



Raiffeisen
LEASING

ANNUAL REPORT

2017

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About the Company

For 24 years, Raiffeisen – Leasing has been one of the leading leasing companies providing non-bank financial services on the Czech market.

In terms of the volume of assets, Raiffeisen – Leasing holds the fourth place on the Czech leasing market, and in non-bank financing of real estate it has consistently been the number.

The Company is a member of the Raiffeisen financial group and since 4 October 2017 it has been solely owned by Raiffeisenbank a.s., which is the fifth largest bank on the domestic market in terms of assets.

Raiffeisen - Leasing is a member of the Czech Leasing and Finance Association, the Czech-German Chamber of Commerce and Industry and the American Chamber of Commerce in the Czech Republic. Corporate social responsibility forms an essential part of the Company's philosophy.

Raiffeisen - Leasing offers funding to companies and individuals for their investment needs. On the domestic market, Raiffeisen - Leasing offers a fully unique range of financing fixed assets, from real estate and development financing to the financing of machinery, equipment, technology, freight vehicles, tractor units, locomotives, ships and planes, to the financing and fleet management of passenger cars and utility vehicles.

2017 was the most successful year in Raiffeisen – Leasing's history and the Company continued to experience extraordinary growth that began in 2013. The economic results developed positively, we concluded over 7,800 contracts. The volume of newly concluded trades rose to more than CZK 8 billion, of which 23% were real estate projects (CZK 1.9 billion), 53% were vehicles (CZK 4.3 billion) and the remaining part represented the financing of machinery, equipment and technology. The value of consolidated assets at the end of 2017 amounted to CZK 19 billion in total. The major part of the client portfolio is composed of companies and entrepreneurs. The Company's long-term growth stems from the Company's ability to react flexibly to market demands and to offer quality services and innovative products (such as the operating full service leasing launched in 2015).

Raiffeisen - Leasing obtains new business cases especially through its own sales network which is able to provide services to clients in all regions of the Czech Republic through its Prague and regional branches. The sales network is composed of experienced sales teams with Raiffeisen – Leasing's own employees. Like in previous years, a significant part of the business cases was obtained through Raiffeisenbank. 2017 therefore saw a continuation of the successful cooperation with Raiffeisenbank, both in the offer of lease products for medium-sized and corporate companies and in the direct offer of car financing for entrepreneurs and small companies via the bank branch network.

We would like to take this opportunity to thank our clients for their trust and loyalty. We also thank our business partners for the efforts we have made together to provide our clients with top-level products and services.

For more information visit www.rl.cz.

Management of Raiffeisen - Leasing, s.r.o. as of 31 December 2017



Tomáš Görtler
General Manager



Alois Lanegger
Statutory Executive responsible
for Front Office



Jiří Kruncel
Statutory Executive responsible
for Back Office

General Information on the Company

as of 31 December 2017

Name of the Company:	Raiffeisen - Leasing, s.r.o.
Legal status:	Limited Liability Company
Recorded in the Register of Companies:	22 June 1994
Corporate ID:	61467863
Registered office:	Prague 4, Hvězdova 2b
Share capital:	CZK 450,000,000
Owner:	Raiffeisenbank, a.s. (100%; since 4 October 2017)
Statutory executives:	Tomáš Görtler Alois Lanegger Jiří Kruncel
Branches and business representation:	Ostrava, Pardubice, Brno, Teplice
Equity investments in other entities:	Refer to Capital Investments
Labour relations:	In line with the Labour Code and relating regulations
Business activities	<ul style="list-style-type: none"> › Production, trade and services not listed in appendices 1 to 3 of the Trade Licencing Act › Provision of mediation of consumer loans › Valuation of immovable assets › Activity of accounting advisors, bookkeeping, tax record-keeping
Website	www.rl.cz

Position of Raiffeisen - Leasing on the Czech Market

Raiffeisen - Leasing is one of the top leasing companies, in 2017 it ranked fourth among the members of the Czech Leasing and Finance Association in terms of the volume of receivables from active contracts, with a market share of 7.7%.

Based on the rankings issued by the Czech Leasing and Finance Association, Raiffeisen - Leasing has consistently maintained the first place in non-bank financing of real estate with a 62% market share in the volume of newly concluded business cases in 2017. This is one of our most successful business activities. Last year Raiffeisen - Leasing participated, for example, in the construction of the ice rink in Prague-Strašnice, the construction of hotels and residential projects in Prague. In late 2017 we successfully sold the first part of the H-Park business centre in Brno, which is our own project with retail units.

Based on the volume of new business cases in the financing of heavy transport machinery (27.8% market share), aeroplanes and railway machinery (13.9% market share), IT (15.4% market share) and healthcare equipment (40.2% market share) in 2017, we ranked among the TOP 5 leasing companies. Raiffeisen - Leasing is strong especially in the segment of small and medium-sized enterprises, but our portfolio also includes a significant share of corporate clients. On the other hand, private individuals represent only a small part of the client portfolio.

Primary Activities

We provide finance leases, operating leases including full service operating leases, and loans, which we offer with respect to the potential use of grant support. We provide a wide range of insurance products for the financed assets from leading insurance companies operating on the Czech market.

Financing for companies and entrepreneurs plays the main role in the portfolio of active contracts. Private individuals represent only a small part of the portfolio, but this segment is nevertheless important for us and we give it the attention it deserves; we hold a licence for providing consumer loans.

Our projects and initiatives follow the strategy of the Raiffeisen group, we support group financing of corporate value. Our primary goal is customer orientation, the quality of provided products and services is on the forefront of our attention. We try to offer customers attractive products and at the same time we try to keep control of the level of credit risk and profitability of business cases. Raiffeisen - Leasing consistently maintains the contract portfolio at a very good quality.

We focus on profitability, the volume of new business cases, responsibility, trustworthiness and reliability in the provision of our services.

We purposefully target activities leading to higher productivity and efficiency and we therefore optimise processes across the Company and focus on the development on information technology.

We use the synergy with Raiffeisenbank not just in offering financial products but increasingly also in improving the efficiency of the internal operation of the Company.

The support of our employees is important for us as employees are key for the Company's successful operation. We are aware of how important each employee is for us and we therefore develop a motivational system with regard to the performance of individuals as well as teams. We consider education to be an essential pillar and for this reason we develop a training system for new hires and existing employees. We strengthen the method of internal communication and information sharing across the Company.

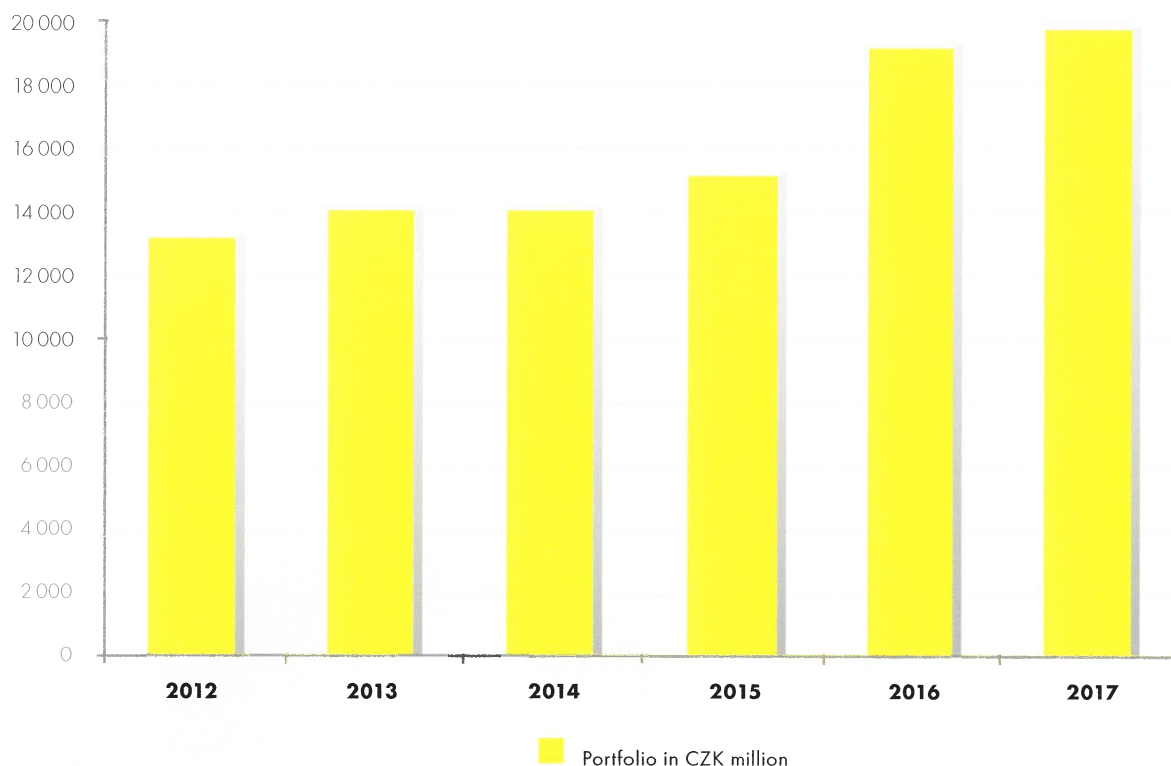
We focus on the possibilities of personal and career growth of our employees in order to support their potential and quality of work. Interpersonal relations in the workplace are important for us and thanks to that we have very low employee fluctuation.

In 2017 as in previous years we supported non-profit organisations. In September 2017, we donated a Škoda Octavia to the Regional Charity in Pardubice, which will allow the workers to access their clients more easily. Like every year, we supported the publication of the Silent World calendar whose sale allows the Tichý svět organisation to obtain funds for the operation of the organisation and services for deaf people. In December, we supported the organisation of an advent market held by the Act for

Others foundation. Aside from charity events we also supported a range of educational and cultural activities.

In 2018 we plan to further strengthen our market position. We will continue via our own sales network to strengthen our consistently solid position in the financing of transport technology, machinery, equipment and real estate. We will support our acquisition and retention programme, we will continue in the successfully established cooperation with Raiffeisenbank, we will focus on increasing the efficiency of internal processes, development of information technology and the ongoing improvement of our products and services so that our clients have the best possible experience with the services of Raiffeisen - Leasing.

Portfolio in CZK million



Capital Investments

As of 31 December 2017, Raiffeisen Leasing, s.r.o. owns 82 project companies where it directly or indirectly holds a 100% ownership interest, and additionally:

- › The Company owns 10% in two project companies, Luna Property, s.r.o. and Kalypso Property, s.r.o., the remaining 90% is owned by Raiffeisen - Leasing International Gesellschaft m.b.H.
- › The Company owns 10% in the project company Viktor Property, s.r.o., where the remaining 90% is owned by RLKG Raiffeisen - Leasing Gesellschaft m.b.H
- › The Company owns 50% in the project company RLRE Ypsilon Property, s.r.o., where the remaining 50% is owned by Raiffeisen - Leasing Gesellschaft m. b. H.
- › The Company owns 77% in Létó Property, s.r.o., where the remaining 23% is owned by RUHR FVE s.r.o.
- › Indirectly via Létó Property, s.r.o. the Company owns 77% in the project company Sky Solar Distribuce s.r.o., the remaining 23% is owned by RUHR FVE s.r.o.
- › The Company owns 90% in the project company GS55 Sazovice s.r.o., where the remaining 10% is owned by GS5 s.r.o.
- › The Company owns 90% in the project company Palace Holding s.r.o., where the remaining 5% is owned by Petr Skrla and the remaining 4% is owned by pan Milan Hagan

- › The Company owns 90% in the project company FORZA SOLE s.r.o., where the remaining 10% is owned by Eques Fotovoltaica Fundusz Inwestycyjny Zamkniety
- › The Company owns 95% in the project company Hebe Property, s.r.o., where the remaining 5% is owned by Mr Pavel Diviš
- › The Company owns 95% in the project company Rheia Property, where the remaining 5% is owned by Snow-How ČR, s.r.o.
- › Other business relations are described in the notes to the financial statements.

Information on Pricing, Credit and Liquidity Risks Faced by the Reporting Entity, and Risk Management Aims and Methods including the Company's Policy on Using Hedging Derivatives

Raiffeisen Leasing, s.r.o. maintains sufficient liquidity through loans. Leased assets are not pledged in favour of creditors. The pricing policy and the Company's risk management (ie interest rate, currency and economic risks) are subject to standard processes of the Raiffeisen Group.

Financial Statements for the Current Reporting Period

The annual financial statements for the current reporting period are provided in Appendix 2 to this Annual Report. An overview of the Company's assets is evident from the schedules disclosed in the Company's financial statements that form an integral part of this Annual Report.

Information on Significant Post Balance Sheet Events

None occurred.

Report on Related Party Transactions pursuant to Sections 82 of Act No. 90/2012 Coll., on Business Corporations

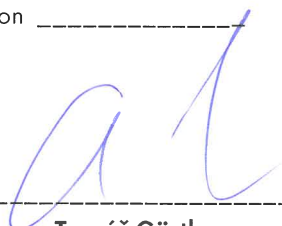
The Report on Related Party Transactions pursuant to the provisions of Sections 82 of Act No. 90/2012 Coll., on Business Corporations, is provided in Appendix 3 to this Annual Report.

Auditor's Report

The Auditor's report is provided in Appendix 1 to this Annual Report.

The Statutory Executives declare that the information contained in the annual report reflects the actual state of affairs and that they are not aware of any significant events that occurred between the balance sheet date and the date of the annual report preparation.

In Prague on _____



Tomáš Görtler
statutory executive



Alois Lanegger
statutory executive



Josef Langmayer
statutory executive

Appendix 1

Auditor's Report

INDEPENDENT AUDITOR'S REPORT **To the Partners of Raiffeisen - Leasing, s.r.o.**

Having its registered office at: Hvězdova 1716/2b, 140 78 Praha 4 - Nusle

Opinion

We have audited the accompanying financial statements of Raiffeisen - Leasing, s.r.o. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as at 31 December 2017, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Raiffeisen - Leasing, s.r.o. as at 31 December 2017, 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 EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

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

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

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

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

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

Responsibilities of the Company's Partners for the Financial Statements

The Partners are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Partners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

In Prague on 25 June 2018

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Diana Rádľ Rogerová
registration no. 2045



Appendix 2

Separate Financial Statements as of 31 December 2017

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Name of the Company:	Raiffeisen - Leasing, s.r.o.
Registered Office:	Hvězdova 1716/2b, 14078 Praha 4 - Nusle
Legal Status:	Limited Liability Company
Corporate ID:	614 67 863

Components of the Separate Financial Statements for 2017 Prepared under IFRS as Adopted by the EU:

Statement of Financial Position (Balance Sheet)


Statement of Comprehensive Income

Statement of Changes in Equity

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 25 June 2018.

Statutory body of the reporting entity:	Signature
Mag. Alois Lanegger jednatel Ing. Tomáš Gütler jednatel	Josef Langmayer, MSc., MBA 

Balance sheet

As of 31 December 2017

CZK '000	Note	2017	2016
ASSETS			
Cash on hand		115	89
Cash at bank		423 236	331 192
Receivables from clients (net)	14,15	14 249 985	11 503 348
Positive fair values of financial derivatives	16	88 510	28
Investments in subsidiaries	17	508 512	509 006
Intangible fixed assets	18	11 683	10 893
Property, plant and equipment	18	742 305	523 554
Investment property	18	151 702	155 559
Other assets	19	190 679	201 015
TOTAL ASSETS		16 366 727	13 234 684
LIABILITIES			
Payables to banks	20	13 936 437	11 137 740
Payables to clients	21	104 952	49 419
Negative fair values of financial derivatives	22	7 340	47 772
Deferred tax liability	23	87 553	87 781
Provisions	24	78 585	49 435
Other liabilities	25	220 094	167 650
Share capital	26	450 000	450 000
Retained earnings/accumulated losses	26	1 183 169	876 215
Profit for the period	26	298 597	368 672
TOTAL LIABILITIES		16 366 727	13 234 684

Statement of Comprehensive Income

for the Year Ended 31 December 2017

CZK '000	Note	2017	2016
Interest income and similar income	1	413 652	362 713
Interest expense and similar expense	2	-95 914	-85 281
Net interest income		317 738	277 432
Change in allowances for risks arising from contract funding	3	60 094	-42 555
Net interest income net of allowances		377 832	234 877
Fee and commission income	4	18 168	21 778
Fee and commission expense	5	-12 674	-10 923
Net fee and commission income		5 494	10 855
Foreign exchange rate gains or losses	6	1 904	533
Profit or loss from derivative transactions	7	116 633	-12 231
Income from dividends	8	116	28
Income from investments	9	10 557	278 379
General operating expenses	10	-393 607	-294 659
Other operating income	11	446 187	233 399
Other operating expenses	12	-188 779	-54 377
Profit before tax		376 337	396 804
Income tax	13	-77 740	-28 132
Profit for the period		298 597	368 672
Cash flow hedge net of tax		8 899	-
Other comprehensive income (after income tax)		8 899	-
Total comprehensive income for the year		307 496	368 672

Statement of Changes in Equity

As of 31 December 2017

CZK '000	Share capital	Statutory reserve fund	Retained earnings/ accumulated losses	Revaluation of assets and liabilities	Profit for the period	Total equity
Balance at 31 Dec 2015	450 000	0	693 743		248 602	1 392 345
Dividends			-66 130			-66 130
Allocation to reserve funds						0
Allocation to retained earnings			248 602		-248 602	0
Net profit for the period					368 672	368 672
Other comprehensive income, net						
Total comprehensive income for the period						
Balance at 31 Dec 2016	450 000	0	876 215		368 672	1 694 887
Dividends			-70 617			-70 617
Allocation to retained earnings			368 672		-368 672	0
Net profit for the period					298 597	298 597
Other comprehensive income, net				8 899		8 899
Total comprehensive income for the period						
Balance at 31 Dec 2017	450 000	0	1 174 270	8 899	298 597	1 931 766

Cash Flow Statement

For the Year Ended 31 December 2017

CZK thousand	2017	2016
Opening balance of cash and cash equivalents	331 281	433 148
Profit before tax	376 337	396 804
Adjustment for non-cash transactions	-338 784	-442 879
Recognition/release of allowances for financing risks, write-off of receivables	-60 094	42 555
Depreciation of property, plant and equipment and amortisation of intangible	140 467	69 347
Recognition/release of provisions	29 150	-8 702
Change in the fair value of derivatives	-117 927	11 217
Received dividends	-116	-28
Profit/loss from the sale of property, plant and equipment and intangible assets	-65	-924
Profit/loss from the sale of equity investments	-10 557	-278 379
Foreign currency translation	-1 904	-533
Interest expense and interest income	-317 738	-277 432
Operating profit before the change in operating assets and liabilities	37 553	-46 075
Change in working capital	-2 619 109	-3 424 364
Change in receivables and deferred expenses and accrued income	-2 679 228	-3 258 109
Change in payables and accrued expenses and deferred income	-2 661	-157 381
Change in other assets	10 336	-17 599
Change in other liabilities	52 444	8 725
Paid interest	-91 205	-81 942
Received interest	408 241	358 806
Net cash flow from operating activities before tax	-2 264 520	-3 193 575
Income tax paid	-26 571	-57 428
Net cash flow from operating activities	-2 291 091	-3 251 003
Cash flow from investment activities		
Income from the sale of fixed assets	10 622	279 303
Purchase of tangible and intangible assets	-355 657	-396 503
Dividends received	116	28
Net cash flow from investment activities	-344 919	-117 172
Cash flow from financing activities		
Change in payables from financing	2 798 697	3 332 438
Impacts of changes in equity	-70 617	-66 130
Dividends paid	-70 617	-66 130
Net cash flow from financing activities	2 728 080	3 266 308
Net change in cash and cash equivalents	92 070	-101 867
Closing balance of cash and cash equivalents	423 351	331 281

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Name of the Company:	Raiffeisen – Leasing, s.r.o.
Registered Office:	Hvězdova 1716/2b, 140 78 Prague 4 - Nusle
Legal Status:	Limited Liability Company
Corporate ID:	614 67 863

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1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

1.1. Incorporation and Description of Business

Raiffeisen – Leasing, s.r.o. (hereinafter the “Company”) was recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 29553, on 22 June 1994. The Company was formed through a Deed of Association at the beginning of 1994. The Company started its operations on 1 July 1994.

As a result of a merger by amalgamation, all assets and liabilities, including the rights and obligations arising from labour relations, of Raiffeisen – Leasing Real Estate, s.r.o., corporate ID 264 92 687, which was dissolved without liquidation, were transferred to the Company.

- › The principal activities of the Company include:
- › Provision or mediation of consumer loans;
- › Valuation of assets – immovable assets;

Production, trade and services not listed in appendices 1 to 3 to the Trade Licensing Act. These primarily include: lease of movable and immovable assets (leases), purchase of goods for resale, provision of loans and borrowings, services regarding administration and organisational and economic services; and

Accounting advisors, bookkeeping, and maintenance of tax records.

In addition to the principal activities, the Company is authorised to perform all activities that seem to be necessary or useful for the achievement of its interests. The Company may form branches and/or subsidiaries in the Czech Republic or abroad and be involved in their plants in any legal form.

The Company generates a predominant part of its sales in the Czech Republic.

The amount of the paid-in share capital is CZK 450,000 thousand as of 31 December 2017 (2016: CZK 450,000 thousand).

1.2. Entities with Equity Interests in the Company

Owners as of 31 Dec 2017	Share
Raiffeisenbank a.s., Hvězdova 1716/2b, Nusle, 140 00 Prague 4, Czech Republic	100 %
Total	100 %

1.3. Statutory Body and the Supervisory Board as of 31 December 2017

Statutory body	Position
Alois Lanegger	Statutory executive
Jiří Kruncl	Statutory executive
Tomáš Görtler	Statutory executive

Supervisory Board	Position
Igor Vida	Chairman of the Supervisory Board
František Ježek	Member of the Supervisory Board
Tomáš Jelínek	Member of the Supervisory Board
Michael Hackl	Member of the Supervisory Board
Markus Kirchmair	Member of the Supervisory Board
Rudolf Rabiňák	Člen dozorčí rady

1.4. Changes in the Register of Companies

The following changes were recorded in the Register of Companies in the reporting period:

- › Chairman of the Supervisory Board, members of the Supervisory Board and the number of members of the Supervisory Board were recorded; and
- › A change in the Company's owner was recorded.

1.5. Organisational Structure

The Company is internally organised into the Sales Department (Car Financing, Technology Financing, Real Estate Financing), Administration Department, Accounting Department, Risk Management Department (Corporate Clients and Real Estate, Retail Clients), Treasury Department, Controlling Department, IT Department, Legal Department (includes Legal, Compliance and HR), Car Fleet Management, Marketing and Product Development, Real Estate Investment Department, Secretariat and Procurement.

As of 31 December 2017, the Company had branches with registered offices in Pardubice, Brno, Teplice and Ostrava.

1.6. Consolidation Group Identification

The Company is part of the consolidation sub-group of Raiffeisenbank a.s., whose registered office is located at Hvězdova 1716/2b, 140 78, Prague 4. The Company is part of the Raiffeisen financial group that is controlled by Raiffeisen Bank International AG, Vienna. Consolidated financial statements are prepared by Raiffeisenbank, a.s.

With the approval of both of its owners, the Company does not prepare the consolidated financial statements. Raiffeisen Bank International AG (ultimate parent) prepares the consolidated financial statements which are available for public use and which comply with International Financial Reporting Standards.

1.7. Other Information

Raiffeisen – Leasing, s.r.o. and Raiffeisen – Leasing Real Estate, s.r.o. prepared

a project of merger by amalgamation with effect from 1 January 2015. Raiffeisen – Leasing, s.r.o. is the successor company while Raiffeisen – Leasing Real Estate, s.r.o. is the dissolved company.

The merger project was prepared by the Company's statutory executives pursuant to the Czech Act on Transformations, the Act on Business Corporations and other effective regulations.

The successor company, Raiffeisen – Leasing, s.r.o., assumed the assets and liabilities of the dissolved Raiffeisen – Leasing Real Estate, s.r.o. and included them in the relevant line items of the opening balance sheet. Mutual transactions in the amount of CZK 20,647 thousand were excluded from other assets of the successor company and other liabilities of the dissolved company.

2. CHANGE IN THE APPLICATION OF ACCOUNTING STANDARDS SINCE 1 JANUARY 2011

In accordance with the amendment to Act No. 563/1991 Coll. on Accounting, as amended, effective since 1 January 2011, the general meeting of the Company decided to prepare the statutory local financial statements under International Financial Reporting Standards ("IFRS") and interpretations approved by the International Accounting Standards Board ("IASB"), as adopted by the European Union. The reason for this change is the fact that IFRS better present the economic situation of the Company in financing assets, primarily in finance leases, than Czech Accounting Standards.

The Company uses a similar structure of financial statements as the parent company Raiffeisenbank, a.s.

3. ACCOUNTING POLICIES AND GENERAL ACCOUNTING PRINCIPLES

The Company used the accounting policies described in Note 4 on a consistent basis throughout the reporting period.

The financial statements include the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements including accounting policies and explaining comments.

The financial statements were prepared on an accrual principle, ie transactions and other facts were recognised at the time of their origination and recognised in the financial statements in the period to which they relate on an accrual basis, and under the going concern assumption.

These financial statements were prepared on a cost valuation basis, except for financial assets and financial liabilities at fair value through profit or loss (including all financial derivatives).

The financial statements, including the notes thereto, are unconsolidated and do not include the effect of financial statements of jointly controlled entities.

The Company prepares the unconsolidated financial statements in line with the requirements of Act No. 563/1991 Coll., on Accounting, as amended.

The financial statements are prepared as of the balance sheet date on 31 December 2017.

The reporting period is the calendar year.

These financial statements are presented in CZK thousands.

a) Standards and Interpretations Effective in the Reporting Period

In the reporting period, the following standards, interpretations and amendments to existing standards issued by the IASB and adopted by the European Union were effective for the first time:

- › **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- › **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017); and
- › **Amendments to IFRS 12 "Disclosure of Interests in Other Entities"** (effective for annual periods beginning on or after 1 January 2017). The amendments are part of the annual improvement project of IFRS "Improvements to IFRSs (cycle 2014-2016)".

The adoption of these amendments resulted in no changes in the Group's accounting policies.

b) Standards and Interpretations Issued by the IASB and Adopted by the EU but Not Yet Effective

As of the approval date of these financial statements, the following standards, amendments to existing standards and new interpretations adopted by the EU were issued but not yet effective:

- › **Amendments to IFRS 2 "Share-based Payments"** - Classification and measurement of share-based payment transactions - adopted by the EU on 26 February 2018 (effective for annual periods beginning on or after 1 January 2018);
- › **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time); and
- › **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018).

IFRS 9 “Financial Instruments” is effective for annual periods beginning on or after 1 January 2018 and supersedes IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and measurement – IFRS 9 introduced a new approach to financial asset classification, which is based on the characteristics of cash flows and a business model based on which an asset is held. This single approach arises from the principles of and replaces the existing requirements of IAS 39. The new model also results in forming a new impairment model applied to all financial instruments.

Impairment – IFRS 9 introduced a new impairment model based on expected losses requiring earlier reporting of expected credit losses. Specifically, the new standard requires that entities account for their expected financial losses when the financial instruments are initially recognised and that they report expected losses earlier over the useful life of the financial instrument.

The standard introduces a three-level model reflecting changes in credit quality from the initial recognition

Level 1 includes financial assets with no material increase in the credit risk from the initial recognition or with a low credit risk as of the financial statements date. 12-month expected credit losses are recognised. Interest income is calculated based on the gross book value of assets.

Level 2 includes financial assets with a material increase in the credit risk from the initial recognition but lacking an objective evidence of impairment. Expected credit losses are recognised over the term of these assets. Interest income is calculated based on the gross book value of assets.

Level 3 includes financial assets with objective evidence of impairment. The expected credit losses are recognised over the term of these assets. Interest income is calculated based on the net book value of assets.

Hedge accounting – IFRS 9 introduces a revised model of hedge accounting, including a more precise disclosure of risk management activities. The new model is a significant revision of hedge accounting aligning accounting policies and activities in risk management.

Internal credit risk – IFRS 9 eliminates volatility in profit or loss, which resulted from the changing credit risk of liabilities selected to be measured at fair value. This change in accounting means that profits resulting from the deterioration of the internal credit risk of the liabilities is no longer recognised in profit or loss.

The Company adopted IFRS 9 with effect from 1 January 2018. Upon initial recognition as of 1 January 2018, the effect from a change in the impairment of financial assets was accounted for through equity on a one-time basis. Due to new requirements for creating allowances, on-going changes will be presented in the statement of comprehensive income after 1 January 2018.

Due to changes in the methodology of calculating allowances and provisions for credit risks, the aggregate impact of the initial application of IFRS 9 on the Company’s equity is anticipated at CZK 36-40 million, net of tax, as of 1 January 2018.

- › **Amendments to IFRS 9 – “Financial Instruments”** – Prepayment features with negative compensation – adopted by the EU on 22 March 2018 (effective for annual periods beginning on or after 1 January 2019);
- › **IFRS 15 “Revenue from Contracts with Customers”** – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018); and
- › **Amendments to IFRS 15 “Revenue from Contracts with Customers”** – Clarifications to IFRS 15 “Revenue from Contracts with Customers” – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).

IFRS 16 "Leases" issued by the IASB on 13 January 2016. Under IFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. As with IFRS 16's predecessor, IAS 17, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease. At present, the Company assesses the impacts of the standard on its financial statements from 1 January 2019 onwards.

- › **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property – adopted by the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018);
- › **Amendments to various standards due to "Improvements to IFRSs (cycle 2014-2016)"** – adopted by the EU on 7 February 2018. The amendments result from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 – refer to letter (a); amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018); and
- › **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

The Company decided not to apply these standards, amendments and new interpretations adopted by the EU but not yet effective before their effective dates. The Company anticipates that the application of these standards and amendments (with the exception of IFRS 9) in the period of their first-time adoption will have no significant impact on the Company's financial statements.

c) Standards and Interpretations issued by the IASB, but not yet adopted by the European Union

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by the IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as of the financial statements approval date (the effective dates listed below are for IFRS issued by the IASB):

- › **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- › **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021);
- › **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely until the research project on the equity method has been concluded);
- › **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019);
- › **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019);
- › **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- › **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019); and

- › **Amendments to references to the IFRS Conceptual Framework** (effective for annual periods beginning on or after 1 January 2020).

The Company anticipates that the adoption of the above stated standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the Company's financial statements.

Overview of Significant Accounting Principles, Policies and Valuation Methods

3.1 Transaction Recognition Date

The transaction recognition date is the day when a delivery is performed, a payable is settled, a receivable is collected, an advance payment is made or received, a shortfall, deficit, surplus or damage is determined, an asset is transferred within the reporting entity or when other events occur arising from the internal circumstances of the Company that are subject to accounting and that occurred in the Company or can be supported by relevant documents.

3.2. Intangible Fixed Assets and Property, Plant and Equipment (Tangible Fixed Assets)

Tangible fixed assets include internal assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 40 thousand on an individual basis. Tangible fixed assets also include vehicles held under operating lease (fleet management). Intangible fixed assets include internal assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 60 thousand.

The cost of fixed asset improvements exceeding CZK 60 thousand or CZK 40 thousand for the taxation period increases the acquisition cost of the related intangible and tangible fixed asset, respectively.

Intangible fixed assets with an acquisition cost lower than CZK 60 thousand and tangible fixed assets with an acquisition cost lower than CZK 40 thousand treated as low value intangible or tangible assets are expensed in the period of acquisition. These assets are not reported on the face of the balance sheet.

Valuation

Tangible and intangible fixed assets are stated at cost less accumulated depreciation and allowances and are depreciated in the statement of comprehensive income in "General operating expenses" starting from the moment when they are ready for use, on a straight line basis over the anticipated useful lives.

Depreciation for Accounting Purposes

The following table shows accounting methods and depreciation periods according to groups of assets:

Intangible and tangible fixed assets	Method	Depreciation period
Software - Core system	Straight line	4-5 years
Machinery and equipment 1st depreciation group	Straight line	3-4 years
Machinery and equipment second depreciation	Straight line	4 years
Vehicles (company cars)	Straight line	5 years
Vehicles (contracts fleet management)	Straight line	According to the lease contract and determined net book
Buildings	Straight line	30-50 years
Improvements on leased premises	Straight line	72 months (according to the lease contract)

The Company periodically examines the usability of assets and tests them for impairment.

Regular repairs and maintenance are reported in the statement of comprehensive income in "General operating expenses" in the year in which the relating expenses were incurred.

3.3. Investment Property

Investment property is the property held to earn rentals and/or for capital appreciation (including property in the phase of construction to be used as investment property at a later date). Investment property is measured at cost including any auxiliary expenses relating to the acquisition of the property. Investment property is depreciated and recognised net of all accumulated depreciation and accumulated impairment losses for which investment property is tested annually. Impairment losses and any reduction of the losses are recognised in profit or loss.

Investment property is derecognised at sale or when the investment property is permanently removed from the use and no future economic benefits are expected from its sale. Profit or loss arising from property derecognition (determined as the difference between proceeds from the sale and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Business and administrative investment property is depreciated on a straight line basis for 50 years.

3.4. Equity Investments

Equity investments in subsidiary and associated undertakings and joint ventures are recorded at acquisition cost including transaction costs less allowances for any temporary impairment losses or write-downs due to other-than-temporary impairment.

At the financial statement date or interim financial statement date, the Company assesses equity investments in subsidiary or associated undertakings and joint ventures for impairment. Impairment of equity investments in subsidiary or associated undertakings is identified as a difference between the net book value and the recoverable value of the investment. The recoverable amount is the higher of an asset's fair value and its value in use determined as a sum of discounted expected cash flows. Impairment of equity investments in subsidiary or associated undertakings is reflected through the recognition of allowances.

3.5. Receivables

Valuation

Receivables are measured at net book values using the effective interest rate method less impairment losses.

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company recognises a direct accumulated depreciation to receivables arising from the financial settlement of prematurely terminated contracts, they actually negate the value of the receivable in "Receivables from customers". The profit or loss is impacted by the moment of the payment of receivable from financial settlement.

Recognition of Allowances

The Company determines allowances against doubtful receivables based on its own analysis of the solvency of its customers using the methodology of the Raiffeisen financial group so that allowances reflect the coverage of the risk resulting from the lease contract as a whole. Receivables from prematurely terminated contracts or contracts tending to premature termination are allowed for according to the individual perspective of the client with the anticipation of the form of the lease collateral and possibility to resell the lease asset.

The calculation is made using the following formula:

Billed and outstanding receivables based on the particular financing contract + present value of future lease payments or the balance of the loan principal – value of the lease asset measured in accordance with the intracompany guideline – value of other collateral of the particular contract determined according to the intracompany guideline = tax non-deductible allowance.

The Company additionally recognises portfolio allowances for active financing contracts. For the individuals and small and medium sized companies segments, the Company uses the Flow-rate calculation model reflecting, on an annual average basis, the statistical likelihood of the premature termination of the contract due to default in particular segments and the anticipated level of return.

In respect of the corporate clients segments, the calculation is based on the client default likelihood on the basis of its rating, migration rating tables calculated centrally by the Raiffeisen group, weighted collateralisation and also likely return of the unsecured part of the portfolio (again, calculated centrally).

The Company recognises allowances on a net basis, ie the amount of the difference between the balance of allowances at the beginning and end of the reporting period is debited or credited to expenses.

3.6. Provisions

Provisions are probable liabilities of uncertain timing or amount. Provisions are recognised only when all of the following criteria are met:

- › The Company has a present obligation (legal or constructive) as a result of a specific past event;
- › It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- › A reliable estimate can be made of the amount of the obligation.

The Company recognises provisions on a gross basis, ie existing provisions are released to the relevant expense account and are recognised in the amount of provisions at the end of the reporting period.

The Company recognises provisions for outstanding vacation days of employees, legal disputes, bonuses paid to the management and employees and other provisions relating to the operations of the Company.

3.7. Trade Payables

Trade payables are stated at carrying amount using the effective interest rate method.

3.8. Loans

Loans are stated at carrying amount using the effective interest rate method.

Interest on loans is accrued and reported in the profit or loss for the period to which it relates on an accrual basis.

3.9. Financial Derivatives

In order to provide economic hedging of its interest rate and currency risks, the Company concludes interest rate swaps and currency swaps. This interest rate and currency risk results from the different interest on assets and liabilities or differently denominated assets and liabilities.

Hedging and Trading Derivatives

Hedging derivatives are concluded either for fair value hedging or cash flow hedging.

The Company designates a derivative as hedging only if the criteria set out below are met at the designation date:

- › Compliance with the risk management strategy;
- › At the inception of the hedge, the hedging relationship is formally documented;
- › The documentation identifies the hedged item and the hedging instrument, defines the risk that is being hedged and the approach to assessing whether the hedge is effective;
- › The hedge is expected to be highly effective at inception and throughout the period; and
- › Changes in the fair value or cash flows of the hedged item are almost fully offset by changes in the fair value or cash flows of the hedging instrument and the results are within a range of 80 percent to 125 percent.

Other derivatives are treated as trading derivatives.

Valuation

Interest rate and currency swaps are carried at acquisition cost at the acquisition date. The acquisition cost includes direct acquisition costs, e.g. fees and commissions to brokers, advisors and stock exchanges.

At the balance sheet date, interest rate or foreign currency swaps are remeasured at fair value which is arrived at on the basis of a reasonable determination of the fair value of all expected cash flows.

Fair value changes in respect of trading derivatives are recognised as a financial expense or income as appropriate. Fair value changes in respect of derivatives that are classified as fair value hedges are also included in financial expenses or income together with the relevant change of the fair value of the hedged asset or liability attributable to the hedged risk. Fair value changes in respect of derivatives that are classified as cash flow hedges are recognised in equity and through the revaluation gains or losses on assets and liabilities in the balance sheet. The ineffective portion of the hedge is reported directly in financial expenses or income as appropriate.

Fair values are reported in the statement of financial position as "Positive fair value of financial derivative transactions" and "Negative fair value of financial derivative transactions". Realised and unrealised gains and losses are recognised in the statement of comprehensive income line "Profit or loss from derivative transactions". Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions.

In addition, the Company recognises accrued interest income and expenses of interest rate swaps which are reported as net interest income or expense under interest income or interest expenses in the statement of comprehensive income as appropriate.

The Company recognises the revaluation of currency swaps to fair value through foreign exchange rate gains or losses.

The Company uses derivative instruments to hedge the risks. The Company does not use hedge accounting.

Embedded Derivatives

The Company does not separate embedded foreign currency derivatives denominated in EUR from the host contracts which represent lease contracts concluded in EUR. The Company acts on the assumption that EUR is the commonly used currency in lease contracts in the Czech economic environment. The above lease contracts are also funded in EUR.

Fair Value Hedge

The Company concluded a derivative instrument in the form of an interest rate swap with a hedged granted loan. In order to prevent fluctuations in profit or loss due to the remeasurement of derivative instruments to fair value the Company applied the fair value hedge method to its profit or loss.

The derivative instrument complies with the following conditions:

- › At the inception of the hedging, a decision was made on the hedged item, the hedging instrument, the risks to be hedged and the method of calculation and evidence supporting effectiveness of hedging; the hedging relationship is formally documented;
- › The hedging is highly effective (ranging from 80% to 125%); and
- › The effectiveness of hedging is reliably measurable and is continuously assessed as of the date of hedging inception and at the end of each calendar month.

The derivative instrument is measured at fair value. In line with accounting policies, profit or loss arising from the changes in the fair value of the hedged item and the hedging instrument are recognised in income or expenses when the fair value hedge method is applied. Interest income and expenses arising from the derivative instrument are recognised together with the interest expense and hedged granted loans to interest expenses.

Cash Flow Hedge

The Company concluded interest rate swaps to hedge the cash flow of received loans. The Company decided to apply hedge accounting to overcome the accounting mismatch between IAS 39 and CAS 110 for financial institutions. The Company classified the transaction as a cash flow hedge. As of the balance sheet date, the hedging interest rate swap is measured at fair value, with the effective portion of the hedging instrument being recognised through equity.

The derivative instruments meet the following criteria:

- › At the inception of the hedge, the following was identified: hedged item, instrument used for hedging, risks which are subject to the hedge and the manner of calculating and demonstrating the effectiveness of the hedge. The hedge relationship is formally documented.
- › The hedge is highly effective (ie ranging from 80% to 125%).
- › The effectiveness of the hedge can be reliably measured and is assessed as of the beginning of the hedge on an ongoing basis as well as at the end of each calendar quarter.

3.10. Leases

The Company provides financing only in the form of finance and operating leases.

The accounting treatment of finance lease

Long-term, gradually amortised receivable (over the contract period) is recorded in "Receivables from clients". The payment for the provision of finance is the interest that is reported in the statement of comprehensive income in "Interest income and similar income". The income from finance leases is allocated to reporting period in order to reflect a constant periodic level of return of the net investment of the Company in finance leases.

The gross investment in leases is the total of lease payments from the perspective of the lessor that will be made in the lease period plus potential uncollateralised net book value of a specific asset.

The difference between the gross investment in leases and unrealised financial income is the "net investment in leases".

The original direct costs are the costs that directly relate with the lease in the lessee. These costs are released over the lease period.

In the event of the premature termination of the contract, a fee will be imposed on receivables in the amount of remaining lease payments adjusted by insurance and finance service discount and a corresponding allowance is recognised.

The accounting treatment of operating lease

Vehicles held under operating leases are accounted for as tangible fixed assets (refer to Note 3.2).

The income from operating lease is accounted for when it originates and is recognised through "Other operating income".

Services relating to operating lease are accounted for when they originate and are recognised through "Other operating expenses".

3.11. Income and Expense Recognition

The Company recognises income and expenses on an accrual basis, i.e. recognises them on the relevant accounts of expense accounts and income items on an accrual basis.

Expenses relating to future periods take the form of deferred expenses and accrued expenses.

The income relating to future periods take the form of deferred income and accrued income.

3.12. Taxation

3.12.1. Income Tax Payable

The income tax for the period is composed of income tax payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the reporting period. The profit of the current period is adjusted by adding non-tax-deductible expenses and deducting income that is exempt from income tax. In addition, it is adjusted by tax relief. The calculation of the tax payable is made at the end of the taxation period in accordance with Act No. 586/1992 Coll., on Income Taxes. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

3.12.2. Deferred Tax

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

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when the tax liability is settled or the asset realised. The balance sheet liability method focuses on temporary differences which are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount that will be deductible for tax purposes in the future.

The deferred tax asset or deferred tax liability are determined as the sum of all products of the resulting temporary differences and the tax rate that is expected to apply in the period in which individual differences will be realised.

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

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

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet.

3.13. Foreign Currency Translation

The functional and presentation currency of the Company is the Czech crown. Transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date preceding the date of the transaction.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date. Any resulting foreign exchange rate gains and losses are recorded through the current year's financial expenses or revenues as appropriate and are reported in "Foreign exchange rate gains or losses".

Fixed assets acquired in foreign currencies are recognised in Czech crowns using the foreign exchange rate applicable when these assets were acquired or individual items of assets were included into assets.

Unrealised foreign exchange rate gains or losses are recognised in the profit or loss of the current period.

Income or expenses denominated in foreign currencies are reported in Czech crowns and are retranslated using the foreign exchange rate of the Czech National Bank as of the transaction date. Any resulting foreign exchange gains or losses are recognised as other financial income or other financial expenses as appropriate and are reported in "Foreign exchange rate gains or losses".

3.14. Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Actual future results may differ from these estimates.

The Company regularly reviews its portfolio of receivables arising from leases and advanced loans for potential impairment. Receivables past their due dates are allowed for in accordance with internal guidelines. The allowance recognition policy is disclosed in Note 4.5.

3.15. Cash Flow Statement

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

Cash and cash equivalents can be analysed as follows:

	31 Dec 2017	31 Dec 2016
		(CZK thousand)
Cash on hand and cash in transit	115	89
Cash at bank	423 236	331 192
Total cash and cash equivalents	423 351	331 281

The cash flow statement is segmented into cash flows from operating, investment and financial activities.

Adjustments for other non-cash transactions include expenses relating to disposals of fixed assets due to prematurely terminated lease contracts and the amount of expenses relating to the write-off of bad receivables.

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

4.1. Interest Income and Similar Income (Note 1)

CZK thousand	2017	2016
from receivables from banks	1	30
from receivables from banks from financial derivatives	1 765	3 512
from receivables from customers	411 886	359 171
<i>of which: interest on impaired assets</i>	5 086	17 586
<i>of which: interest on the default from impaired assets</i>	3 944	929
Total interest income and similar income	413 652	362 713

The income of the Company is primarily generated from the provision of financing contracts (leases, consumer loans and instalment sale) and relating services provided to clients. The Company generated all sales from principal activities in 2017 and 2016 in the Czech Republic.

4.2. Interest Expense and Similar Expense (Note 2)

CZK thousand	2017	2016
From loans at banks	-74 803	-59 437
From client loans	-	-216
From financial derivatives	-21 111	-25 628
Total interest expense and similar expense	-95 914	-85 281

4.3. Change in Allowances for Risks Arising from Contract Funding (Note 3)

CZK thousand	2017	2016
Recognition of allowances	-20 380	-66 438
of which: Orchideus Property, s.r.o.	-934	-620
PZ Projekt a.s.	-3 160	-
Release of allowances	86 042	23 100
of which: PZ Projekt a.s.	-	1 202
Write-off of receivables	-35 107	-851
Income from written-off receivables	1 742	1 929
Income from the sale of seized items	2 797	6 505
Total change in allowances	35 094	-35 755
Provisions for off-balance sheet credit risks		
Recognition of provisions	-	-6 800
of which: RLRE Carina Property, s.r.o.	-	-6 800
Release of the provision	25 000	-
of which: RLRE Carina Property, s.r.o.	25 000	-
Total change in provisions for off-balance sheet credit	25 000	-6 800
Change in provisions and allowances for the risks of contract financing	60 094	-42 555

4.4. Fee and Commission Income (Note 4)

CZK thousand	2017	2016
Fees from the provision of services to clients	6 055	11 079
Bonus from the mediation of insurance	7 437	5 194
Fee for the provision of a guarantee	4 676	5 505
Total fee and commission income	18 168	21 778

Fees from the provision of services to clients include, for example, fees for the preparation of the lease and loan contracts, change in the repayment schedule or contract cession and variable lease payment.

4.5. Fee and Commission Expense (Note 5)

Fee and commission expense includes fees for the administration of bank accounts held at banks in the amount of CZK (4,042) thousand (2016: CZK (2,741) thousand), fees for received bank guarantees of CZK (7,749) thousand (2016: CZK (6,539) thousand) and other commissions and costs related to client service fees of CZK (883) thousand (2016: CZK (1,643) thousand).

4.6. Foreign Exchange Rate Gains or Losses (Note 6)

Foreign exchange rate gains or losses include realised and unrealised foreign exchange rate gains or losses from the revaluation of assets and liabilities denominated in foreign currencies of CZK 1,904 thousand (2016: CZK 533 thousand).

4.7. Profit or Loss from Derivative Transactions – Revaluation of Derivatives (Note 7)

CZK thousand	2017	2016
Revaluation of swaps - IRS	118 104	-12 587
<i>Of which: IRS used to hedge fair value</i>	1 677	-110
Revaluation of swaps – CCS	-	242
Revaluation of hedged item	-1 471	114
Total revaluation of swaps	116 633	-12 231

This item reflects the effect on the profit or loss from the hedging of the interest rate and foreign currency liquidity.

The Company has concluded derivative instruments in the form of interest rate swaps to hedge provided loans. In order to prevent fluctuations in profit or loss arising from changes in the variable interest rate of the provided loan and revaluation of the derivative instrument to fair value in the given case, the Company applied fair value hedging through its profit or loss. Individual items disclosed in the table above are recognised in net values.

4.8. Income from Dividends (Note 8)

The Company received dividends of CZK 39 thousand (2016: CZK 8 thousand) from the equity investment held in GS55 Sazovice s.r.o., dividends of CZK 0 thousand (2016: CZK 20 thousand) from the equity investment held in Dione Property, s.r.o. and dividends of CZK 77 thousand (2016: CZK 0 thousand) from the equity investment held in FORZA SOLE s.r.o.

4.9. Income from Investments (Note 9)

2017

Sold investments	Selling price	Net book value	Income form sold investments
FORZA SOLE s.r.o.	20	20	0
Afrodité Property, s.r.o.	50	50	0
RLRE Dorado Property, s.r.o.	0	181	-181
Easy Develop s.r.o.	200	200	0
Eris Property, s.r.o.	200	200	0
Lysithea a.s.	100	100	0
Nike Property, s.r.o.	200	200	0
REF HP1 s.r.o.	10 740	2	10 738
VILLA STRIUM BUBENEČ s.r.o.	200	200	0
Zelený Zlonín s.r.o.	50	50	0
Total sold investments	11 760	1 203	10 557

2016

Sold investments	Selling price	Net book value	Income form sold investments
RLRE Orion Property, s.r.o.	8 991	-8 991	0
Gala Property, s.r.o.	50	-50	0
FORZA SOLE s.r.o.	200	-200	0
EUDOXUS s.r.o.	200	-200	0
Dione Property, s.r.o.	200	-200	0
Maharal Hotels, s.r.o.	200	-200	0
T.L.S. building construction s.r.o.	200	-200	0
Raines Property, s.r.o.	200	-200	0
Bondy Centrum s.r.o.	279 499	-1 120	278 379
Total sold investments	289 740	-11 361	278 379

4.10. General Operating Expenses (Note 10)

CZK thousand	2017	2016
Payroll costs	-176 883	-155 032
Wages and salaries	-130 910	-115 771
Social security and health insurance	-41 326	-35 780
Other employee costs	-3 768	-3 481
Creating provisions for severance payments	-879	-
Operating expenses	-76 257	-70 280
Rental, repairs and other services relating to the operations of	-14 301	-14 733
Marketing costs	-7 912	-8 588
Audit	-841	-917
Tax advisory	-348	-34
Other advisory	-23 894	-20 065
Costs relating to IT support	-13 350	-9 442
Telecommunication, postal fees and other services	-4 442	-3 509
Insurance of assets	-1 146	-898
Training costs	-1 293	-1 116
Travel costs	-434	-1 099
Fuel, repairs and maintenance	-3 274	-3 123
Office supplies	-1 311	-1 696
Other operating expenses	-3 711	-5 060
Depreciation of tangible and intangible assets	-140 467	-69 347
Total general operating expenses	-393 607	-294 659

4.10.1. Employees and Managers

2017

CZK thousand	Number of employees	Payroll costs	Social security
Employees	125	-98 338	-30 252
Managers	14	-32 572	-11 074
Total	139	-130 910	-41 326

2016

CZK thousand	Number of employees	Payroll costs	Social security
Employees	97	-82 774	-25 583
Managers	14	-32 997	-10 197
Total	111	-115 771	-35 780

In 2017, members of the statutory and advisory body were paid bonuses of CZK 2,381 thousand (2016: CZK 2,113 thousand).

Statutory executives of the Company and managers may use Company cars for private purposes.

In 2017 and 2016, members of statutory bodies received no loans, granted guarantees, prepayments and other benefits, and own no equity investments in the Company.

Social costs primarily include costs of meal vouchers and catering provided to all Company employees.

4.11. Other Operating Income (Note 11)

CZK thousand	2017	2016
Income from short-term lease of financed assets	-	88
Other income from financed assets	1 078	611
Sales of services provided in the Raiffeisen group	90	67
Sales of internal assets	6 202	1 333
Sales of fleet management assets	116 218	24 110
Income from operating leases of property (investment property)	16 776	17 013
Fleet management	209 897	93 367
Income from administration fees	94 393	93 553
Income from the release of other provisions	-	1 955
Income from the insurance of financed items	7	-
Sundry income	1 526	1 302
Total other operating income	446 187	233 399

4.12. Other Operating Expenses (Note 12)

In CZK thousand	2017	2016
Expenses for the insurance of financed assets	-	-218
Other expenses for financed assets	-346	-371
Expenses for the disposal of internal assets	-6 385	-171
Expenses for the disposal of assets under operating leases	-115 970	-24 348
Taxes and fees	-4 571	-2 146
Property tax and fees	-1 193	-1 176
Fleet management costs	-48 098	-19 371
Expenses for property operating leases (investment property)	94 393	93 553
Expenses for services relating to operating lease	-	1 955
Expenses for the recognition of other provisions	7	-
Sundry expenses	1 526	1 302
Total other operating expenses	446 187	233 399

4.13. Income Tax (Note 13)

The change in the tax payable and deferred tax for 2017 and 2016 is composed of the following items:

CZK thousand	2017	2016
Income/expense from tax payable	-80 055	-4 059
Income/expense from the deferred tax	2 315	-24 073
Total income tax	-77 740	-28 132

The income tax payable is calculated using the applicable tax rate from the accounting profit according to Czech Accounting Standards (CAS) increased or decreased by permanently or temporarily tax deductible costs and non-taxed income. The corporate income tax for 2017 and 2016 is 19%.

The general tax base is derived from the accounting records in accordance with Czech Accounting Standards and is further adjusted by items to add and deductible items in line with the Income Taxes Act and the Provisioning Act. The accounting for finance leases under IFRS and CAS significantly differs. The principal accounting treatment of the lessor is as follows:

- › IFRS: assets held under finance leases are reported in the form of a receivable in the amount of the net investment in the lease, CAS: assets are reported in the form of depreciated tangible fixed assets;
- › IFRS: income includes financial interest from the provided financing on an annuity basis; CAS: income includes the lease payment that has linear development in time.

When comparing the results under CAS and IFRS, the total profit for the entire financing period from the financed contract is equal. However, there is an important difference in the timing of profit generation. Under CAS, the profit grows over the contract period and reaches its peak at its end. On the contrary, the profit is the highest at the beginning of the contract and gradually decreases during the period under IFRS.

The tax payable for the year may be compared to the result in the statement of comprehensive income as follows:

CZK thousand	2017	2016
Profit before tax	376 337	396 804
Theoretical amount of tax calculated using the tax rate	-71 504	-75 393
Differences from IFRS adjustments	156 697	-2 896
Profit before tax under CAS	533 034	393 908
Items to add	115 209	67 448
Deductible items	-238 489	-439 992
Tax base	409 754	21 364
Income tax for the year	-77 853	-4 059
Income tax for the prior period	-2 202	-

The effective tax rate as of 31 December 2017 is 20.66% (2016: 7.09%). The effective tax rate in 2016 was predominantly affected by the deductible item arising from non-taxable income from the sale of an ownership interest in a subsidiary of CZK 278,379 thousand. Without this impact, the effective tax rate as of 31 December 2016 would be 23.76%.

4.14. Receivables from Customers (Note 14)

4.14.1. Analysis of Receivables by Categories of Financing (gross)

CZK thousand	2017	2016
Receivables from finance leases	7 241 849	6 676 795
Receivables from provided loans	7 152 956	5 026 029
Receivables from instalment sale	16 671	27 243
Receivables from prematurely terminated contracts	-	557
Other receivables	375	387
Total receivables from customers	14 411 851	11 731 011

Receivables from finance lease include both receivables described below in Notes 4.28 and 4.29, and billed and as yet unmade finance lease payments.

4.14.2. Aging of Receivables from Customers

2017

CZK thousand	Before due date	within 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Total
Receivables without	14 033 316	28 361	6 006	0	0	0	14 067 683
Receivables with	233 955	63 865	13 020	15 123	15 039	3 166	344 168
Gross	14 267 271	92 226	19 026	15 123	15 039	3 166	14 411 851
Allowances	-144 911	-409	-5 756	-1 128	-6 604	-3 058	-161 866
Net	14 122 360	91 817	13 270	13 995	8 435	108	14 249 985

2016

CZK thousand	Before due date	within 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Total
Receivables without	11 389 660	21 458	1 868	30	-	-	11 413 016
Receivables with	276 592	38	873	1 994	8 650	29 848	317 995
Gross	11 666 252	21 496	2 741	2 024	8 650	29 848	11 731 011
Allowances	-187 581	-	-873	-1 450	-8 452	-29 307	-227 663
Net	11 478 671	21 496	1 868	574	198	541	11 503 348

Receivables "without default" include receivables with a zero individual allowance. Other receivables are reported as receivables with default. Receivables "with default" are covered by either allowances or collateral (eg pledge of real estate).

The Company records receivables past their due dates primarily arising from outstanding payments by lessees and financial settlement of prematurely terminated financing contracts. Receivables that are not impaired (without default): primarily unsettled contractual fines and penalty imposed due to late payments, outstanding fees for administrative acts or receivables from financing contracts that are sufficiently covered by a financed asset or another form of collateral.

4.14.3. Portfolio Quality

Rating that shows the portfolio quality represents internal rating used in the Raiffeisen Group. In the rating categories, "A" is the best in the specific category and "C" is the worst in the specific category.

Total gross receivables – 2017

CZK thousand	Rating	2017
Corporate segment and small and medium-sized companies segment		7 065 880
Minimum risk	1C	-
	2A	14 873
Excellent credit rating	2B	-
	2C	-
Very good credit rating	3A	737 292
	3B	-
	3C	345 097
Good credit rating	4A	92 254
	4B	98 661
	4C	514 395
Healthy credit rating	5A	243 688
	5B	613 810
	5C	462 790
Acceptable credit rating	6A	769 571
	6B	516 399
	6C	629 330
Limit credit rating	7A	797 237
	7B	335 609
	7C	264 941
Weak credit rating	8A	182 003
	8B	148 986
	8C	77 632
Very weak credit rating/watch	9A	16 275
	9B	53 849
	9C	2
Default	10	151 186
Project financing		1 826 699
Excellent project profile – very low risk	6,1	601 080
Good project profile – low risk	6,2	956 013
Acceptable project profile – average risk	6,3	7 916
Bad project profile – high risk	6,4	79 937
Default	6,5	181 753
Other without rating (micro segment, individuals, etc.)		5 519 272
Total gross receivables		14 411 851

Receivables without default before due dates – 2017

CZK thousand	Rating	2017
Corporate segment and small and medium-sized companies segment		6 986 124
Minimum risk	1C	-
	2A	14 873
Excellent credit rating	2B	-
	2C	-
	3A	737 292
Very good credit rating	3B	-
	3C	345 098
	4A	92 254
Good credit rating	4B	98 661
	4C	514 395
	5A	243 688
Healthy credit rating	5B	613 810
	5C	462 790
	6A	769 571
Acceptable credit rating	6B	516 399
	6C	629 330
	7A	797 237
Limit credit rating	7B	335 609
	7C	264 941
	8A	182 002
Weak credit rating	8B	148 986
	8C	77 632
	9A	16 275
Very weak credit rating/watch	9B	53 849
	9C	2
Default	10	71 430
Project financing		1 674 921
Excellent project profile - very low risk	6,1	601 080
Good project profile - low risk	6,2	956 013
Acceptable project profile - average risk	6,3	7 916
Bad project profile - high risk	6,4	79 937
Default	6,5	29 975
Other without rating (micro segment, individuals, etc.)		5 406 638
Total gross receivables		14 067 683

Total gross receivables – 2016

CZK thousand	Rating	2016
Corporate segment and small and medium-sized companies segment		5 606 963
Minimum risk	1C	-
	2A	11 818
Excellent credit rating	2B	-
	2C	-
Very good credit rating	3A	268
	3B	-
	3C	317 664
Good credit rating	4A	161 584
	4B	255 746
	4C	148 596
Healthy credit rating	5A	416 992
	5B	378 382
	5C	397 697
Acceptable credit rating	6A	691 264
	6B	565 305
	6C	572 529
Limit credit rating	7A	707 386
	7B	181 908
	7C	242 858
Weak credit rating	8A	130 942
	8B	56 520
	8C	136 560
Very weak credit rating/watch	9A	-
	9B	37 197
	9C	33 576
Default	10	162 171
Project financing		2 287 612
Excellent project profile - very low risk	6,1	795 867
Good project profile - low risk	6,2	1 158 991
Acceptable project profile - average risk	6,3	146 501
Bad project profile - high risk	6,4	117 980
Default	6,5	68 273
Other without rating (micro segment, individuals, etc.)		3 836 436
Total gross receivables		11 731 011

Receivables without default before due dates – 2016

CZK thousand	Rating	2017
Corporate segment and small and medium-sized companies segment		5 492 673
Minimum risk	1C	-
	2A	11 818
Excellent credit rating	2B	-
	2C	-
Very good credit rating	3A	268
	3B	-
	3C	317664
Good credit rating	4A	161 533
	4B	255 569
	4C	148 424
Healthy credit rating	5A	416 972
	5B	376 734
	5C	397 697
Acceptable credit rating	6A	690 831
	6B	565 276
	6C	568 987
Limit credit rating	7A	706 226
	7B	181 748
	7C	242 163
Weak credit rating	8A	130 591
	8B	55 499
	8C	136 152
Very weak credit rating/watch	9A	-
	9B	36 384
	9C	33 576
Default	10	58 561
Project financing		2 100 921
Excellent project profile – very low risk	6,1	795 867
Good project profile – low risk	6,2	1 156 799
Acceptable project profile – average risk	6,3	9 481
Bad project profile – high risk	6,4	117 980
Default	6,5	20 794
Other without rating (micro segment, individuals, etc.)		3 796 066
Total gross receivables		11 389 660

4.14.4. Analysis of Receivables from Customers by Sectors and by Type of Collateral

2017

CZK thousand	Receivables collateralised by real estate	Receivables collateralised by movable assets	Total
Agriculture, game-keeping, forestry, fishing	-	379 041	379 041
Mining of minerals	-	81 847	81 847
Production sector	152 391	1 922 409	2 074 800
Production and distribution of electricity, gas and water	854 843	1 084 963	1 939 806
Construction industry	52 845	671 278	724 123
Wholesale and retail; repair of motor vehicles, motor-cycles	13 100	2 001 475	2 014 575
Accommodation and public catering	-	143 063	143 063
Transport, storage and communications	-	3 471 608	3 471 608
Activities in real estate and lease, other business activities	255 760	610 733	866 493
Public administration; obligatory social security	-	8 871	8 871
Education	266 255	11 612	277 867
Healthcare and social care	-	343 947	343 947
Other public, social and personal services	148 596	1 801 493	1 950 089
Activities of households	-	135 721	135 721
Total	1 743 790	12 668 061	14 411 851

2016

CZK thousand	Receivables collateralised by real estate	Receivables collateralised by movable assets	Total
Agriculture, game-keeping, forestry, fishing	-	293 698	293 698
Mining of minerals	-	40 292	40 292
Production sector	175 281	1 728 019	1 903 300
Production and distribution of electricity, gas and water	843 149	1 175 764	2 018 913
Construction industry	55 873	434 862	490 735
Wholesale and retail; repair of motor vehicles, motor-cycles	199 432	1 392 278	1 591 710
Accommodation and public catering	-	87 135	87 135
Transport, storage and communications	-	2 828 885	2 828 885
Activities in real estate and lease, other business activities	206 655	625 738	832 393
Public administration; obligatory social security	-	787	787
Education	298 564	8 545	307 109
Healthcare and social care	-	203 850	203 850
Other public, social and personal services	162 130	758 594	920 724
Activities of households	-	211 480	211 480
Total	1 941 084	9 789 927	11 731 011

4.15. Allowance for Receivables from Customers (Note 15)

Allowances for receivables of CZK 161,866 thousand (2016: CZK 227,663 thousand) include individual allowances of CZK 143,437 thousand (2016: CZK 200,649 thousand) that are recognised primarily for receivables in prematurely terminated contracts due to default and for receivables where the payment discipline of a client deteriorated and where the collateral underlying the specific receivable is not sufficiently high, and portfolio allowances disclosed in Note 3.5. of CZK 18,249 thousand (2016: CZK 27,014 thousand).

4.15.1. Allowance for Receivables from Related Parties

CZK thousand	2017	2016
Orchideus Property, s.r.o.	43 364	42 431
PZ Projekt a.s.	36 250	33 090
Total	79 614	75 521

4.16. Positive Fair Values of Financial Derivatives (Note 16)

In the course of its business, the Company conducts transactions with financial derivatives. Financial derivatives include interest rate swaps and are used to hedge risks and mitigate their impacts.

The fair value of financial derivatives is based on valuation models that reflect the present market and contractual values of the underlying instrument similarly as the time value and yield curve or volatility factors. Subsequent to the initial recognition financial instruments are measured at fair value on level 2. The valuation of IRS and CCS is based on quoted yield curves. These markets are active. Market inputs directly correspond to the valued instruments.

The Company purchases financial derivatives primarily from Raiffeisenbank, a.s. which also remeasures them at fair value on a monthly basis.

CZK thousand	2017	2016
Interest rate swap - IRS	88 510	28

4.17. Investments in Subsidiaries (Note 17)

2017

	Investment	Equity at 31 Dec 2017	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2017	Carrying amount at 31 Dec 2017
RLRE Beta Property, s.r.o.	100 %	-43	-43	712	200
RLRE HOTEL ELLEN, s.r.o.	100 %	-35 959	-35 959	-3 549	100
RLRE Eta Property, s.r.o.	100 %	154	154	-322	200
RLRE Jota Property, s.r.o.	100 %	-340	-340	-41	200
Palace Holding, s.r.o.	90 %	8 415	7 574	-1 835	90
RLRE Carina Property, s.r.o.	100 %	51 272	51 272	-5 364	198
Kaliopé Property, s.r.o.	100 %	47	47	-3	50
Polymnia Property, s.r.o.	100 %	47	47	-3	50
CRISTAL PALACE Property, s.r.o.	100 %	36 564	36 564	-77	27 418
Iris Property, s.r.o.	100 %	-443	-443	3 794	200
Raiffeisen FinCorp, s.r.o.	100 %	637 506	637 506	96 770	451 588
Sirius Property, s.r.o.	100 %	-220 427	-220 427	119	400
Hypnos Property, s.r.o.	100 %	-50 066	-50 066	0	50
Gaia Property, s.r.o.	100 %	21 711	21 711	4 967	200
Orchideus Property, s.r.o.	100 %	-46 060	-46 060	-6 148	200
Luna Property, s.r.o.	100 %	-799	-799	34 865	200
Kalypso Property, s.r.o.	100 %	48	48	-5	200
Zatiši Rokyta	100 %	14 664	14 664	-1 227	200
Chronos Property, s.r.o.	100 %	97	97	-127	200
Viktor Property, s.r.o.	100 %	15 017	15 017	38 722	200
Appolon Property, s.r.o.	90 %	-89 735	-80 762	550	180
Holečková Property, s.r.o.	100 %	-13 789	-13 789	-2 200	210
RESIDENCE PARK TŘEBEŠ, s.r.o.	100 %	9 671	9 671	-166	200
Euros Property, s.r.o.	100%	157 759	157 759	15 703	200
Pontos Property, s.r.o.	100%	15 966	15 966	-894	200
Dike Property, s.r.o.	100%	164	164	-3	200
Hermes Property, s.r.o.	100%	4 612	4 612	6 684	200
Hémerá Property, s.r.o.	100%	50	50	0	50
Rheia Property, s.r.o.	95%	52 614	49 983	10 752	190
UPC Real, s.r.o.	100%	-28 494	-28 494	-708	200
Photon SPV 3 s.r.o.	100%	20 624	20 624	1 901	200
Photon Energie s.r.o.	100%	26 214	26 214	1 717	200
Photon SPV 8 s.r.o.	100%	49 249	49 249	5 913	200
FORZA SOLE s.r.o.	90%	89 565	80 609	18 877	180
Exit 90 SPV s.r.o.	100%	56 538	56 538	5 974	200
Michalka – Sun s.r.o.	100%	266 672	266 672	35 013	200
GS55 Sazovice s.r.o.	90%	36 230	32 607	6 997	180

	Investment	Equity at 31 Dec 2017	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2017	Carrying amount at 31 Dec 2017
Onyx Energy s.r.o.	100%	38 152	38 152	4 741	200
Onyx Energy projekt II s.r.o.	100%	32 317	32 317	3 998	200
Photon SPV 4 s.r.o.	100%	23 045	23 045	3 450	200
Photon SPV 6 s.r.o.	100%	20 263	20 263	1 586	200
Photon SPV 10 s.r.o.	100%	33 943	33 943	3 291	200
Photon SPV 11 s.r.o.	100%	58 675	58 675	9 347	200
Selene Property s.r.o.	100%	8 986	8 986	22 066	200
ALT POHLEDY s.r.o.	100%	222 588	222 588	31 604	200
PZ PROJEKT a.s.	100%	-112 397	-112 397	4 818	20
SeEnergy PT, s.r.o.	100%	-32 270	-32 270	2 506	50
FVE Cihelna s.r.o.	100%	134 130	134 130	19 489	200
Credibilis a.s.	100%	-10 960	-10 960	-1 763	2 000
Morfeus Property, s.r.o.	100%	46	46	-112	50
Zefyros Property, s.r.o.	100%	134	134	-6	200
Tmólos Property, s.r.o.	100%	-2 329	-2 329	-2 379	50
Létó Property s.r.o.	77%	5 116	3 939	293	3 064
Rezidence Pod Skálou s.r.o.	100%	-2 068	-2 068	-1 887	200
Hébé Property s.r.o.	95%	2 734	2 597	713	180
GHERKIN, s.r.o.	100%	-31 113	-31 113	-1 651	50
NC Ivančice, s.r.o.	100%	3 717	3 717	-324	200
Astra Property, s.r.o.	100%	5 532	5 532	1 498	50
Kleió Property, s.r.o.	100%	769	769	375	50
Inó Property, s.r.o.	100%	27	27	-10	50
Niobé Property, s.r.o.	100%	11	11	-26	50
Na Stárce, s.r.o.	100%	335	335	-42	200
RLRE Ypsilon Property, s.r.o.	50%	-11	-6	37	100
Urania Property, s.r.o.	100%	64	64	17	50
Janus Property, s.r.o.	100%	34	34	-3	50
Dafné Property, s.r.o.	100%	-2 114	-2 114	-1 784	50
Médea Property, s.r.o.	100%	241	241	204	50
Amfión Property, s.r.o.	100%	782	782	833	50
Nemesis Property, s.r.o.	100%	-2 162	-2 162	-2 212	50
Áté Property, s.r.o.	100%	49	49	-1	50
Theia Property, s.r.o.	100%	16	16	82	50
RIOBAU s.r.o.	100%	-179	-179	-579	10
Neptun Property, s.r.o.	100%	-583	-583	-184	50
Erató Property, s.r.o.	100%	-498	-498	-436	50
Harmonia Property, s.r.o.	100%	31	31	-3	50
Ofión Property, s.r.o.	100%	156	156	29	50
Hyperion Property, s.r.o.	100%	-884	-884	-2 011	50
Don Giovanni Properties, s.r.o.	100%	61 827	61 827	-2 054	50
Grainulos s.r.o.	100%	1 584	1 584	1 509	10

	Investment	Equity at 31 Dec 2017	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2017	Carrying amount at 31 Dec 2017
Meleté Property, s.r.o.	100%	46	46	-3	50
Melpomené Property, s.r.o.	100%	176	176	125	50
Peitó Property, s.r.o.	100%	33	33	-17	50
Éós Property, s.r.o.	100%	30	30	-6	50
Boreas Property, s.r.o.	100%	-350	-350	-356	50
Hestia Property, s.r.o.	100%	40	40	-4	50
Kappa Estates, s.r.o.	100%	-60 248	-60 248	-4 473	13 794
Total					508 512

2016

	Investment	Equity at 31 Dec 2016	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2016	Carrying amount at 31 Dec 2016
RLRE Beta Property, s.r.o.	100%	-4 886	-4 886	1 097	200
RLRE HOTEL ELLEN, s.r.o.	100%	-32 410	-32 410	-5 053	100
RLRE Eta Property, s.r.o.	100%	476	476	-129	200
RLRE Jota Property, s.r.o.	100%	-1 268	-1 268	-483	200
Palace Holding, s.r.o.	90%	10 251	9 226	-671	90
RLRE Carina Property, s.r.o.	100%	-11 701	-11 701	4 689	200
RLRE Dorado Property, s.r.o.	90%	-7 603	-6 843	-1 315	181
Lysithea a.s.	100%	-915	-915	-2 915	100
CRISTAL PALACE Property, s.r.o.	100%	33 281	33 281	172	27 418
Iris Property, s.r.o.	100%	-4 237	-4 237	2 306	200
Raiffeisen FinCorp, s.r.o.	100%	540 736	540 736	107 462	451 588
Sirius Property, s.r.o.	100%	-221 637	-221 637	-510	400
Hypnos Property, s.r.o.	100%	50 066	50 066	39	50
Gaia Property, s.r.o.	100%	16 745	16 745	166	200
Orchideus Property, s.r.o.	100%	-39 912	-39 912	-1 185	200
Luna Property, s.r.o.	100%	-35 664	-35 664	5 388	200
Kalypso Property, s.r.o.	100%	53	53	-3	200
Athena Property, s.r.o. v likvidaci	90%	-106	-95	-581	1 840
Chronos Property, s.r.o.	100%	224	224	-12	200
Viktor Property, s.r.o.	100%	-23 705	-23 705	29 962	200
Appolon Property, s.r.o.	90%	-90 285	-81 257	251	180
Holečková Property, s.r.o.	100%	-14 658	-14 658	-1 549	210
RESIDENCE PARK TŘEBEŠ, s.r.o.	100%	9 837	9 837	-284	200
Euros Property, s.r.o.	100%	142 055	142 055	15 042	200
Pontos Property, s.r.o.	100%	-301	-301	-640	200
Dike Property, s.r.o.	100%	167	167	-3	200
Hermes Property, s.r.o.	100%	-2 073	-2 073	2 851	200

	Investment	Equity at 31 Dec 2016	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2016	Carrying amount at 31 Dec 2016
Nike Property, s.r.o.	100%	-2 038	-2 038	303	200
Rheia Property, s.r.o.	95%	41 862	39 769	9 556	190
UPC Real, s.r.o.	100%	-27 786	-27 786	-446	200
Photon SPV 3 s.r.o.	100%	18 724	18 724	-2 353	200
Photon Energie s.r.o.	100%	24 497	24 497	4 660	200
Photon SPV 8 s.r.o.	100%	43 336	43 336	-3 355	200
FORZA SOLE s.r.o.	100%	78 335	78 335	15 314	200
Exit 90 SPV s.r.o.	100%	50 565	50 565	-671	200
Michalka – Sun s.r.o.	100%	231 659	231 659	29 324	200
GS55 Sazovice s.r.o.	90%	33 173	29 856	6 856	180
Onyx Energy s.r.o.	100%	33 411	33 411	-2 892	200
Onyx Energy projekt II s.r.o.	100%	28 319	28 319	-3 005	200
Photon SPV 4 s.r.o.	100%	19 595	19 595	143	200
Photon SPV 6 s.r.o.	100%	18 676	18 676	-3 822	200
Photon SPV 10 s.r.o.	100%	30 652	30 652	-3 053	200
Photon SPV 11 s.r.o.	100%	49 328	49 328	-2 543	200
Selene Property s.r.o.	100%	-24 072	-24 072	-462	200
ALT POHLEDY s.r.o.	100%	190 984	190 984	29 598	200
PZ PROJEKT a.s.	100%	-116 980	-116 980	-4 896	20
VILLA ATRIUM BUBENEČ s.r.o.	100%	6 851	6 851	-3 288	200
FVE Cihelna s.r.o.	100%	114 641	114 641	18 209	200
Credibilis a.s.	100%	-9 197	-9 197	-2 058	2 000
Morfeus Property, s.r.o.	100%	158	158	108	50
Zefyros Property, s.r.o.	100%	140	140	21	200
Triton Property, s.r.o.	100%	48	48	-2	50
Létó Property s.r.o.	77%	-11 701	-9 010	4 689	3 064
Eris Property s.r.o.	100%	-457	-457	-446	200
Hébé Property s.r.o.	95%	2 021	1 920	1 018	180
Euterpe Property, s.r.o.	100%	-29 462	-29 462	-171	50
NC Ivančice, s.r.o.	100%	-1 510	-1 510	-1 877	200
Afrodité Property, s.r.o.	100%	11	11	1	50
Astra Property, s.r.o.	100%	4 034	4 034	2 411	50
Kleió Property, s.r.o.	100%	394	394	344	50
Inó Property, s.r.o.	100%	-37	-37	-3	50
Niobé Property, s.r.o.	100%	-37	-37	-3	50
Na Stárce, s.r.o.	100%	451	451	176	200
RLRE Ypsilon Property, s.r.o.	50%	-48	-24	31	100
Urania Property, s.r.o.	100%	47	47	-3	50
Janus Property, s.r.o.	100%	37	37	-3	50
Dafné Property, s.r.o.	100%	-330	-330	-369	50
Médea Property, s.r.o.	100%	37	37	-3	50
Amfión Property, s.r.o.	100%	-51	-51	-67	50

	Investment	Equity at 31 Dec 2016	Share in equity	Profit/Loss after tax for the year ended 31 Dec 2016	Carrying amount at 31 Dec 2016
Theia Property, s.r.o.	100%	-66	-66	-102	50
Zelený Zlonín s.r.o.	100%	-190	-190	-230	50
Neptun Property, s.r.o.	100%	-398	-398	-286	50
Erató Property, s.r.o.	100%	-62	-62	-112	50
Harmonia Property, s.r.o.	100%	34	34	16	50
Ofión Property, s.r.o.	100%	126	126	5	50
Hyperion Property, s.r.o.	100%	-1 128	-1 128	-1 178	50
Don Giovanni Properties, s.r.o.	100%	44 610	44 610	-3 866	50
Grainulos s.r.o.	100%	53	53	47	10
Meleté Property, s.r.o.	100%	49	49	-1	50
Melpomené Property, s.r.o.	100%	471	471	421	50
Peitó Property, s.r.o.	100%	49	49	-1	50
Éós Property, s.r.o.	100%	36	36	-6	50
Boreas Property, s.r.o.	100%	6	6	-41	50
Hestia Property, s.r.o.	100%	44	44	-3	50
Kappa Estates, s.r.o.	100%	-47 743	-47 743	7 307	13 795
Easy Develop s.r.o.	100%	-338	-338	-227	200
Total					510 846

Allowance for equity investments	Allowance as of 31 Dec 2016
Athena Property, s.r.o. in liquidation	-1 840
Total allowances	-1 840
Net book value	509 006

The statutory accounting records of subsidiaries are maintained according to Czech Accounting Standards. The figures on equity and the profit or loss for 2017 and 2016 are based on preliminary financial statements of the relevant companies.

The Company holds equity investments predominantly in companies trading with real estate and companies engaged in power production from renewable sources. Most subsidiaries were founded for the purpose.

All equity investments are in companies having registered offices in the Czech Republic.

The Company has not concluded a controlling agreement or contract for the profit allocation with subsidiaries.

Equity investments are based on economic ownership of subsidiaries that may be different from legal ownership of shares in subsidiaries. The differences are in companies with respect to which the Company concluded trust agreements for equity investments in subsidiaries with Raiffeisen – Leasing International G.m.b.H. and RLKG Raiffeisen – Leasing Gesellschaft m.b.H. Companies with a trust agreement are stated in the table below.

Business name	Equity investment in the company held based on a trust agreement in %
Luna Property, s.r.o.	90%
Kalypso Property, s.r.o.	90%
Viktor Property, s.r.o.	90%

4.18. Tangible and Intangible Fixed Assets (Note 18)

Cost

CZK thousand	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
IFA - core system	40 860	2 638	-	43 498
Software	7 101	2 728	-	9 829
Valuable rights	105	-	-	105
FA - under construction	1 557	14 239	-13 815	1 981
Other buildings and land	7 097	55	-	7 152
Vehicles	23 315	8 716	-3 317	28 714
Machinery and equipment	3 555	273	-	3 828
Low value assets	1 704	-	-53	1 651
FM	178 741	417 468	-30 761	565 448
Other	806	-	-	806
Buildings under operating leases	187 300	141	-	187 441
Land under operating leases	15 000	-	-	15 000
Total	467 141	446 258	-47 946	865 453

CZK thousand	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
IFA - core system	43 498	3 041	-	46 539
Software	9 829	125	-	9 954
Valuable rights	105	-	-	105
FA - under construction	1 981	17 603	-16 870	2 714
Other buildings and land	7 152	-	-5 100	2 052
Vehicles	28 714	13 016	-7 406	34 324
Machinery and equipment	3 828	2 044	-	5 872
Low value assets	1 651	-	-47	1 604
FM	565 448	462 856	-150 345	877 959
Other	806	1 238	-	2 044
Buildings under operating leases	187 441	-	-	187 441
Land under operating leases	15 000	-	-	15 000
Total	865 453	499 923	-179 768	1 185 608

Accumulated Depreciation and Allowances

CZK thousand	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016
IFA – core system	-34 988	-2 473	-	-37 461
Software	-4 150	-1 374	-	-5 524
FA – under construction	-690	-	-	-690
Other buildings and land	-3 672	-426	-	-4 098
Vehicles	-10 456	-5 035	3 317	-12 174
Machinery and equipment	-2 285	-462	-	-2 747
Low value assets	-1 695	-9	53	-1 651
FM	-13 586	-80 307	29 848	-64 045
Other	-175	-	-	-175
Buildings under operating leases	-43 025	-3 857	-	-46 882
Total	-114 722	-93 943	33 218	-175 447

CZK thousand	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
IFA – core system	-37 461	-2 361	-	-39 822
Software	-5 524	-1 593	-	-7 117
FA – under construction	-690	-	-	-690
Other buildings and land	-4 098	-4 501	6 905	-1 694
Vehicles	-12 174	-8 264	7 406	-13 032
Machinery and equipment	-2 747	-776	-	-3 523
Low value assets	-1 651	-	47	-1 604
FM	-64 045	-251 482	154 040	-161 487
Other	-175	-35	-	-210
Buildings under operating leases	-46 882	-3 857	-	-50 739
Total	-175 447	-272 869	168 398	-279 918

Net Book Value

CZK thousand	Balance at 31 Dec 2017	Balance at 31 Dec 2016
IFA - core system	6 717	6 037
Software	2 837	4 305
Valuable rights	105	105
IFA - under construction	2 024	1 291
Other property and land	358	3 054
Vehicles	21 292	16 540
Machinery and equipment	2 349	1 081
Low value assets	0	0
FM	716 472	501 403
Other	1 834	631
Buildings under operating leases	136 702	140 559
Land under operating leases	15 000	15 000
Total	905 690	690 006

Depreciation and allowances

CZK thousand	Balance at 31 Dec 2017	Balance at 31 Dec 2016
DNM - core system	2 361	2 473
Software	1 593	1 374
Other buildings and land	3 857	426
Vehicles	6 324	4 864
Machinery and equipment	776	462
Low value assets	-	9
FM	127 333	55 613
Other	35	-
Buildings under operating leases	-1 812	3 857
Total	140 467	69 078

The fair value of a building and land under operating leases, determined by an internal expert in real estate, is CZK 155,000 thousand.

Low Value Intangible and Tangible Assets

Low value assets acquired in the reporting period and directly expensed in 2017 amounted to CZK 2,615 thousand (2016: CZK 2,713 thousand).

4.19. Other Assets (Note 19)

CZK thousand	2017	2016
Operating receivables	72 614	50 259
Prepayments made for tangible assets - lease assets	-	2 027
Acquisition of tangible assets - lease assets	80 378	38 454
Cash equivalents	161	412
Operating prepayments made	2 819	2 686
Estimated receivables - insurance	1 392	760
Deferred expenses - rental	580	1 739
VAT entitlement for December	24 328	54 944
Income tax prepayment	-	32 556
Other assets	8 407	17 178
Total	190 679	201 015

As of 31 December 2017, operating receivables include intercompany receivables of CZK 38,412 thousand (2016: CZK 29,705 thousand) for services relating to the Company's operations.

4.20. Payables to Banks – Short-Term and Long-Term Loans (Note 20)

Loans are collateralised by a bank guarantee from a foreign related bank of CZK 888,932 thousand (2016: CZK 804,000 thousand) and a bank guarantee from a local related bank of CZK 2,204,500 thousand (2016: CZK 1,959,000 thousand). The drawn loan are used primarily for the financing of the Company's transactions. Loans are provided in CZK and foreign currencies (EUR, USD). Short-term loans additionally include overdraft loans in selected banks.

4.20.1. Payables to Banks by Creditors

CZK thousand	2017	2016
Creditor A	948 692	921 180
Creditor B	10 432 107	7 906 001
Creditor C	22 481	48 451
Creditor D	-	1 714
Creditor E	810 656	500 000
Creditor F	275 166	375 141
Creditor G	1 447 335	1 385 253
Total	13 936 437	11 137 740

4.20.2. Payables to Banks by Maturity

CZK thousand	2017	2016
Within 3 months	882 921	601 798
From 3 months to 1 year	2 542 247	1 709 312
From 1 year to 5 years	9 282 136	7 375 792
More than 5 years	1 229 133	1 450 838
Total	13 936 437	11 137 740

4.21. Payables to Clients (Note 21)

Payables to clients of CZK 104,952 thousand (2016: CZK 49,419 thousand) include the unreleased portion of an extraordinary lease payment for operating lease agreements of CZK 23,658 thousand (2016: CZK 12,692 thousand), extraordinary lease agreements relating to inactive finance lease agreements of CZK 26,065 thousand (2016: CZK 0 thousand) and received prepayments for the carrying amount, received deposits and premature payments for unbilled repayments of CZK 55,229 thousand (2016: CZK 36,727 thousand).

4.22. Negative Fair Values of Financial Derivatives (Note 22)

The fair value of financial derivatives is based on valuation models that reflect the present market and contractual values of the underlying instrument similarly as the time value and yield curve or volatility factors. Subsequent to the initial recognition financial instruments are measured at fair value on level 2. The valuation of IRS and CCS is based on quoted yield curves. These markets are active. Market inputs directly correspond to the valued instruments.

The Company purchases financial derivatives almost solely from Raiffeisenbank, a.s. that remeasures them to fair value in its Midas and Crafos systems on a monthly basis.

CZK thousand	2017	2016
Interest rate swap - IRS	7 340	47 772
Total	7 340	47 772

The Company uses interest rate derivatives for the hedging of interest rate risk that relates to drawn loans.

4.23. Deferred Tax Liability (Note 23)

CZK thousand	2017	2016
Deferred tax liability	87 553	87 781

The purpose of the deferred tax is to reflect the difference between the accounting and tax reporting of the profit and loss. The basis for the calculation of the deferred tax is the tax calculated under CAS which is adjusted in line with IAS 17.

Movements in temporary differences arising from the difference between the accounting and tax carrying value of tangible and intangible fixed assets, difference between receivables under CAS and IFRS, difference between the accrual of income under CAS and IFRS, difference between the accounting and tax allowances for receivables after reflecting the success rate of their recovery, differences between accounting and tax allowances for assets, provisions and tax losses utilisable in the future are shown in the below table:

CZK thousand	2017	2016
Deferred tax liability	-1 718 641	-1 612 035
Present value of future debt	-1 429 231	-1 336 828
Accrual of lease payments	-252 000	-246 654
Difference between accounting and tax allowances	-35 323	-28 553
Revaluation of derivative instruments - cash flow hedging	-2 087	-
Deferred tax asset	1 631 088	1 524 254
Difference between accounting and tax value of tangible fixed	1 578 838	1 490 020
Provisions	5 187	4 643
Valuation difference on acquired assets	3 623	4 738
Other temporary impacts	43 440	24 853
Total deferred tax	-87 553	-87 781

The deferred tax is calculated using the anticipated tax rate in the period when the tax asset is realised or tax liability settled.

4.24. Provisions (Note 24)

2017

CZK thousand	Stav k 1.1.2017	Tvorba rezervy	Použití rezervy	Rozpuštění rezervy	Stav k 31.12.2017
Provision for bonuses	19 035	23 860	-23 754	-2 384	16 757
Provision for vacation	5 071	1 273	-	-	6 344
Provision for off-balance sheet	25 000	-	-	-25 000	-
Provision for income tax	-	77 853	-26 570	-	51 283
Provision for severance pay	-	879	-	-	879
Other provisions	329	2 993	-	-	3 322
	49 435	106 858	-50 324	-27 384	78 585

2016

CZK thousand	Stav k 1.1.2016	Tvorba rezervy	Použití rezervy	Rozpuštění rezervy	Stav k 31.12.2016
Provision for bonuses	12 967	22 260	-16 014	-178	19 035
Provision for vacation	3 873	5 071	-3 873	-	5 071
Provision for off-balance sheet	18 200	6 800	-	-	25 000
Provision for income tax	20 813	-	-20 689	-124	-
Provision for severance pay	2 284	-	-	-1 955	329
	58 137	34 131	-40 576	-2 257	49 435

4.25. Other Liabilities (Note 25)

CZK thousand	2017	2016
Estimated payables to insurance	6 066	5 866
Estimated payables for operations	8 656	6 080
Accrued interest	2 084	2 299
Deferred income	232	199
Payables to suppliers	167 090	71 306
Payables to employees	7 215	6 283
Payables to the taxation authority	1 555	1 313
Payables for social security and health insurance	3 483	2 919
Other	23 713	71 385
Total	220 094	167 650

4.26. Share Capital and Capital Funds (Note 26)Share Capital

In 2017, the share capital amounted to CZK 450,000 thousand. As of 31 December 2017, the capital was paid up to CZK 450,000 thousand.

The dividend paid in 2017 of CZK 70,617 thousand was paid out in the amounts of CZK 26,500 thousand and CZK 44,117 thousand to owners Raiffeisen – Leasing International Gesellschaft m.b.H. and Raiffeisenbank a.s., respectively.

The dividend paid in 2016 of CZK 66,130 thousand was paid out in the amounts of CZK 27,130 thousand and CZK 39,000 thousand to owners Raiffeisen – Leasing International Gesellschaft m.b.H. and Raiffeisenbank a.s., respectively.

4.27. Off-balance Sheet Items – Hedging Financial Instruments

The list of hedging financial instruments (financial derivatives) is reported off balance sheet at nominal values:

CZK thousand	2017	2016
Interest rate swap - IRS	10 525 811	8 122 110
Total	10 525 811	8 122 110

The residual maturity of financial derivatives – nominal values

2017

CZK thousand	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Interest rate swap - IRS	26 327	6 731 139	3 768 345	10 525 811
Total	26 327	6 731 139	3 768 345	10 525 811

2016

CZK thousand	Within 1 year	From 1 year to 5 years	More than 5 years	Total
Interest rate swap - IRS	77 778	5 455 645	2 588 687	8 122 110
Total	77 778	5 455 645	2 588 687	8 122 110

Total loan commitments as of 31 December 2017 amounted to CZK 1,354,415 thousand (2016: CZK 1,157,155 thousand).

The Company provided a group entity with a guarantee for the loan amounting to CZK 3,917,640 thousand (2016: CZK 5,376,428 thousand).

Received collateral by type:

CZK thousand	2017	2016
Real estate pledged as collateral for a loan receivable	2 238 435	1 534 319
Real estate as a lease asset	225 199	261 569
Leased movable assets	7 278 949	5 979 444
Received guarantees	265 554	298 564
Total	10 008 137	8 073 896

4.28. Aging of Receivables from Finance Leases

CZK thousand	2017	2016
Gross investments in finance leases	7 622 436	7 240 439
Within 3 months	599 583	462 618
From 3 months to 1 year	1 639 139	1 377 299
From 1 year do 5 let	5 010 631	4 888 225
More than 5 years	373 083	512 297
Unrealised financial income	549 710	619 933
Within 3 months	59 833	60 790
From 3 months to 1 year	151 362	158 638
From 1 year to 5 let	316 783	366 857
More than 5 years	21 732	33 648
Net investments in finance leases	7 072 726	6 620 506

4.29. Structure of Assets that are Leased under Finance Leases

CZK thousand	2017	2016
Lease of motor vehicles	4 425 133	3 543 475
Lease of real estate	238 281	314 776
Lease of facilities	2 409 312	2 762 255
Total	7 072 726	6 620 506

4.30. Future Operating Lease Payments of the Lessor

CZK thousand	2017	2016
Within 1 year	207 275	131 949
From 1 to 5 years	286 182	204 413
More than 5 years	50	386
Total	493 507	336 748

5. RELATED PARTY TRANSACTIONS

Related party transactions include transactions with entities from the Raiffeisen group.

5.1. Trade Receivables and Payables

The above receivables and payables include the following balances of accounts relating to intercompany relations.

	Receivables at 31 Dec		Payables at 31 Dec	
	2017	2016	2017	2016
Raiffeisenbank, a.s.	159	144	3 569	-
Raiffeisen Bank International AG	-	-	1 283	-
Raiffeisen FinCorp, s.r.o.	329	41	-	-
Amfión Property, s.r.o.	132	21	-	-
Maloja Investment SICAV a.s.	-	110	-	-
Astra Property, s.r.o.	135	136	-	-
ALT POHLEDY s.r.o.	8	3	-	-
Boreas Property, s.r.o.	-	58	-	-
CRISTAL PALACE Property, s.r.o.	-	261	-	-
Dafné Property, s.r.o.	297	346	-	-
Don Giovanni Properties, s.r.o.	3 085	1 587	-	-
Erató Property, s.r.o.	190	57	-	-
FVE Cihelna s.r.o.	12	-	-	-
Grainulos s.r.o.	176	176	-	-
Hypnos Property, s.r.o.	153	164	-	-
Hyperion Property, s.r.o.	1	-	-	-
Holečkova Property, s.r.o.	200	-	-	-
Chronos Property, s.r.o.	435	-	-	-
Iris Property, s.r.o.	104	-	-	-
Kappa Estates, s.r.o.	1 090	-	-	-
Kleió Property, s.r.o.	225	438	-	-
Photon SPV 3, s.r.o.	158	185	-	-
UPC Real, s.r.o.	1 057	-	-	-
RLRE Ypsilon Property, s.r.o.	11	56	-	-
Appolon Property, s.r.o.	40	-	-	-
Photon SPV 8 s.r.o.	316	384	-	-
Exit 90 SPV s.r.o.	373	436	-	-
Gaia Property, s.r.o.	401	1 620	-	-
GHERKIN, s.r.o.	122	152	-	-
Hermes Property, s.r.o.	406	3	-	-
Photon SPV 10 s.r.o.	289	338	-	-
Photon SPV 11 s.r.o.	381	456	-	-
Na Stárce, s.r.o.	91	-	-	-
Nemesis Property, s.r.o.	1 025	-	-	-
Neptun Property, s.r.o.	66	-	-	-

	Receivables at 31 Dec		Payables at 31 Dec	
	2017	2016	2017	2016
Melpomené Property, s.r.o.	946	-	-	-
Ofión Property, s.r.o.	89	-	-	-
Onyx Energy Projekt II s.r.o.	238	278	-	-
Onyx Energy s.r.o.	242	286	-	-
Palace Holding, s.r.o.	236	-	-	-
PILSENINVEST SICAV, a.s.	225	238	-	-
Photon SPV 6 s.r.o.	205	240	-	-
Photon SPV 4 s.r.o.	204	239	-	-
KAPMC s.r.o.	408	-	-	-
Pontos Property, s.r.o.	6 805	6 805	-	-
PZ Projekt a.s.	1 601	6 515	-	-
RIOBAU s.r.o.	183	-	-	-
RESIDENCE PARK TŘEBEŠ, s.r.o.	13	-	-	-
Rezidence Pod Skálou s.r.o.	1 459	-	-	-
RLRE Beta Property, s.r.o.	797	-	-	-
RLRE Carina Property, s.r.o.	1 538	356	-	-
RLRE Eta Property, s.r.o.	362	-	-	-
RLRE Jota Property, s.r.o.	685	-	-	-
Selene Property, s.r.o.	7 145	-	-	-
SeEnergy PT s.r.o.	73	-	-	-
Sirius Property, s.r.o.	795	-	-	-
Strašnická realitní a.s.	236	-	-	-
Theia Property, s.r.o.	5	-	-	-
Tmólos Property, s.r.o.	1 369	-	-	-
Viktor Property, s.r.o.	216	12	-	-
Urania Property, s.r.o.	1	-	-	-
Zátiší Rokytka s.r.o.	892	-	-	-
Credibilis a.s.	637	688	-	-
FORZA SOLE s.r.o.	422	-	-	-
Photon Energie s.r.o.	435	-	-	-
Hébé Property, s.r.o.	36	38	-	-
Luna Property, s.r.o.	976	-	-	-
NC Ivančice, s.r.o.	369	-	-	-
Orchideus Property, s.r.o.	2 997	1 809	-	-
Total	44 307	24 676	4 852	-

In addition, the Company records a payable of CZK 7,340 thousand (2016: CZK 46,627 thousand) and a receivable of CZK 77,167 thousand (2016: CZK 28 thousand) in respect of Raiffeisenbank a.s. arising from concluded hedging derivative instruments.

As of 31 December 2017, the Company records a balance on bank accounts with Raiffeisenbank, a.s. of CZK 284,369 thousand (2016: CZK 251,024 thousand). As of 31 December 2017, the balance on the bank account held at Raiffeisen Bank International AG is CZK 3,637 thousand (2016: CZK 4,599 thousand).

Deferred expenses include the lease of office premises paid in advance to Raiffeisenbank a.s. of CZK 580 thousand (2016: CZK 1,739 thousand).

An allowance for receivables from Orchideus Property, s.r.o. was created in the amount of CZK 2,929 thousand (2016: CZK 0 thousand).

5.2. Sales and Purchases

	Sales for		Purchases for	
	2017	2016	2017	2016
Raiffeisenbank a.s.	139 320	25 767	90 059	98 715
Raiffeisen - Leasing International GmbH	-	-	-	1 353
Raiffeisen Bank International AG	-	-	6 099	5 900
RLRE Beta Property, s.r.o.	2 172	2 224	-	98
RLRE HOTEL ELLEN, s.r.o.	292	951	-	86
RLRE Eta Property, s.r.o.	1 234	1 359	-	-
RLRE Jota Property, s.r.o.	2 099	2 959	-	5
RLRE Ypsilon Property, s.r.o.	132	227	-	-
Selene Property, s.r.o.	12 660	12 225	-	-
Sirius Property, s.r.o.	2 417	2 334	-	-
Gaia Property, s.r.o.	1 402	1 815	-	-
Dafné Property, s.r.o.	598	286	-	-
CRISTAL PALACE Property, s.r.o.	546	1 115	-	-
Credibilis a.s.	2 346	2 392	-	-
FVE Cihelna s.r.o.	3 740	4 332	-	-
RLRE Carina Property, s.r.o.	3 732	2 559	-	-
Amfión Property, s.r.o.	207	41	-	-
Appolon Property, s.r.o.	-11	209	-	6
Boreas Property, s.r.o.	367	48	-	-
Iris Property, s.r.o.	1 102	1 188	-	-
Orchideus Property, s.r.o.	1 313	1 692	-	-
Raiffeisen FinCorp, s.r.o.	2 382	752	-	7
Chronos Property, s.r.o.	1 011	897	-	-
UPC Real, s.r.o.	3 355	3 466	-	-
ALT POHLEDY s.r.o.	9 797	10 762	-	-
Photon SPV 3 s.r.o.	1 740	3 403	-	-
Photon Energie s.r.o.	2 416	1 594	-	-
Don Giovanni Properties, s.r.o.	6 195	5 611	-	-
Hermes Property, s.r.o.	1 632	1 656	6	6
Holečkova Property, s.r.o.	559	569	-	-
Hyperion Property, s.r.o.	163	550	-	-
Kappa Estates, s.r.o.	3 025	2 998	-	-
Kleio Property, s.r.o.	344	362	-	-
Hypnós Property, s.r.o.	375	135	-	-
Luna Property, s.r.o.	2 148	1 173	-	-
Erató Property, s.r.o.	206	66	-	-
GHERKIN, s.r.o.	367	125	-	-
Euros Property, s.r.o.	5 439	6 438	-	-
Exit 90 SPV s.r.o.	3 873	7 701	-	-

	Sales for		Purchases for	
	2017	2016	2017	2016
FORZA SOLE s.r.o.	1 139	4 581	-	-
Maloja Investment SICAV a.s.	9	21	-	-
Grainulos s.r.o.	318	146	-	-
GS55 Sazovice s.r.o.	81	112	-	-
Médea Property, s.r.o.	100	-	-	-
Melpomené Property, s.r.o.	3 991	-	-	-
Michalka – Sun s.r.o.	11 923	14 211	-	-
Nemesis Property, s.r.o.	1 559	-	-	-
Neptun Property, s.r.o.	102	409	-	-
OfiÓN Property, s.r.o.	264	274	-	-
Onyx Energy projekt II s.r.o.	2 532	5 023	-	-
Onyx Energy s.r.o.	2 606	5 116	-	-
Palace Holding, s.r.o.	800	819	-	-
Photon SPV 10 s.r.o.	3 056	5 951	-	-
Photon SPV 11 s.r.o.	4 042	8 035	-	-
Photon SPV 6 s.r.o.	2 215	4 424	-	-
Photon SPV 8 s.r.o.	3 439	6 861	-	-
Photon SPV 4 s.r.o.	2 193	4 345	-	-
PILSENINVEST, uzavřený investiční fond, a.s.	640	144	-	-
PZ Projekt a.s.	6 591	4 799	1 103	1 079
Viktor Property, s.r.o.	8 270	10 945	-	-
Rheia Property, s.r.o.	3 567	3 984	-	-
Theia Property, s.r.o.	36	36	-	-
RESIDENCE PARK TŘEBEŠ, s.r.o.	-	543	-	13
Rezidence Pod Skálou s.r.o.	1 641	-	-	-
SeEnergy PT s.r.o.	188	-	-	-
Strašnická realitní a.s.	187	-	-	-
Tmólos Property, s.r.o.	1 941	-	-	-
Zátíší Rokytka s.r.o.	1 009	-	-	-
Astra Property, s.r.o.	466	234	-	-
RIOBAU s.r.o.	199	-	-	-
Hébé Property, s.r.o.	123	121	-	-
NC Ivančice, s.r.o.	1 322	1 195	-	-
Na Stárce, s.r.o.	469	626	-	-
KAPMC s.r.o.	690	220	-	-
Total	288 403	195 156	97 267	107 268

Purchases primarily include provided services regarding treasury (costs of provided guarantees to received loans, interest expenses, banking fees), costs relating to derivative instruments, risk management and rental including services relating to the lease of office premises.

Sales primarily include interest income from bank accounts, derivatives and granted loans, fees for related party administration and construction billing.

The relation to Raiffeisenbank a.s. and Raiffeisen – Leasing International GmbH is described in Note 1.2. Raiffeisen Bank International AG is a group entity (shareholder of Raiffeisenbank a.s.).

5.3. Received Loans and Borrowings

	2017	2016
Raiffeisenbank a.s.	10 432 107	7 906 015
Raiffeisen Bank International AG	22 481	48 451
Total	10 454 588	7 954 466

The interest rate on loans from related parties is in line with the transfer pricing principles. Loans are provided as uncollateralised.

5.4. Granted Loans

	2017	2016
RLRE Carina Property, s.r.o.	12 072	-
Orchideus Property, s.r.o.	59 908	58 931
UPC Real, s.r.o.	79 937	86 978
Inó Property, s.r.o.	38	38
Michalka – Sun, s.r.o.	189 171	220 956
Euros Property, s.r.o.	96 747	112 687
Viktor Property, s.r.o.	147 744	198 718
Rheia Property, s.r.o.	96 453	106 086
RLRE Beta Property, s.r.o.	804	2 300
PZ Projekt a.s.	78 020	78 090
ALT POHLEDY s.r.o.	211 742	237 479
FVE Cihelna s.r.o.	76 301	92 808
Niobé Property, s.r.o.	58	38
Photon Energie s.r.o.	36 685	39 823
Selene Property, s.r.o.	19 572	21 770
Credibilis a.s.	85 258	-
Hestia Property, s.r.o.	463	-
Raiffeisen FinCorp, s.r.o.	737 292	-
Total loans and borrowings	1 928 265	1 256 702
Revaluation of a collateralised loan	-1 470	-175
Total	1 926 795	1 256 527

The interest rate on loans provided to related parties is in line with the transfer pricing principles.

6. LEGAL DISPUTES

Legal disputes relating to monetary supplies

In 2017, the Company was involved in legal disputes before general and arbitration courts concerning monetary supplies of CZK 1,064,845 thousand, with the amounts of CZK 7,731 thousand and CZK 1,057,114 thousand, net of accrued interest, being attributable to legal disputes where the Company acts as a plaintiff and as a defendant, respectively.

Other disputes

PORTA BRNO plus a.s. filed an action against the Company to claim a decision that the lien established for the benefit of Raiffeisen – Leasing, s.r.o. pertaining to real estate in the cadastral area of Brno Město, the City of Brno, included in title deed LV 896 does not exist as it was not established in a legitimate manner. The dispute has been interrupted until the completion of the proceedings to determine the ownership of the relevant real estate. In the main proceedings, which must be completed so that the proceedings on the action to determine the existence of the lien could continue, three verbal negotiations have been held to date. The Company does not expect the legal dispute to be terminated before 2019.

In September 2014, the Company became another defendant in the proceedings on ineffectiveness of legal acts, specifically a contract on the transfer of an equity interest in ALT POHLEDY s.r.o. concluded between ALTENERGIE DEVELOP s.r.o. as the transferor and the Company as the acquirer. The action was filed with the District Court in Svitavy by RR-Inkasní s.r.o., initially against ALT POHLEDY s.r.o. and subsequently against the Company (refer to above). The proceedings has been interrupted until a decision in another dispute between RR-Inkasní s.r.o. and ALTENERGIE DEVELOP s.r.o. is made. The Company expects that the proceedings will continue no sooner than in several years.

7. RISK MANAGEMENT

7.1. Credit Risk

The credit risk of the Company primarily relates to receivables arising from contracts for financing (lease contracts, loan contracts, instalment sale contracts). The risk of lease and loan receivables is largely covered by assets that are seized from the lessee in the event of default and subsequently sold.

The credit risk in respect of liquid funds is limited, as the counterparties are banks with high rating from international rating agencies.

The Company reports no significant concentration of credit risks as its exposures are distributed among a significant number of counterparties and clients.

The credit risk is monitored on a monthly basis in monitoring the receivables, allowances, default rates, structure of portfolio by rating. The assessment is made by the Receivables Committee that approves the amount of allowances. Members of the committee are the Company's statutory executives, risk department manager, administrative department manager, accounting department manager and the controlling department manager.

2017	Balance sheet exposure (carrying value)	Off-balance sheet exposure (carrying value)	Total exposure (carrying value)	Total collateral
ASSETS				
Cash	115	-	115	-
Deposits at banks	423 236	-	423 236	-
Receivables from clients	14 411 851	5 272 055	19 683 906	10 008 137
Allowance for receivables from clients	-161 866	-	-161 866	-
Positive fair values of financial derivatives	88 510	-	88 510	-
Equity investments in subsidiaries	508 512	-	508 512	-
Intangible fixed assets	11 683	-	11 683	-
Tangible fixed assets	742 305	-	742 305	-
Investment property	151 702	-	151 702	-
Other assets	190 679	-	190 679	-
TOTAL ASSETS	16 366 727	5 272 055	21 638 782	10 008 137

2016	Balance sheet exposure (carrying value)	Off-balance sheet exposure (carrying value)	Total exposure (carrying value)	Total collateral
ASSETS				
Cash	89	-	89	-
Deposits at banks	331 192	-	331 192	-
Receivables from clients	11 731 011	6 533 583	18 264 594	8 073 896
Allowance for receivables from clients	-227 663	-	-227 663	-
Positive fair values of financial derivatives	28	-	28	-
Equity investments in subsidiaries	509 006	-	509 006	-
Intangible fixed assets	10 893	-	10 893	-
Tangible fixed assets	523 554	-	523 554	-
Investment property	155 559	-	155 559	-
Other assets	201 015	-	201 015	-
TOTAL ASSETS	13 234 684	6 533 583	19 768 267	8 073 896

7.2. Interest Rate Risk

Interest rate risk is the risk that the interest rate of receivables from contracts for financing may change differently than the interest rate based on which these receivables are refinanced (fixed and floating rates). This is a risk of the loss from the difference between interest expenses and interest income. Contracts that are financed using fixed rates are hedged through interest rate swaps or the financing drawn bears a fixed rate. On the basis of contracts for interest rate swaps, the Company undertakes to swap the difference between the amount of fixed and variable interest calculated from contracted principal amounts.

Financial risks in the Company are managed pursuant to Raiffeisen Leasing International Market Risk Guidelines for Raiffeisen Leasing International Subsidiaries. The Company's intent is not to speculate with market movements and expose itself to the market risk. The Company may assume the market risk only in such situations and in such quantity as deemed necessary to facilitate day-to-day refinancing administration. In order to prevent market risks, liquidity, foreign currency and interest rate limits are determined, reported and monitored in accordance with the Raiffeisen Leasing International guideline.

The table for 2017 (2016) includes assets and liabilities structured by risk of a change in the interest rate.

2017	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	At request	Unspecified	Total
ASSETS	-	-	-	-	115	-	115
Cash							
Deposits at banks	-	-	-	-	423 236	-	423 236
Receivables from clients	2 297 482	258 596	10 234 756	1 621 017	-	-	14 411 851
Allowance for receivables from clients	-102 662	-	-32 401	-26 803	-	-	-161 866
Positive fair values of financial derivatives	88 510	-	-	-	-	-	88 510
Equity investments in subsidiaries	-	-	-	-	-	508 512	508 512
Intangible fixed assets	-	-	-	-	-	11 683	11 683
Tangible fixed assets	-	-	-	-	-	742 305	742 305
Investment property	-	-	-	-	-	151 702	151 702
Other assets	190 679	-	-	-	-	-	190 679
TOTAL ASSETS	2 474 009	258 596	10 202 355	1 594 214	423 351	1 414 202	16 366 727
LIABILITIES							
Payables to banks	11 724 422	229 682	1 272 628	705 064	-	4 641	13 936 437
Payables to clients	104 952	-	-	-	-	-	104 952
Negative fair values of financial derivatives	7 340	-	-	-	-	-	7 340
Deferred tax liability	-	-	-	-	-	87 553	87 553
Provisions	-	-	-	-	-	78 585	78 585
Other liabilities	220 094	-	-	-	-	-	220 094
Share capital	-	-	-	-	-	450 000	450 000
Retained earnings/accumulated losses	-	-	-	-	-	1 183 169	1 183 169
Profit for the period	-	-	-	-	-	298 597	298 597
TOTAL LIABILITIES	12 056 808	229 682	1 272 628	705 064	-	2 102 545	16 366 727

2016	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	At request	Unspecified	Total
ASSETS							
Cash	-	-	-	-	89	-	89
Deposits at banks	-	-	-	-	331 192	-	331 192
Receivables from clients	2 191 526	44 354	8 064 198	1 430	-	-	11 731 011
Allowance for receivables from clients	-110 578	-1 410	-90 026	-25 649	-	-	-227 663
Positive fair values of financial derivatives	28	-	-	-	-	-	28
Equity investments in subsidiaries	-	-	-	-	-	509 006	509 006
Intangible fixed assets	-	-	-	-	-	10 893	10 893
Tangible fixed assets	-	-	-	-	-	523 554	523 554
Investment property	-	-	-	-	-	155 559	155 559
Other assets	201 015	-	-	-	-	-	201 015
TOTAL ASSETS	2 281 991	42 944	7 974 172	1 405	331 281	1 199 012	13 234 684
LIABILITIES							
Payables to banks	10 031 472	-	752 947	353 321	-	-	11 137 740
Payables to clients	49 419	-	-	-	-	-	49 419
Negative fair values of financial derivatives	47 772	-	-	-	-	-	47 772
Deferred tax liability	-	-	-	-	-	87 781	87 781
Provisions	-	-	-	-	-	49 435	49 435
Other liabilities	167 650	-	-	-	-	-	167 650
Share capital	-	-	-	-	-	450 000	450 000
Retained earnings/accumulated losses	-	-	-	-	-	876 215	876 215
Profit for the period	-	-	-	-	-	368 672	368 672
TOTAL LIABILITIES	10 296 313	-	752 947	353 321	-	1 832 103	13 234 684

At the year-end, the Company contracted IRS with the nominal amount of CZK 10,525,811 thousand (2016: CZK 8,122,110 thousand) which are disclosed in Note 4.27.

7.3. Currency Risk

Pursuant to its risk management strategy, the Company generally applies a rule under which all business activities in the specific currency are refinanced by bank loans in the identical currency.

The table for 2017 (2016) includes the Company's currency position in realised currencies (the amounts in the table are translated into CZK).

2017

CZK thousand	Total	CZK	EUR	USD
ASSETS				
Cash	115	83	32	-
Deposits at banks	423 236	361 985	57 317	3 934
Receivables from clients	14 411 851	10 155 307	3 881 207	375 337
Allowance for receivables from clients	-161 866	-157 860	-4 006	-
Positive fair values of financial derivatives	88 510	88 510	-	-
Equity investments in subsidiaries	508 512	508 512	-	-
Intangible fixed assets	11 683	11 683	-	-
Tangible fixed assets	742 305	742 305	-	-
Investment property	151 702	151 702	-	-
Other assets	190 679	108 397	82 282	-
TOTAL ASSETS	16 366 727	11 970 624	4 016 832	379 271
LIABILITIES				
Payables to banks	13 936 437	9 619 761	3 944 338	372 338
Payables to clients	104 952	73 314	27 359	4 279
Negative fair values of financial derivatives	7 340	7 340	-	-
Deferred tax liability	87 553	87 553	-	-
Provisions	78 585	78 585	-	-
Other liabilities	220 094	172 440	47 654	-
Share capital	450 000	450 000	-	-
Retained earnings/accumulated losses	1 183 169	1 183 169	-	-
Profit for the period	298 597	298 597	-	-
TOTAL LIABILITIES	16 366 727	11 970 759	4 019 351	376 617
Total foreign currency position at 31 Dec 2017		-135	-2 519	2 654

2016

CZK thousand	Total	CZK	EUR	USD
ASSETS				
Cash	89	86	3	-
Deposits at banks	331 192	111 149	211 780	8 263
Receivables from clients	11 731 011	8 237 245	3 018 863	474 903
Allowance for receivables from clients	-227 663	-221 533	-6 130	-
Positive fair values of financial derivatives	28	28	-	-
Equity investments in subsidiaries	509 006	509 006	-	-
Intangible fixed assets	10 893	10 893	-	-
Tangible fixed assets	523 554	523 554	-	-
Investment property	155 559	155 559	-	-
Other assets	201 015	173 213	27 802	-
TOTAL ASSETS	13 234 684	9 499 200	3 252 318	483 166
LIABILITIES				
Payables to banks	11 137 740	7 522 548	3 133 931	481 261
Payables to clients	49 419	41 922	2 436	5 061
Negative fair values of financial derivatives	47 772	47 772	-	-
Deferred tax liability	87 781	87 781	-	-
Provisions	49 435	49 435	-	-
Other liabilities	167 650	64 866	102 774	10
Share capital	450 000	450 000	-	-
Retained earnings/accumulated losses	876 215	876 215	-	-
Profit for the period	368 672	368 672	-	-
TOTAL LIABILITIES	13 234 684	9 509 211	3 239 141	486 332
Total foreign currency position at 31 Dec 2016		-10 011	13 177	-3 166

7.4. Liquidity Risk

The liquidity risk is the risk that the Company will not have sufficient available funds to settle payables arising from financial contracts. It includes both the risk of the ability to finance assets by instruments with appropriate maturity and the ability to sell assets for a reasonable price within a reasonable time frame.

The below table includes assets and liabilities structured by residual maturities, ie from the financial statements date to the contractual maturity date. Assets and liabilities without the contracted maturity date are presented in the "Unspecified" column.

Payables are reported as contractual payables including future interest.

2017	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	At request	Unspecified	Total
ASSETS							
Cash	-	-	-	-	115	-	115
Deposits at banks	-	-	-	-	423 236	-	423 236
Receivables from clients	1 073 164	2 882 646	9 125 549	1 187	142 736	-	14 411 851
Allowance for receivables from clients	-17 220	-36 845	-62 740	-26 632	-	-18 429	-161 866
Positive fair values of financial derivatives	3	4	61 723	26 780	-	-	88 510
Equity investments in subsidiaries	-	-	-	-	-	508 512	508 512
Intangible fixed assets	-	-	-	-	-	11 683	11 683
Tangible fixed assets	-	-	-	-	-	742 305	742 305
Investment property	-	-	-	-	-	151 702	151 702
Other assets	190 389	290	-	-	-	-	190 679
TOTAL ASSETS	1 246 336	2 846 095	9 124 532	1 187	566 087	1 395 773	16 366 727
LIABILITIES							
Payables to banks	910 695	2 614 264	9 445 242	1 256	-	-	14 226 993
Payables to clients	99 329	-	-	5 623	-	-	104 952
Negative fair values of financial derivatives	-	33	4 039	3 268	-	-	7 340
Deferred tax liability	-	-	-	-	-	87 553	87 553
Provisions	-	-	-	-	-	78 585	78 585
Other liabilities	207 091	-	-	13 003	-	-	220 094
Share capital	-	-	-	-	-	450 000	450 000
Retained earnings/accumulated losses	-	-	-	-	-	1 183 169	1 183 169
Profit for the period	-	-	-	-	-	298 597	298 597
TOTAL LIABILITIES	1 217 115	2 614 297	9 449 281	1 278	-	2 097 904	16 657 283

2016	Within 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	At request	Unspecified	Total
ASSETS							
Cash	-	-	-	-	89	-	89
Deposits at banks	-	-	-	-	331 192	-	331 192
Receivables from clients	740 056	2 119 929	7 722 296	1 094	53 954	-	11 731 011
Allowance for receivables from clients	-35 100	-50 820	-60 263	-54 466	-	-27 014	-227 663
Positive fair values of financial derivatives	-	-	28	-	-	-	28
Equity investments in subsidiaries	-	-	-	-	-	509 006	509 006
Intangible fixed assets	-	-	-	-	-	10 893	10 893
Tangible fixed assets	-	-	-	-	-	523 554	523 554
Investment property	-	-	-	-	-	155 559	155 559
Other assets	167 009	33 426	580	-	-	-	201 015
TOTAL ASSETS	871 965	2 102 535	7 662 641	1 040	385 235	1 171 998	13 234 684
LIABILITIES							
Payables to banks	616 782	1 750 322	7 486 671	1 477	-	-	11 331 496
Payables to clients	40 559	-	-	8 860	-	-	49 419
Negative fair values of financial derivatives	4	253	20 792	26 723	-	-	47 772
Deferred tax liability	-	-	-	-	-	87 781	87 781
Provisions	-	-	-	-	-	49 435	49 435
Other liabilities	167 650	-	-	-	-	-	167 650
Share capital	-	-	-	-	-	450 000	450 000
Retained earnings/accumulated losses	-	-	-	-	-	876 215	876 215
Profit for the period	-	-	-	-	-	368 672	368 672
TOTAL LIABILITIES	824 995	1 750 575	7 507 463	1 513	-	1 832 103	13 428 440

8. POST BALANCE SHEET EVENTS

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements for the year ended 31 December 2017.

Related Party Transaction Report

pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives, as amended (hereinafter the "Act on Business Corporations")

- 1.1. The statutory body of Raiffeisen - Leasing, s.r.o., with its registered office at Hvězdova 1716/2b, 140 78 Prague 4, corporate ID: 61467863, recorded in the Register of Companies held by the Municipal Court in Prague, File No. C 29553 (hereinafter the "Company") prepared this related party transaction report in accordance with Section 82 of Act No. 90/2012 Coll., and the legal regulation regarding business secrecy in accordance with Section 504 of Act No. 89/2012 Coll., Civil Code.
- 1.2. The statutory body of the Company used the information in the Register of Companies in identifying controlling entities.

2. Structure of Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Controlling Entity (hereinafter the "Related Parties")

- 2.1 The Company is controlled by Raiffeisenbank a.s., corporate ID: 492 40 901, with its registered office at Hvězdova 1716/2b, 140 78 Prague 4, recorded in the Register of Companies held by the Municipal Court in Prague, File No. B 2051, which holds an equity investment of 100%.

3. Role of the Controlled Entity in the Structure of Relations of Related Parties.

The Company is a subsidiary of the parent company operating autonomously and independently of the parent company in non-banking financing of movable and immovable assets.

4. Method and Means of Control

- 4.1 The Company is controlled through resolutions of the parent company acting in the capacity of the general meeting in matters that are within the authority of the general meeting or the sole owner pursuant to law. The Company is not subject to unified management as per Section 79 et seq. of the Act on Business Corporations.
- 4.2 Decisions are made in the Company at the level of the statutory body, with no one being allowed to give the Company's statutory body binding instructions regarding the business management of the Company.

5. List of Acts Made in the Reporting Period at the Initiative or in the Interest of the Controlling Entity or Entities Controlled by the Controlling Entity that related to Assets that Exceed 10% of Equity of the Controlled Entity Identified according to the Most Recent Set of Financial Statements

No such acts were made.

6. List of Contracts concluded in the Reporting Period with Related Parties

Contract (change to the contract)	Counter-party	Conclusion date
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	17 Aug 2017
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	11 Aug 2017
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	28 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 8 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 6 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 4 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 3 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 11 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Photon SPV 10 s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Onyx Energy projekt II s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Onyx Energy s.r.o.	21 Dec 2017
Amendment no. 1 to the contract on the provision of comprehensive project support	Exit 90 SPV s.r.o.	21 Dec 2017
Contract on the provision of comprehensive project support	RLRE Eta Property, s.r.o.	10 Mar 2017
Contract on the provision of comprehensive project support	UPC Real, s.r.o.	10 Mar 2017
Agreement to offset receivables	Na Stárce, s.r.o., client	15 Nov 2017
Contract on the provision of comprehensive project support	Na Stárce, s.r.o.	23 Jan 2017
Amendment no. II to the master agreement on cooperation in the financing of the development project "Obytný park Šmukýřka"	Na Stárce, s.r.o., client	22 Aug 2017
Contract on the provision of comprehensive project support	Neptun Property, s.r.o.	06 Jan 2017
Contract on the provision of comprehensive project support	Strašnická realitní a.s.	05 June 2017
Agreement to cover costs	Zátiší Rokytka s.r.o., client	31 Mar 2017
Master agreement on cooperation in the financing of the development project "CODECO - Zátiší Nad Rokytkou"	Zátiší Rokytka s.r.o., client	22 Aug 2017
Contract on development activities for ensuring the construction of the project "Zátiší Nad Rokytkou"	Zátiší Rokytka s.r.o., client	22 Aug 2017
Contract on the provision of comprehensive project support	Zátiší Rokytka s.r.o.	29 Aug 2017
Contract on risk participation and the provision of a special-purpose loan	Raiffeisenbank a.s.	29 Dec 2017
Amendment no. 1 to the master agreement on cooperation in the financing of the development project "Pekařka - Rezidence Pod Skálou"	Rezidence Pod Skálou s.r.o., client	31 Mar 2017
Amendment no. 1 to the contract on development activities for ensuring the construction of the project "Pekařka - Rezidence Pod Skálou"	Rezidence Pod Skálou s.r.o., client	03 Apr 2017
Agreement to cover costs	Rezidence Pod Skálou s.r.o., client	28 Feb 2017

Contract (change to the contract)	Counter-party	Conclusion date
Contract on development activities for ensuring the construction of the project "Pekařka - Rezidence Pod Skálou"	Rezidence Pod Skálou s.r.o., client	31 Mar 2017
Contract on the provision of comprehensive project support	Rezidence Pod Skálou s.r.o.	03 Apr 2017
Contract on the provision of comprehensive project support	Hyperion Property, s.r.o.	18 Jan 2017
Amendment no. 2 to the master cooperation agreement	Gala Property, s.r.o., Peitó Property, client	30 Mar 2017
Amendment no. 3 to the master cooperation agreement	MALOJA INVESTMENT SICAV a.s., Peitó Property, s.r.o., client	12 July 2017
Loan contract 03/2017	Raiffeisen FinCorp, s.r.o.	03 Apr 2017
Amendment no. 23 to the LOAN CONTRACT č. 110157/2012/01	Raiffeisenbank a.s.	12 June 2017
Amendment no. 24 to the LOAN CONTRACT č. 110157/2012/01	Raiffeisenbank a.s.	18 Dec 2017
Amendment no. 2 to the contract on non-exclusive business representation	Raiffeisenbank a.s.	15 Feb 2017
Non-disclosure agreement	Raiffeisenbank a.s.	31 Jan 2017
Contract on the provision of outsourcing services in the area of internal audit	Raiffeisenbank a.s.	23 Feb 2017
Amendment no. 2 to the debt accession agreement	Raiffeisenbank a.s.	01 Dec 2017
Implementation contract to the master contract on the provision of legal services	Raiffeisenbank a.s., third party	22 Aug 2017
Agreement on a joint procedure	Eris Property, s.r.o., clients	10 May 2017
Contract on the provision of comprehensive project support	Lysithea a.s.	05 June 2017
Contract on the provision of comprehensive project support	Gaia Property, s.r.o.	01 Mar 2017
Contract on the provision of comprehensive project support	PZ PROJEKT a.s.	14 Mar 2017
Contract on the provision of comprehensive project support	Hermes Property, s.r.o.	01 Mar 2017
Contract on the provision of comprehensive project support	NC Ivančice, s.r.o.	19 June 2017
Contract on the provision of comprehensive project support	Hébé Property, s.r.o.	05 June 2017
Contract on the provision of comprehensive project support	Ofión Property, s.r.o.	19 June 2017
Contract on the provision of comprehensive project support	Don Giovanni Properties, s.r.o.	18 Jan 2017
Contract on the provision of comprehensive project support	Kleió Property, s.r.o.	05 June 2017
Contract on the provision of comprehensive project support	SeEnergy PT, s.r.o.	27 Apr 2017
Contract on the provision of comprehensive project support	KAPMC, s.r.o.	22 May 2017
Contract on the provision of comprehensive project support	GHERKIN, s.r.o.	19 June 2017
Amendment no. 1 to the loan contract	Theia Property, s.r.o., client	01 Oct 2017
Amendment no. 2 to the agreement to finance development projects of STAKO	KAPMC, s.r.o., Dike Property, s.r.o., client	22 May 2017
Master cooperation contract	SeEnergy PT, s.r.o., Tritón Property, s.r.o., client	25 Apr 2017
Master cooperation agreement	KAPMC, s.r.o., client	22 May 2017
Agreement to cover costs	KAPMC, s.r.o., client	17 Mar 2017
Contract on development activities for ensuring the construction of the project "Rezidenční projekt Farářství - I. Etapa (Bytové domy A,B,C D,E)"	KAPMC, s.r.o., client	23 June 2017

Contract (change to the contract)	Counter-party	Conclusion date
Amendment no. 1 to the bookkeeping contract	KAPMC, s.r.o.	31 May 2017
Contract on the provision of comprehensive project support	Grainulos s.r.o.	14 June 2017
Contract on the provision of comprehensive project support	Palace Holding s.r.o.	14 June 2017
Contract on the provision of comprehensive project support	Astra Property, s.r.o.	09 June 2017
Contract on the provision of comprehensive project support	Chronos Property, s.r.o.	12 June 2017
Contract on the provision of comprehensive project support	RLRE Beta Property, s.r.o.	12 June 2017
Contract on the provision of comprehensive project support	RLRE Jota Property, s.r.o.	09 June 2017
Contract on the provision of comprehensive project support	Sirius Property, s.r.o.	12 June 2017
Loan contract	Melpomené Property, s.r.o.	20 Dec 2017
Contract on the provision of comprehensive project support	CRISTAL PALACE Property, s.r.o.	23 June 2017
Contract on the provision of comprehensive project support	Selene Property, s.r.o.	12 June 2017
Master cooperation agreement	PILSENINVEST SICAV, a.s.	28 June 2017
Contract on the provision of comprehensive project support	Kappa Property, s.r.o.	12 June 2017
Loan contract	Hestia Property, s.r.o.	21 Nov 2017
Loan contract	RLRE Carina Property, s.r.o.	01 Nov 2017
Amendment no. 14 to the loan contract of 27 December 2007	Orchideus Property, s.r.o.	31 Mar 2017
Contract on the provision of comprehensive project support	Orchideus Property, s.r.o.	14 Mar 2017
Contract on the provision of comprehensive project support	Luna Property, s.r.o.	14 Mar 2017
Loan contract	RLRE Carina Property, s.r.o.	31 Aug 2017
Contract on the provision of comprehensive project support	RLRE Carina Property, s.r.o.	14 Mar 2017
Contract on the provision of comprehensive project support	ALT POHLEDY, s.r.o.	10 Feb 2017
Amendment no. 4 to the master cooperation contract	ALT POHLEDY, s.r.o., client	13 Sept 2017
Contract on the provision of comprehensive project support	Hypnos Property, s.r.o.	18 Jan 2017
Contract on the provision of comprehensive project support	Dafné Property, s.r.o.	18 Jan 2017
Contract on the provision of comprehensive project support	Tmólos Property, s.r.o.	26 Apr 2017
Contract on development activities for ensuring the construction of the project „Příčná 4“	Tmólos Property, s.r.o., FORINOPA, s.r.o., client	26 June 2017
Amendment no. 1 to the master cooperation contract	Tmólos Property, s.r.o., clients	21 July 2017
Contract on the provision of comprehensive project support	Erató Property, s.r.o.	10 Mar 2017
Amendment no. 1 to the master contract on cooperation during the financing of the development project “Vila Černošice”	Erató Property, s.r.o., client	29 Nov 2017
Amendment no. 1 to the contract on the subordination of the client's receivables	Erató Property, s.r.o., client	29 Nov 2017
Master cooperation agreement	Nemesis Property, s.r.o., client	15 Aug 2017
Contract on the provision of comprehensive project support	Nemesis Property, s.r.o.	15 Aug 2017
Master cooperation agreement	RIOBAU s.r.o.	06 Mar 2017
Contract on development activities for ensuring the construction of the project “Slunečný vrch Milovice – 3. fáze”	RIOBAU s.r.o., client	08 Aug 2017
Amendment no. 1 to the master cooperation agreement	RIOBAU s.r.o., client	09 Aug 2017

Contract (change to the contract)	Counter-party	Conclusion date
Amendment no. 1 Contract on development activities for ensuring the construction of the project "Slunečný vrch Milovice - 3. fáze"	RIOBAU s.r.o., client	07 Sept 2017
Amendment no. 2 to the master cooperation agreement	RIOBAU s.r.o., client	02 Oct 2017
Contract on the provision of comprehensive project support	RIOBAU s.r.o.	06 Mar 2017
Lease contract no. 5019002346	Raiffeisenbank a.s.	01 Sept 2017
Lease contract no. 5019002360 - 5019002367	Raiffeisenbank a.s.	05 Sept 2017
Lease contract no. 5019002411 - 5019002415	Raiffeisenbank a.s.	06 Oct 2017
Lease contract no. 5019002416 - 5019002419	Raiffeisenbank a.s.	10 Oct 2017
Lease contract no. 5019002420	Raiffeisenbank a.s.	13 Oct 2017
Lease contract no. 5019002421 - 5019002422	Raiffeisenbank a.s.	10 Oct 2017
Lease contract no. 5019002423	Raiffeisenbank a.s.	02 Oct 2017
Lease contract no. 5019002478 - 5019002484	Raiffeisenbank a.s.	31 Oct 2017
Lease contract no. 5019002594	Raiffeisenbank a.s.	05 Dec 2017
Lease contract no. 5019002624	Raiffeisenbank a.s.	21 Dec 2017
Lease contract no. 5019002625	Raiffeisenbank a.s.	20 Dec 2017
Lease contract no. 5019002626	Raiffeisenbank a.s.	21 Dec 2017

7. The Controlled Entity incurred no detriment in the reporting period.

8. Benefits and disadvantages arising for the Controlled Entity from related party transactions.

8.1 The Company generated no benefits and incurred no disadvantages.

In Prague on 31 March 2018



Alois Lanegger



Josef Langmayer

