000)	31 December 2013	31 December 2012
Assets		
Term-accounts	900,000	880,000
Other assets	9,026	63,393
Total assets	909,026	943,393
Liabilities		
Amounts payable on loans	2,724,691	2,774,517
Other liabilities	9,195	9,009
Liabilities IRS	9,977	7,074
Total liabilities	2,783,526	2,790,600

VII.3.3 Transactions with members of the company's management

(in CZK '000)	Receivables in respect of the loans and credit lines provided		Personnel expenses (wages, statutory payments)		Other benefits	
	Balance as at 31 December 2012	Balance as at 31 December 2013	2012	2013	2012	2013
Governing body & Supervisory Board	974	866			182	92
Managerial staff		2,066	33,842	45,095	1,344	1,453
Total	974	2,932	33,482	45,095	1,526	1,546

Other benefits include income quantified under Act No 586/1992 for the purpose of determining income tax. They include, in particular, the free-of-charge availability of a car for both business and private use and contributions to private pension schemes and with-profits life assurance policies.

The Company's shareholders, directors, Supervisory Board members and managers were not granted any loans, credit or security by the Company under conditions other than at arm's length in the relevant accounting period or in any previous periods. The interest rates and the terms and conditions of the loans provided to such persons corresponded to the terms and conditions offered by financial institutions at similar times and locations.

The information about the members of the managerial staff also includes considerations and benefits provided to those who at the same time were members of the governing body.

VII.4 Cost of audit fees

Information about the total cost of fees paid to auditor's company of the financial year ended 31 December 2013 is listed in the notes of consolidated financial statements of the parent company.

VII.5 Subsequent events

No other events that could significantly affect the Company's results and development were recorded between the end of the reporting period, 31 December 2013, and the date of the financial statements, except for what is generally known about the development of the Czech market and economy.

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BNP PARIBAS GROUP