

Annual report 2009

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by 18.9 percent. In total, the Czech Lease and Finance Association members provided personal consumption loans in the amount of CZK 41.06 billion in 2009, which represents a decline by 24.5 percent as against 2008. In 2009, no significant fluctuation was noted in the provision of consumer credit (CZK 10.1 billion in the first quarter; CZK 10.4 billion in the second quarter; CZK 10.2 billion in the third quarter; CZK 10.36 billion in the fourth quarter).

III. Social Responsibility

Cetelem fully acknowledges its commitments arising from its position as a major financial institution. This applies in relation to clients, business partners, employees, other entities on the financial market and to society as well.

Responsibility Towards Clients and Business Partners

Cetelem is aware of its responsibility as the non-bank credit services market maker; therefore it also applies a responsible approach to the requirements of capabilities of its clients. Marketing surveys, studies, and cooperation with business partners all come together to improve its offerings. Since 2004, Cetelem has participated in the Cetelem Barometer annual international study, which benchmarks consumers' attitudes and behaviour and the development of the individual markets in 13 European countries. Cetelem uses the knowledge of its clients' needs and capabilities in order to regularly update its product offer and to improve its working processes. Cetelem is a reliable partner to vendors of goods and services, financing their clients' purchases.

One significant indicator of the success of the company's strategy is the customers' satisfaction with the services provided. Information obtained in 2009 as part of an international research conducted by the BNP Personal Finance group has confirmed that 96 percent of clients were very satisfied or satisfied with the services provided and would recommend Cetelem's services to other people. The company considers this client evaluation to be a confirmation that it was correct in choosing its strategy of building long-term relationships with its clients.

Responsible Provision of Loans

When offering and arranging for loans, Cetelem stresses good information for clients about any financial services on offer and thorough a prudent assessment of their ability to repay any future liabilities. The company constantly monitors the quality of its credit portfolio, and where the client's ability to repay a loan is in danger and the situation permits, Cetelem strives to find a solution, most often through a change in the terms and conditions for repayment. Compliance with the principles of responsible provision of loans ranks among the basic principles applied by the BNP Paribas Personal Finance group. Responsible provision of loans is based on Cetelem's long-term strategy as a specialist in the provision of consumer credit and also its partial goals assisting in the resolution of current situations within the market environment.

Responsible Management of Human Resources

Cetelem responsibly approaches the selection, stabilization, and training of its employees. Its priorities in the management of human resources include such conditions which facilitate the utilisation of the potentials of individual employees, promote their personal development, better technical and professional approaches. The company pays attention to the improvement of employees working conditions, their healthcare, and improvements of their technical knowledge.

Cetelem respects diversity of its employees; it is considered as an opportunity for creating environments, which are both creative and ambitious. Cetelem expects commitments from its employees to fulfil their obligations in a responsible manner, to take proper care of their clients, to observe professional ethics in order to help achieve the commercial goals of the company. In exchange, it undertakes to keep them informed, to pay individual attention to them, to promote their professional growth, and to favourable create conditions for quick decision-making.

Professional and Special-Interest Association

Through its membership of and activity in professional and special-interest associations and industry networks, Cetelem is actively involved in forming the environment for the provision of financial services by non-bank entities.

In 1999, Cetelem was a founding member of the SOLUS special-interest association of legal entities; it is an active member of Česká leasingová a finanční asociace (Czech Lease and Finance Association, Sdružení pro bankovní karty (SBK, Bank Card Association), and Asociace pro elektronickou komerční (APEK, Association for Electronic Commerce). Cetelem was the first non-bank institution on the Czech market to become a MasterCard International member in 2002. Cetelem strives to become a valued partner of consumer organisations in the identification of an equal relation between providers of financial services and clients.

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CSR Activities

Cetelem is aware of its role and responsibility for the environment where it is doing business; therefore it supports activities beneficial to society. Its charitable activities are aimed at such programmes and projects that are designed in particular in support of children and young people. Since 2008, the company has partnered in the Chances Project (Projekt Šance) – a preventative and humanitarian relief program targeted at helping commercially sexually abused children and young people, otherwise abandoned victims of human trafficking. It has been supporting for several years now a children's home at Ledce and the Children's Centre of Domeček in Ostrava. In the area of culture, it has entered maintained relations of cooperation with Hudební divadlo in Karlín and Městská divadla pražská – Divadlo ABC and Rokoko.

IV. Product offer

Cetelem specialises in the provision of credit and other additional services to individuals required for financing their personal consumption. It offers its clients financial products which meet their immediate requirements and are accessible by them through various distribution channels.

Conventional Consumer Credit

Conventional consumer credit represents a basic product designed for the purchase of goods and services. Along with the purchase of goods or services, it also is possible to arrange for financing of such purchases through a loan immediately at the point of sale. Its basic attribute is the benefit of making payments for the price of the goods through instalments spread over a longer period of time. Cetelem clients make use of the product most often in financing their purchases of consumer electronics and household appliances, kitchen and bathroom equipment, personal computers, and home improvement tools in the network of retail partners all over the Czech Republic. As the volume of online shopping increases, so does the share of consumer credit provided at online stores.

Credit Cards

Credit cards are the simplest and fastest tools for drawing funds from an approved credit facility. All credit cards are valid internationally and offer a 50-day grace period. In 2009, clients were able to make use of the benefits of awards for purchases made with help of a credit card, price discounts, as well as other benefits resulting from the Loyalty programme – the Cetelem Club or any other promotional events. At the end of 2009, the company offered its clients a new advantage, namely, insurance of extended warranty on products purchased with a Cetelem credit card.

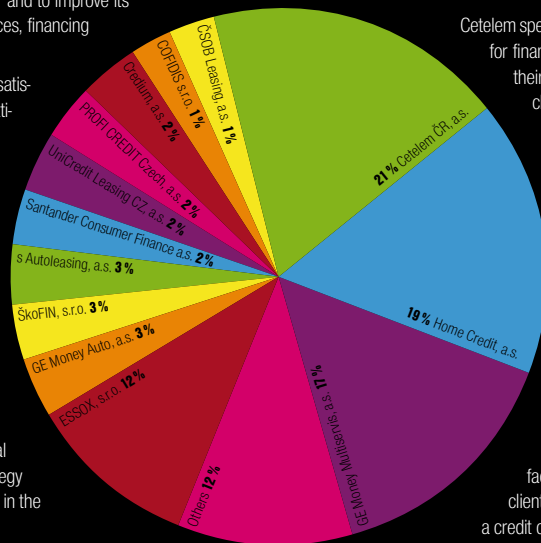
The company considers security of payments for goods and services via Internet shops as one of its priorities; the Cetelem Virtual Card represents a suitable tool for ensuring this. In 2009, Cetelem started to issue chip cards which comply with the latest standards of security, comfort, and speed in making payments with payment cards.

Cetelem Personal Loans

Cetelem provides personal loans in the form of both specific-purpose and any-purpose consumer loans. Personal loans are designed to facilitate more expensive purchases and investments, as well as to consolidate both classic and revolving loans taken up by the existing clients of the company (Combi Credit). Since August 2009, the product line has been extended by secured loans to the Cetelem personal loan and to the Cetelem Combi Credit, with the aim of improving creditor protection as well as accessibility of the loans by clients.

This type of the consumer credit was among the products which were most affected by the negative changes in the external environments in 2009.

A decline in the client demand, higher credit risk, and associated measures adopted by the company management as regards restrictions on direct acquisition of new clients and stricter rules for the assessment of client



creditworthiness resulted in a lower volume of new loans, on par with the 2006 level.

AutoCredit/MotoCredit

It is also possible to purchase a selected automobile or motorcycle by way of loans offered by the partner network of car dealers and used car dealers all over the Czech Republic. The AutoCredit/MotoCredit is intended for the financing of purchases of new or used vehicles, and for consumers as well as businesses. In 2009, the automobile market was affected a great deal by the economic recession, reduced demand for new automobiles, as well as stricter criteria applicable to the assessment of creditworthiness of clients and provision of loans.

Insurance

Insurance products offered to Cetelem's clients in cooperation with POJIŠŤOVNA CARDIF PRO VITA, a.s. primarily cover the risks associated with the credit product, specifically the risk of being unable to repay it properly; insurance also covers losses incurred as a result of abused payment cards, etc. Cetelem also offers CASCO insurance covering certain items financed using consumer credit – cars and motorcycles, while accident insurance covers cases of reduced income due to stays in hospital, full disability and accident-related deaths. Commencing in 2009, Cetelem also offers its clients the option of taking out insurance products provided by the Allianz insurance company, beside products offered by the UNIQA and Kooperativa insurance companies.

Distribution Channels

Broad availability of financial services extended to consumers represents one of the basic priorities of the company. Financial services are available at points of sale in cooperation with more than 4,000 business partners – merchants selling consumer goods and services, and passenger car dealers, at places which accept the AURA MasterCard credit cards, a network of ATMs as well as via the Internet. Passenger car dealers, in the capacity of contractual partners of Cetelem, offer a special product under the name of AutoCredit, which is designed to finance the purchase of motor vehicles.

Revolving loans offered via the AURA MasterCard credit card allow clients high flexibility and comfort when financing their needs by way of credit. The card is accepted as a means of payment in a network of 35,000 retail outlets; it can also be used to withdraw cash from more than 3,500 ATMs in the Czech Republic. The company has issued an international AURA MasterCard credit card since 2005, which also makes available Cetelem's financial services abroad.

Electronic services have become a regular means of purchasing goods and services. The Internet, besides buying goods on instalments, can also be used to arrange for credit services, to draw funds from approved credit facilities or to obtain information on loans which have already been provided. The client zone, which is accessible via the Internet, offers clients simple communication with the company, self-service arrangements of financing from revolving credit lines as well as information about promotional events.

The Cetelem personal loans, which are designed for financing purchases requiring higher amounts of money, are a part of the company's credit portfolio. The Internet has represented since 2005 one important sales channel for personal loans; it allows clients to obtain complete information on the financial services on offer and to apply for a loan. The Cetelem personal loans can be arranged for via the telephone, at the branches of the company or from individual business partners all over the Czech Republic.

V. Company management

Crisis Strategy

In 2009, the company, while making use of the existing management model (see the organisational chart), focused on the identification and application of a suitable strategy in the period of the economic crisis and the adoption of measures eliminating negative impacts of a reduced demand for consumer credit and higher credit risk due to the economic development.

Beside measures aimed at maintaining the previous level of income and due to a reduced volume of new consumer credit, the company also adopted a number of steps in order to cut down on the overhead costs, to limit capital investments as well as to reduce the growth of credit risk.

Attention was paid to making certain processes more efficient focusing on proactive commercial policies and known client orientation. Major improvements were achieved in the sphere of stabilisation of employees at

call centres, higher serviceability of clients, as well as the implementation of commercial offers.

The company saw its key priority in identifying a balance between further expansion of its commercial activities and responsible credit policies. The company does not expect the coming period to see any significant turnover in the negative credit risk development; therefore, its management remains one of the key tasks of the company. Consistent attention is paid in the area of risk management to the quality of the loan portfolio. Stress is laid on the approval process and loan management, taking into consideration the topical situations prevailing in the Czech economy. The company pays attention to educating the users of its financial services and offers advisory services in resolving complex life situations.

Its commercial strategy takes into consideration the fact that the market conditions will remain very difficult, and it focuses in particular on maintaining long-term relations with its existing clients, via cross selling of credit and auxiliary financial products. Cetelem does not carry out any business activities abroad via organisational units. It does not perform any special activities concerning the environment.

Legal Environment

The company, as a member of professional associations participating in the legislative process, has been actively involved in the monitoring and evaluation of consequences of draft modifications of both existing and new legal norms relevant for the future commercial activities of the company. The most important legislative events in 2009 included the implementation of the EU directive on payment services, which affected in a major way the provision of loans through credit cards, and, furthermore, the preparation for the implementation of the EU directive on consumer credit, which affected in a substantial manner relationships between loan providers and clients, commencing in January 2011.

Information Technologies

The company, despite a reduction of its new capital investments, continued to pay close attention to developing technical support for the services that the company offers by introducing the latest information and communications technology. In 2009, the company focused on innovated technical support instruments and sales of credit products and insurance, better services rendered to its existing clients and drafting of modifications caused by new legislation. A new technical solution was introduced regarding the provision of secured loans, the issuance of chip cards, the setup of the self-service client zones, technological improvements of the equipment operated by departments providing support and services to the existing clients; also, innovation involved the technical backup serving recovery of receivables.

The company does not have an independent research and development department but it does make systematic efforts to innovate its services and processes.

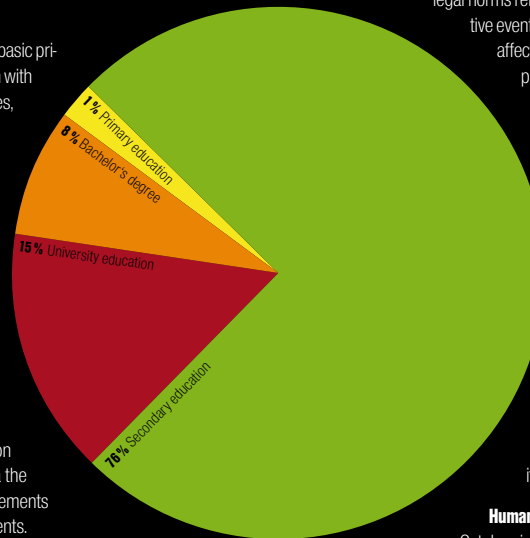
Human Resources Policy

Cetelem is a flexible and dynamic company, which has in the long run been striving to maintain a balance between informal and friendly environments on the one hand and the requirements for a professional approach, performance and professional ethics of its employees on the other hand. The economic development and any resulting measures adopted by the company also affected the area of human resources management. It was decided to reduce the number of employees in keeping with the development of commercial activities and economic management of the company.

The company appreciates the importance of having high quality employees, and therefore it continued to create a suitable environment for their motivation and professional growth, despite the more difficult conditions. The human resources management is based on mutual responsibility between the employees and the company.

Commitments of the company towards its employees: Clear information, Individual attention, Support to professional growth, Creation of conditions facilitating quick decision-making

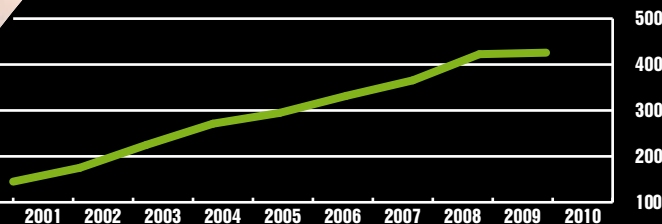
Reciprocal commitments of the employees: Full involvement in performing their service positions, Extend proper care to all clients, Work as a member of the team, Show initiative The definition of mutual responsibility and compliance with mutual commitments strengthens corporate culture and, in particular, facilitates the meeting of the demanding commercial targets of the company. The average FTE number of employees in 2009 reached the figure of 437 employees. The average age of the employees is 29 years and 10 months; the wo-



men/men ratio stands at 58/42. Its labour law relations are governed by the valid legislation of the Czech Republic. The company has not concluded a collective agreement.

VI. Commercial and financial results of the company

Average No. of Employees



Business Results

Cetelem confirmed by way of its business results that it ranked amongst the most important providers of non-bank credit services on the Czech market again in 2009, at the time of the unfavourable economic development. It provided loans totalling CZK 8,67 billion and its share of the market of newly provided credit was CZK 12.16 billion. The year-on-year drop in new loans was affected, in particular, by the economic crisis, which caused a decline in the demand for consumer credit. Negative developments in the area of credit risk resulted in stricter conditions for the provision of loans and restrictions on direct recruitment of new clients, with the subsequent consequences for the offer as well as the overall volume of provided consumer credit.

Economic Results

The 2009 profit before tax reached the sum of CZK 740,676,000, as against CZK 587,977,000 in 2008, which represents a year-on-year growth by 26 percent. The company focused on gaining additional sources during the economic recession serving the coverage of potential losses resulting from increasing credit risk and reduced demand for consumer credit. The company achieved some beneficial economic results by reducing its operating costs compared with 2008, while maintaining the year-on-year growth rate of revenues. The year-on-year growth of provisions reflected the general increase in the risk rates resulting from clients' inability to repay their liabilities, in particular, due to the economic crisis. Reserves have been created to levels sufficient for covering possible losses from writing off receivables. As of 31 December 2009, they represented the amount of CZK 2,330 million. In 2009, the company wrote off receivables to the tune of CZK 13,360,000.

State of the Company's Assets and Sources of Financing

The total assets of the company, as of 31 December 2009, amounted to CZK 14.4 billion, which represented a year-on-year drop by 8.4 percent. The net value of the fixed asset reached the amount of CZK 120.7 million.

The best part of all capital investments in 2009 consisted of, in particular, spending on the development of the information system, technical equipment and software. The most important portion of the company assets (96.6 percent) is covered by business receivables, which – due to the economic crisis – dropped by 8 percent as compared with 2008; their value as of 31 December 2009 amounted to net CZK 13.9 billion.

The company shareholders equity as of 31 December 2009 amounted to CZK 1,733 million; it increased, year-on-year, by 37.1 percent. The company recorded a debt in the amount of CZK 12.45 billion. The debt dropped, year-on-year, by 12.2 percent. Those sources are mainly composed of bank loans received from entities in the Czech Republic which the company used to finance its business activities. They amounted to CZK 12.1 billion.

Credit Risk Management

The impact of the economic crisis showed most of all in the area of credit risk in 2009. The declining economic situation of households resulted in worse repayment of credit receivables. Negative consequences were also noted in the area of an increasing

number of personal bankruptcies.

The company, forced by the economic developments, had to adopt certain measures relating to approval, provision and administration of loans, with the goal of maintaining a controllable risk rate.

Special attention was paid to procedures for avoiding credit fraud, assessment of creditworthiness of new clients, as well as assistance extended to the current clients who have found themselves in difficult personal situations.

Insurance against potential inability to repay financial obligations also plays an irreplaceable role in credit risk management. Thanks to the synergies within BNP Paribas group the company was able to expand its portfolio in 2009 to include optional insurance products, which reduced client's fears of the impact of unfavourable life situations.

Recovery of Receivables

In 2009, the company amended its standard procedures serving the recovery of receivables by adding new procedures and organisational changes; their main goal was to contact clients upon the first indications of difficulties regarding repayment, identification of clients' situation, and to find together relevant solutions, which would prevent clients from having to enter the process of such recovery.

The company developed a new product allowing for consolidation of loans at the recovery stage, including an adjustment of the conditions applicable to their repayment, so that clients are more capable of meeting their liabilities, also in the time of financial difficulties.

Cetelem, in order to assist its clients, introduced in 2009 its "Cetelem Advisory Centre", which assists clients, free of charge, in finding a way out of difficulties relating to repayment of their liabilities. About a hundred clients a month address the centre with a request for advice in resolving their unfavourable financial situation.

The company managed to maintain high quality and efficiency of all parts of the standard recovery process, despite the negative economic development and worsening repayment capabilities of clients.

VII. Presumed development of the company

The macro-economic development in the past period indicates a potential economic revival; however, no significant improvement of the economic environment is expected to come in 2010. The 2010 real GDP is expected to increase by 1.8 percent, year-on-year. Any significant growth will also be prevented by the real decline in household consumption, which is supposed to reach 1.5 percent and which relates, in particular, to the market development and the impact of austerity budget measures. The labour market will feel the impact of the economic slow-down with a delay also in the coming period and unemployment will remain above 8 percent for the entire future period.

High unemployment will probably remain one of the main factors restricting the growth of demand for loans in 2010 as well. It can be presumed that the negative effects prevailing in the previous period, which affect the credit risk and thus the requirements for the creation of reserves and provisions, will also continue in 2010. Maintenance of an acceptable risk rate remains one of the priorities for this year also. Attention will be devoted to optimisation of the rules set for the provision of loans, with the intention of achieving the best possible ratio between risk rate and extended business activities. Despite a number of measures restricting credit risk adopted as early as since 2008, estimates of its future trends and impact on the company performance remain uncertain.

Stress on increased efficiency of processes and attention paid to operational saving in the previous period will represent the company's priorities also in future. The company will keep a high rate of growth of its revenues, as compared with a growth of its operating costs, in an attempt to balance any potentially threatening developments in the area of credit risk, which would lead to restriction of business activities.

The economic development in the Czech Republic remains one of the main risk factors, which may have a potential impact on the economic results generated by the company. Nevertheless, Cetelem, relying on its strong backing from the international BNP Paribas group, has created sufficient capital, material, technical, financial, and human resources that would help it maintain its significant position on the market in the Czech Republic, and the achievement of good economic results also in the period to come.

perform work at BNP Paribas s.a.

BNP Paribas Personal Finance s.a.

The Company and BNP Paribas Personal Finance s.a. entered into an agreement on an amendment to the scope of an agreement on the provision of advisory and consulting services concluded prior to the beginning of the last accounting period.

The same companies entered into an agreement on the creation and management of a computerized tool designed for the processing and analysis of credit data as part of credit risk management at the BNP Paribas Personal Finance group.

Legal relations between the Company and other related parties

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

ARVAL CZ s.r.o.

An agreement was concluded between the Company and ARVAL CZ, s.r.o. on the terms and conditions for the granting of credit by the Company to the employees of ARVAL CZ, s.r.o.

These companies also entered into an agreement on cooperation in the providing of consumer credit.

BNP Paribas Personal Finance EAD

The Company and BNP Paribas Personal Finance EAD concluded an agreement renewing an agreement on technical and administrative assistance, under which the Company provided services related to support in refinancing and financial risk management to BNP Paribas Personal Finance EAD.

In addition, an agreement was concluded between these companies on the terms and conditions of temporary secondment of an employee of the Company to perform work at BNP Paribas Personal Finance EAD.

BNP Paribas Luxembourg, s.a.

Under credit agreements entered into with BNP Paribas Luxembourg, s.a. in 2009 and in previous years, partial refinancing was arranged for the Company's commercial activities.

LEVAL DEVELOPPEMENT s.a.

The Company and LEVAL DEVELOPPEMENT s.a. concluded an agreement amending the financial conditions of an agreement on the processing of data related to the provision of consumer credits in the technical facilities of the processor.

POJIŠŤOVNA CARDIF PRO VITA, a. s.

The Company and POJIŠŤOVNA CARDIF PRO VITA, a.s. entered into agreements on new and on the amendment of existing financial conditions and reporting in relation to insurance products offered which concern the relationship between the insurer and the policyholder.

These companies also entered into agreements laying down the terms and conditions of framework insurance contracts concluded before the previous accounting period in relation to the scope of insurance cover for the misuse of credit cards issued by the Company.

The companies also concluded a framework insurance contract, under which the Company's clients (credit card holders) can use the insurance product of an extended warranty.

Furthermore, these companies also entered into an agreement on the sublease of non-residential premises.

No agreements were entered into with other entities controlled by BNP Paribas

s.a. and BNP Paribas Personal Finance s.a. in the last accounting period.

The other cases of mutual deliveries and payments between the related parties were those where the deliveries and payments were made, in particular, under agreements, as amended where applicable, concluded before the beginning of the last accounting period. These agreements include an agreement on the provision of software and hardware for transaction processing and the maintenance thereof; an agreement on the processing of data related to the provision of consumer credit using the processor's equipment; an agreement on software maintenance and technical support; an agreement on technical assistance related to the sharing of experience in the area of new product development, on advice in the area of accounting, marketing etc.; there were payments under insurance contracts, an agreement on the conditions for the performance of the activities of an insurance intermediary, an agreement on the provision of telecommunications services, a master agreement on vehicle fleet management and maintenance, an agreement on the general terms and conditions of cooperation in the exercise of guarantees used by the Company in respect of vehicle financing, an agreement on cooperation in the arrangement of credit for vehicle purchases, and a licence agreement for the use of registered trademarks as well as other arm's-length operations, in particular the re-invoicing of services and goods provided by other entities and the re-invoicing of costs associated with accession to international insurance programmes.

The value of the deliverables and payments received from related parties in 2009 amounted to CZK 1,778,671,000, while the payments made for them by CETELEM ČR, a.s. amounted to CZK 2,296,008,000 and included payments for a part of the deliveries received in preceding periods. The value of the deliverables provided by CETELEM ČR, a.s. to these entities in 2009 amounted to CZK 207,470,000. CETELEM ČR, a.s. accepted payments totalling CZK 203,615,000, which also included the value of the deliverables provided in preceding periods.

The single largest item, accounting for 86% of the total, among the amounts received are the loans accepted from BNP Paribas Luxembourg s.a. and BNP Paribas s.a., where the price of the loan was determined using the method of comparable market prices.

In 2009, no other legal acts were executed in the interest of the related parties, nor were any measures carried out on behalf of or at the instigation of related parties.

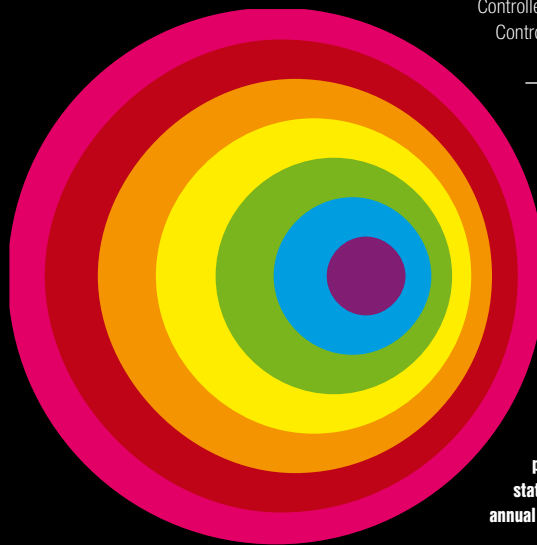
In the past accounting period, the relations between the related parties did not extend beyond customary business relations; they were carried out on arm's length pricing conditions; and no transactions that caused or might have caused any loss or detriment to CETELEM ČR, a.s. were recorded.

Confidentiality

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

To prevent loss or detriment to any of the entities named herein as per the preceding paragraph of this section, this Report of the Board of Directors does not disclose any other information or facts.





Report of the Supervisory Board of CETELEM ČR, a.s.

In 2009 the Company's Supervisory Board carried out its activities in accordance with Section 197 et sequentes of Act No. 513/1991, the Commercial Code, as amended, the Company's Articles of Association, and conclusions adopted by general meetings.

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

The Supervisory Board has reviewed the Board of Directors' Report on Relations between the Controlling Person and the Controlled Person, and on Relations between the Controlled Person and Other Persons Controlled by the Same Controlling Person for accounting period 2009, and notes the following:

_____ The Board of Directors' Report on Relations between the Controlling Person and the Controlled Person, and on Relations between the Controlled Person and Other Persons Controlled by the Same Controlling Person has been prepared in accordance with the requirements of Act No. 513/1991, Section 66a;

_____ According to information available to the Supervisory Board, the Board of Directors' Report is complete and the disclosures contained in the Report are correct;

_____ No operations at variance with customary business relations have been identified and no damage to the company caused by relations between Related Parties has been identified.

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

The Supervisory Board has examined the method of covering risks arising from outstanding loans by provisioning for non-statute-barred claims on loans provided to individuals under Act No. 593/1992, and notes that the provisioning complies with the this law.

On the basis of the information available to the Supervisory Board about the Company's business, its examination of bookkeeping and review of the annual financial statements for the accounting period of 2009, and the auditor's report on audit of the annual financial statements for 2009, the Supervisory Board notes the following:

_____ The Company's bookkeeping reflects reality and complies with the law on accounting and other legal regulations and the financial statements give a true and fair view of the accounting unit's financial situation;

_____ Annual financial statements have been audited by Mazars Audit s.r.o., and the auditor's opinion on the presented financial statements as at 31 December 2009 is unqualified.

On the basis of its review of the annual financial statements as at 31 December 2009, the Supervisory Board recommends to the sole shareholder

_____ to approve the Company's annual financial statements as at 31 December 2009;

_____ to approve the Board of Directors' proposal for profit distribution as follows:

Retained profit from previous years	_____	CZK 1,044,211,564.47
Net profit in the 2009 calendar year	_____	CZK 468,205,010.60
Dividend per share	_____	CZK 3,500.00
Total dividends	_____	CZK 630,000,000.00
Retained profit	_____	CZK 882,416,575.07

(including retained profit from previous years)

cies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CETELEM ČR, a.s. as of 31 December 2009, and of its financial performance for the year ended in accordance with the accounting standards of the Czech Republic."

Report on Annual Report

We have audited the annual report of CETELEM ČR, a.s. for consistency with the financial statements referred to above. The correctness of the annual report is the responsibility of the Company's CETELEM ČR, a.s. statutory body. Our responsibility is to express an opinion on the consistency of the annual report to the financial statements based on our audit.

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

In our opinion, the information included in the annual report of CETELEM ČR, a.s. for the year ended 31 December 2009 is consistent, in all material respects, with the financial statements referred to above.

Report on Related Parties' Transactions Report

We have also reviewed the factual accuracy of the information included in the related parties' transactions report of CETELEM ČR, a.s. for the year ended 31 December 2009. This related parties' transactions report is the responsibility of Company's CETELEM ČR, a.s. statutory body. Our responsibility is to express our view on the related parties' transactions report based on our review.

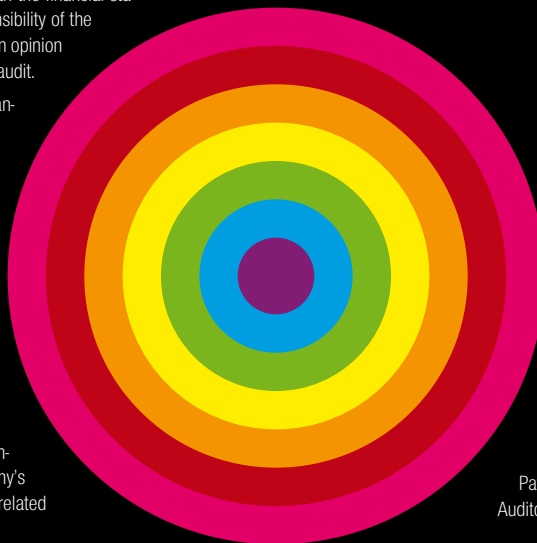
We conducted our review in accordance with the International Standards on Review Engagements and the related application guidelines issued by the Chamber of Auditors of the Czech Republic.

Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of related parties' transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related parties' transactions report of CETELEM ČR, a.s. for the year ended 31 December 2009 includes material factual misstatements.

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

Represented by:



Jana Švenková
Partner

Pavel Škraňka
Auditor, Licence number 2025





BALANCE SHEET AS AT 31.12.2009
(IN CZK WHOLE THOUSANDS)

ASSETS	Current accounting period 2009			Accounting period 2008
	Gross	Adjustment	Net	Net
TOTAL ASSETS	16,982,607	-2,597,650	14,384,957	15,695,629
Stock subscriptions receivable				
Fixed assets	388,085	-267,417	120,668	139,575
Fixed intangible assets	191,723	-143,139	48,584	52,335
Expenses of foundation and organisation				
Intangible results of R&D				
Software	189,803	-142,925	46,878	38,836
Patents, rights and royalties				
Goodwill				
Other fixed intangible assets	214	-214		
Fixed intangible assets in progress	1,706		1,706	13,499
Advances for fixed intangible assets				
Fixed tangible assets	191,302	-124,278	67,024	82,472
Land				
Buildings	50,773	-17,870	32,903	35,374
Self-standing personal property and sets of personal property	139,405	-106,408	32,997	40,895
Permanent growth				
Livestock not for sale				
Other fixed tangible assets				
Fixed tangible assets in progress	1,124		1,124	6,203
Advances for fixed tangible assets				
Adjustments to acquired property				
Long-term financial assets	5,060		5,060	4,768
Shares and ownership interests in enterprises with controlling influence	5,060		5,060	4,768
Shares and ownership interests in enterprises with substantial influence				
Other securities and interests				
Intra-group loans				
Other financial assets				
Long-term financial assets in progress				
Advances for long-term financial assets				
Current assets	16,428,557	-2,330,233	14,098,324	15,384,613
Inventory				
Materials				

ASSETS	Current accounting period 2009			Accounting period 2008
	Gross	Adjustment	Net	Net
Work in progress and semi-finished products				
Finished products				
Livestock				
Goods				
Advances granted				
Long-term receivables	5,641,969	-920,335	4,721,634	5,412,709
Trade receivables	5,552,782	-920,335	4,632,447	5,326,598
Receivables from enterprises with controlling influence				
Receivables from enterprises with substitutional influence				
Receivables from partners and participants in an associations				
Long-term advances granted				
Long-term estimated receivables				
Other receivables				
Deffered tax (receivables)	89,187		89,187	86,111
Short-term receivables	10,750,592	-1,409,898	9,340,694	9,860,096
Trade receivables	10,672,011	-1,409,898	9,262,113	9,770,210
Receivables from enterprises with controlling influence				
Receivables from enterprises with substitutional influence				
Receivables from partners and participants in an associations				
Receivables from social security				
Receivables from taxes and subsidies				
Short-term advances granted	19,376		19,376	19,989
Short-term estimated receivables	44,909		44,909	40,398
Other receivables	14,296		14,296	29,499
Financial assets	35,996		35,996	111,808
Cash	919		919	1,250
Bank accounts	35,077		35,077	110,558
Short-term financial assets				
Short-term financial assets in progress				
Accruals	165,965		165,965	171,441
Prepaid expenses	14,359		14,359	10,581
Complex prepaid expenses				
Unbilled revenue	151,606		151,606	160,860



BALANCE SHEET AS AT 31.12.2009
(IN CZK WHOLE THOUSANDS)

LIABILITIES	Current accounting period 2009	Accounting period 2008
EQUITY AND LIABILITIES	14,384,957	15,695,629
Equity	1,732,957	1,264,460
Share capital	180,000	180,000
Share capital	180,000	180,000
Company's own shares and interests		
Variation in share capital		
Capital funds	4,540	4,248
Share premium (agio)		
Other capital funds		
Revaluation of assets and liabilities - differences	4,540	4,248
Revaluation related to conversions - differences		
Funds created from net profit	36,000	36,000
Legal reserve fund / Non-distribude fund	36,000	36,000
Statutory and other funds		
Profit/loss from previous periods	1,044,212	622,486
Retained profit from previous years	1,044,212	622,486
Accumulated loss from previous years		
Profit/loss of current period (+/-)	468,205	421,726
Liabilities	12,447,272	14,169,346
Reserves	135,579	85,899
Legal reserves		
Reserves for retirement pensions a other commitments		
Reserve for Income Tax	84,937	57,821
Other reserves	50,642	28,078
Long-term liabilities		
Long-term trade payables		
Payables from partners and associations		



LIABILITIES	Current accounting period 2009	Accounting period 2008
Payables to enterprises with controlling influence		
Payables to enterprises under substantial influence		
Long-term advances received		
Bonds issued		
Long-term bills of exchange to be paid		
Long-term estimated payables		
Other long-term payables		
Deferred taxes (receivable)		
Short-term liabilities	220,978	280,854
Trade payables	6,712	25,259
Payables to enterprises with controlling influence		
Payables to enterprises under substantial influence		
Payables to partners and associations		
Payables to employees	13,554	16,141
Social Security payable	5,501	6,297
Tax payable and subsidies	2,785	4,996
Short-term advances received		
Bonds issued		
Estimated payables	149,320	155,500
Other payables	43,106	72,661
Bank loans and short-term notes	12,090,715	13,802,593
Long-term bank loans	5,035,000	5,425,670
Short-term bank loans	7,055,715	8,376,923
Short-term notes		
Accruals	204,728	261,823
Unbilled expenses	184,319	240,613
Deffered income	20,409	21,210

PROFIT/LOSS ACCOUNT AS AT 31.12.2009
(IN CZK WHOLE THOUSANDS)

TEXT	Accounting period	
	Current	Previous 2008
Revenues from goods sold	286	
Cost of goods sold	465	
Gross margin	-179	
Production		4
Revenue from company's own products and services		4
Changes in inventory		
Capitalisation		
Production consumption	528,923	725,291
Consumption of materials and energy	27,438	43,696
Services	501,485	681,595
Value added	-529,102	-725,287
Personnel costs	301,566	299,052
Wages and salaries	227,241	223,221
Remuneration of Board Members		
Social Security expenses	64,604	66,780
Social expenses	9,721	9,051
Taxes and fees	21,525	11,992
Depreciation of tangible/intangible fixed assets	61,567	60,595
Revenues from sale of fixed assets and materials	4,649	6,372
Revenues from sale of fixed assets	4,649	6,372
Revenues from sale of materials		
Net book value of fixed assets and materials sold	918	848
Net book value of fixed assets	918	848
Net book value of materials sold		
Changes of reserves, provisions and accruals	841,379	589,038
Other operating revenues	241,922	166,655
Other operating expenses	59,439	37,545
Transfer of operating revenues		
Transfer of operating expenses		
Operating profit/loss	-1,568,925	-1,551,330
Revenue from sale of securities and ownership interests		

TEXT	Accounting period	
	Current	Previous 2008
Shares and ownership interests sold		
Revenues from long-term financial assets		1,040
Revenue from securities and interests in group companies		
Revenue from other investments, securities and interests		
Revenue from other long-term financial assets		1,040
Revenue from short-term financial assets		
Expenses related to financial assets		
Revenue from differences in revaluation of securities held		
Expenses from differences in revaluation of securities held		
Changes of reserves, provisions (financial)		
Interest income	2,407,662	2,295,925
Interest expense	502,439	516,586
Other financial revenues	457,278	408,544
Other financial expenses	52,900	49,562
Transfer of financial revenues		
Transfer of financial expenses		
Financial profit/loss	2,309,601	2,139,361
Income tax on ordinary activities	272,471	166,251
-currently payable	275,547	217,683
-deferred	-3,076	-51,432
Profit/loss from ordinary activities	468,205	421,780
Extraordinary revenue		
Extraordinary expenses		54
Income tax on extraordinary activities		
-currently payable		
-deferred		
Extraordinary profit/loss		-54
Distributed profit/loss (+/-)		
Profit/loss of current accounting period	468,205	421,726
Profit/loss before tax	740,676	587,977





STATEMENT OF CHANGES IN EQUITY AS AT 31.12.2009

(IN CZK WHOLE THOUSANDS)

2008	Opening balance	Increase	Decrease	Closing balance
Share capital as per the Companies Register	180,000			180,000
Share capital not recorded in the Companies Register				
Companies own shares and interests (account 252)				
Share premium (agio)				
Reserve funds	36,000			36,000
Other funds created from profit				
Capital funds		4,248		4,248
Revaluation of assets - differences not included in the profit/loss				
Profit from accounting periods	158,353	464,133		622,486
Loss from accounting periods				
Profit/loss from acc. period after tax	464,133	421,726	464,133	421,726
Total	838,486	890,107	464,133	1,264,460

2009	Opening balance	Increase	Decrease	Closing balance
Share capital as per the Companies Register	180,000			180,000
Share capital not recorded in the Companies Register				
Companies own shares and interests (account 252)				
Share premium (agio)				
Reserve funds	36,000			36,000
Other funds created from profit				
Capital funds	4,248	292		4,540
Revaluation of assets - differences not included in the profit/loss				
Profit from accounting periods	622,486	421,726		1,044,212
Loss from accounting periods				
Profit/loss from acc. period after tax	421,726	468,205	421,726	468,205
Total	1,264,460	890,223	421,726	1,732,957



CASH FLOW STATEMENT AS AT 31.12.2009
(IN CZK WHOLE THOUSANDS)

	2009	2008
Balance of cash and cash equivalents at the beginning of the accounting period	111,808	10,844
Cash flow from core business (operating activity)		
Profit or loss from ordinary activity before tax	740,676	587,977
Adjustments for non-cash transactions	-975,969	-1,119,962
Depreciation of fixed assets and amortisation of reserves for acquired assets	61,567	60,595
Variation in provisions and reserves	841,379	589,038
Revenues from sale of fixed assets	-3,731	-5,524
Dividends and shares in profit revenue		-1,040
Billed interest expenses, except those capitalised, and billed interest income	-1,905,223	-1,779,339
Possible adjustments by other non-monetary operations	30,039	16,308
Net cashflow from operating activities before tax, variation of working capital and extraordinary items	-235,293	-531,985
Variation in non-monetary components of working capital	-1,097,156	-1,142,931
Change in receivables from operating activity, temporary and suspense accounts of assets	525,342	-2,646,804
Change in short-term payables from operating activity, temporary and suspense accounts of liabilities	-1,622,498	1,503,873
Change in inventories		
Change in short-term financial assets not included in cash and cash equivalents		
Net cash flow from operating activity before tax and extraordinary items	-1,332,449	-1,674,916
Interest paid, except capitalised interest	-318,120	-275,973
Interest received	2,256,056	2,135,065
Income tax on ordinary activity, and additional tax of prior periods	-248,431	-214,030
Revenue and expenses related to extraordinary profit/loss, including income tax		
Dividends and profit shares received		1,040
Net cash flow from operating activity	357,056	-28,814

	2009	2008
Balance of cash and cash equivalents at the beginning of the accounting period	111,808	10,844
Cash flow from investment activity		
Expenditures on fixed asset acquisition	-43,287	-68,273
Proceeds from sale of fixed assets	4,649	6,372
Loans and credits to related entities	-3,560	-3,991
Net cash flow from investment activity	-42,198	-65,892
Cash flow from financial activity		
Impact of changes in long-term or short-term liabilities	-390,670	195,670
Impact of changes in equity on cash and cash equivalents		
Increase in cash due to increase of share capital, share premium, reserve fund, etc.		
Interest on shareholders' equity paid to members		
Other monetary investments from members and shareholders		
Compensation of losses by members		
Direct payments debited to funds		
Dividends and profit shares paid out, including tax paid		
Net cash flow from financial activity	-390,670	195,670
Net increase/decrease in cash	-75,812	100,964
Balance of cash and cash equivalents at the end of the accounting period	35,996	111,808



NOTES TO 2009 FINANCIAL STATEMENTS

Company name:	CETELEM ČR, a. s.
Registered office:	Karla Engliše 5/3208, Praha 5
Company number (IČ):	250 85 689
Legal form:	Public limited company
Objects of business:	Provider of credit services
Balance sheet date:	December 31, 2009
Date of preparation of financial statements:	March 26, 2010



1. EXPLANATORY NOTE

The financial statements for the year ended December 31, 2009 (balance sheet date) were prepared in accordance with Ministry of Finance Regulation No. 500/2002, which implements certain provisions of Act No. 563/1991, on accounting, as amended, in relation to business entities using the double-entry accounting system.

The information in the Notes follows the sequence stipulated in the above Regulation.

In these Notes, the Company discloses information that it considers to be material in order to enable users to assess it and to make decisions based upon it. The information contained herein is based on written accounting records and documents and other materials available to the entity.

Circumstances not covered herein either did not occur during the reporting period or are described in another part of the Annual Report.

2. GENERAL INFORMATION

2.1. Incorporation and description of the Company

CETELEM ČR, a. s. (hereinafter the "Company") was incorporated upon its registration in the Companies Register on October 23, 1996. The Company commenced its business activities in June 1997. The Company's share capital is CZK 180,000,000.

2.2. Persons holding over 20% of the Company's share capital and their interests

Shareholder / Member	% interest in share capital
BNP Paribas Personal Finance S.A.	100%
Total	100%

2.3. Changes registered in the Companies Register

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

There were changes of members in Governing and Supervisory Bodies during the year 2009.

2.4. Organizational structure and its significant changes

No significant organizational structure changes occurred in the reporting period 2009. The Company's organizational structure as of December 31, 2009 is described in Attachment 1.

2.5. Governing and Supervisory Bodies as at December 31, 2009

Governing body	Title
Board of Directors:	
Louis - Michel DURAY	Chairperson of the Board of Directors
Patrick HENRY	Vice-Chairman of the Board of Directors
Václav HORÁK	Vice-Chairman of the Board of Directors
Milan BUŠEK	Member of the Board of Directors
Martin FUCHS	Member of the Board of Directors
Supervisory Board:	
Alain Van GROENENDAEL	Chairperson of the Supervisory Board
Aymar de Liedekerke BEAUFORT	Member of the Supervisory Board
Karel ŠTÁVA	Member of the Supervisory Board elected by employees

3. INTERESTS IN OTHER COMPANIES

3.1. Companies in whose capital the Company holds an interest greater than 20% / Associates

(In CZK thousand)

Company name, registered office	% interest in share capital	Equity in the reporting period 2009 * preliminary data	Profit/loss for the reporting period 2009 * preliminary data
Společnost pro informační databáze, a. s. Praha 4, Na Pankráci 1618/30	26 %	19,462	19,800

Společnost pro informační databáze, a. s. (SID, a. s.) was not included in the consolidation scope because CETELEM ČR, a. s. was not in the position of the controlling or parent entity, and also the SID, a. s. interest is not significant for the Company in terms of the total balance sheet, net turnover and shareholders' equity.

In 2009 the equity interest was revaluated using the equity method as at the book close date.

(In CZK thousand)

Company name, registered office	% interest in share capital	Acquisition cost of financial assets in 2008	Valuation differences (equity method) * preliminary data	Figures after revaluation as at Dec 31,2009 (equity method) * preliminary data
Společnost pro informační databáze, a. s. Praha 4, Na Pankráci 1618/30	26 %	520	4,540	5,060

The entity is not a member with unlimited liability.

3.2. Agreements and contracts

No agreements between members establishing decision-making rights, regardless of the interest in the Company's share capital, were entered into in 2009 or in the previous years. No controlling agreements or profit transfer agreements were entered into.

4. COMPANY'S EMPLOYEES, CORPORATE GOVERNANCE

4.1. Personnel costs and headcount

(In CZK thousand)

Personnel costs per employee				
Year	Total		Of which managers	
	Average full-time equivalent	Personnel costs - total	Average full-time equivalent	Personnel costs
2008	434	299,053	13	33,208
2009	437	301,566	13	32,138

Information disclosed in the Managers column includes emoluments to managers who were also members of the Company's governing bodies.

4.2. Remuneration to other members of the Governing and Supervisory bodies

In 2009 the Company did not pay any remuneration and did not accept any pension obligations to the current or former members of the Governing body or the Supervisory Board by reason of discharge of the function.

4.3. Loans, credit and other benefits provided

(In CZK thousand)

	Receivables due from loans and credit provided		Other benefits	
	As at Dec 31, 2008	As at Dec 31, 2009	2008	2009
Shareholders				
Governing body and Supervisory Board	816	624	554	214
Managers	3,175	2,936	1,302	1,330
Total	3,991	3,560	1,856	1,544

Other benefits include income calculated, pursuant to Act No. 586/1992, for the purpose of determining the income tax; this includes primarily the provision of a motor vehicle for the Company's and personal purposes free of charge and contributions to pension fund schemes and with-profits life assurance policies.

The Company provided no loans, credit or security to its shareholders, governing body members, Supervisory Board members or managers on terms and conditions other than at arm's length in the reporting period and in the previous periods. Interest rates as well as the terms and conditions under which credit was provided corresponded with the conditions offered by financial institutions at the respective place and time. Information disclosed in the Managers column includes remuneration to managers who were also members of the Company's governing body.

5. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's books were kept in accordance with Act No. 563/1991, on accounting, as amended, Regulation No. 500/2002 of the Ministry of Finance of the Czech Republic, which implements certain provisions of Act No. 563/1991, and the Czech Accounting Standards for Business Entities.

5.1. General accounting principles

The entity observed the Generally Accepted Accounting Principles, in particular, without limitation, the following:

- The principle of defining the entity as a single whole entity
- The going concern principle
- The accrual principle
- The consistency principle
- The true and fair principle (completeness, traceability, accuracy)
- The opening balance principle
- The prudence principle
- The separate valuation principle

The entity is a single accounting entity; it is assumed to be a going concern; accounting transactions are recorded in the period to which they pertain in terms of time and content; costs, revenues, income, and expenditure are recognised monthly on an accrual basis; and exchange rate differences are carried.

The entity observes the separate valuation principle; it carries liabilities and receivables as well as costs and revenues separately; it observes the opening balance and consistency principles. Changes in accounting policies only occurred as a result of amendments to applicable accounting regulations. The Company follows the principle of prudence with regard to possible risk and loss, primarily by creating provisions, reserves and choosing suitable valuation methods.

5.2. Basis of accounting, valuation, depreciation, and provisioning methods used



5.2.1 Tangible and intangible fixed assets

a) Accounting policies

Fixed tangible assets mean assets with an acquisition cost of over CZK 40,000 and useful service life of over one year on an individual basis.

Fixed intangible assets mean assets with an acquisition cost of over CZK 60,000 and useful service life of over one year on an individual basis.

Technical improvement increases the fixed assets' value if it exceeds CZK 40,000 in sum for the fiscal year on an individual basis.

Tangible assets with an acquisition cost not exceeding CZK 40,000 and intangible assets with an acquisition cost not exceeding CZK 60,000 or in respect of which the entity's right of use is shorter than one year are expensed on a one-time basis or on an accrual basis over the agreed or the expected term of use.

b) Fixed asset valuation method

Purchased tangible and intangible fixed assets are valued at cost when the accounting transaction takes place. Acquisition costs include direct costs associated with the acquisition.

There was no accounting transaction in which assets were valued at a price other than acquisition cost in the reporting period and in the previous period. The Company carried no assets valued at fair value as at balance sheet day.

c) Provisioning for fixed (non-current) assets

Asset stocktaking did not provide any reasons for reducing fixed assets by creating a provision for tangible and intangible fixed assets.

Permanent impairment of assets is expressed in depreciation.

d) Depreciation methods

In accounting terms, the Company depreciates fixed assets on a straight-line basis based on an approved depreciation plan compiled based on an expert appraisal of its economic and technical useful life. Technical improvements of leased assets are depreciated during the term for which the leased asset is used. In tax terms, fixed assets available for use before 2005 are depreciated on a straight-line basis while assets available for use on or after January 1, 2005 are depreciated on an accelerated basis in accordance with Act No. 586/1992, on income tax, as amended.

Depreciation Plan:

Title	Accounting depreciation (assets acquired before Jan 1, 2005)	Accounting depreciation (assets acquired after Jan 1, 2005)	Tax depreciation 2009
	Depreciation period	Depreciation period	Group
Software and other intangible fixed assets	3 – 5	3	during the term of right of use or based on type
Buildings, structures and halls/ technical improvement	30	30 or 10 or term of lease	5 or 6
Machinery and equipment	3 – 4	5	1 or 2, 3
Passenger cars	3	3	2
Inventory	5 – 15	5 or 8	1 or 2, 3
Information technology	3 – 5	3	1

5.2.2 Non-current financial assets

Interests in other companies and securities are initially valued at acquisition cost.

Company ownership interest in the shareholders' equity of the company in which it had significant influence was evaluated by the equity method on the Balance sheet date, i.e. an equivalent corresponding to its interest in the shareholders' equity.

As at the balance sheet day the Company did not carry any other assets valued at fair value.

5.2.3 Inventories

Given its objects of business, the Company carries no inventories. Overhead material consumption is expensed based on accruals/deferrals. Unused material as at the book close date is reported in accruals (prepaid expenses).



5.2.4 Receivables and payables

a) Accounting methods

As at the day of an accounting transaction, the entity carries short-term and long-term receivables and payables based on the agreed maturity. As at the balance sheet date, long-term receivables and payables falling due de facto in less than one year are posted as short-term receivables or payables.

b) Valuation method

The entity values receivables and payables at the nominal value.

c) Method of creating provisions for receivables

I. Accounting provisions

The Company creates provisions for trade receivables in particular to cover potential losses arising from bad debts. The amount of accounting provisions is determined based on a statistical model that analyzes the portfolio of receivables and historical data, which determines the probability of loss and the temporary impairment of receivables.

II. Statutory provisions

The company creates provisions for receivables from credit, which are tax deductible for the purposes of income tax, under the conditions and in the amount laid down by Act No. 593/1992, on provisions, as amended.

5.2.5 Loans

Loans are stated at their nominal value. The part of long-term loans payable within one year from the date of the financial statements and the debit balance in bank accounts are also considered to be short-term loans. Receivables from credit provided by the Company are recorded as trade receivables to preserve continuity of reporting.

5.2.6 Provisions for liabilities and charges

The Company does not pursue any activities entitling it to create provisions for liabilities and charges pursuant to separate legal regulations. In 2009, the entity created accounting provisions for contingent liabilities arising from a lease agreement and for liabilities due to the reimbursement of costs related to unsuccessful collection of debts via execution. Furthermore there were created provisions for the renovation of information technology equipment and provisions for potential losses affected by economic crisis (restructuring). Since 2007, the entity has been posting an income tax provision because it prepares its financial statements before the date of proper calculation of its tax liability.

5.2.7 Translation of foreign currencies

The entity carries accounting transactions in foreign currencies based on generally applicable policies. During the accounting period, the foreign currencies are translated at a fixed rate set pursuant to an internal policy, based on rates published by the Czech National Bank. Banking transactions and purchases of foreign currencies, including cash, are accounted for at daily exchange rates of the respective financial institutions.

Assets, liabilities, and receivables in foreign currencies are translated as at the book close date using the applicable CNB rate published for the relevant day. The entity carries any determined exchange rate gains or losses in financial cost accounts or financial revenue accounts as at the day of the financial statements.

5.2.8 Taxes

Deferred tax

The entity carries deferred tax on the basis of temporary differences resulting from the differences between the accounting and the tax approach used for certain accounting items. These are primarily the differences between tax and accounting depreciation, provisions, and other temporary differences between the tax base and the accounting profit/loss. Calculation of deferred tax is based on the corporate income tax rate in effect for the following fiscal period or on the expected rate.

Income tax provision

The entity prepares its financial statements before filing the annual tax return and it is therefore not possible to completely rule out that there will be a difference between the reported tax due and the actual tax liability. For this reason the entity posts an income tax provision.



6. CHANGES IN THE VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED WITH THE PREVIOUS PERIOD

The entity did not significantly modify its methods of asset valuation and depreciation in 2009. In 2009 the Company decided within provisioning method does not apply 10% increase of provision for outstanding in delay 1-2 instalment applied as at 31 December 2008 by reason of insufficient statistical data for some of products. The impact of above mentioned change of provisioning method as at 31 December 2009 is CZK 46 267 000 (decrease).

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

7.1. Intangible fixed assets

(In CZK thousand)

	Software	Other intangible fixed assets	Acquisition of intangible fixed assets	Intangible fixed assets
Assets as at Jan 1, 2008 at acquisition cost	123,917	214	4,871	129,002
Acquisition of intangible fixed assets			34,563	34,563
Disposal of intangible fixed assets				
Transfer of completed investment	25,935		-25,935	
Assets as at Dec 31, 2008 at acquisition cost	149,852	214	13,499	163,565
Accumulated depreciation as at Jan 1, 2008	-82,566	-214		-82,780
Current year depreciation	-28,450			-28,450
Accumulated depreciation for intangible fixed assets disposed of during the period				
Accumulated depreciation as at Dec 31, 2008	-111,016	-214		-111,230
Net book value of intangible fixed assets as at Dec 31, 2008	38,836		13,499	52,335
Assets as at Jan 1, 2009 at acquisition cost	149,852	214	13,499	163,565
Acquisition of intangible fixed assets			28,158	28,158
Disposal of intangible fixed assets				
Transfer of completed investment	39,951		39,951	
Assets as at Dec 31, 2009 at acquisition cost	189,803	214	1,706	191,723
Accumulated depreciation as at Jan 1, 2009	-111,016	-214		-111,230
Current year depreciation	-31,909			-31,909
Accumulated depreciation for intangible fixed assets discharged of during the period				
Accumulated depreciation as at Dec 31, 2009	-142,925	-214		-143,139
Net book value of intangible fixed assets as at Dec 31, 2009	46,878		1,706	48,584

7.2. Total amount of low value intangible assets not stated in the balance sheet

The total amount of low value intangible assets carried in the operating records and posted off the balance sheet as at December 31, 2009 is CZK 13,049,000; the assets recorded as at December 31, 2008 amounted to CZK 10,255,000 (at acquisition cost). These are assets used for the entity's operations and they were expensed in the previous periods in accordance with generally accepted accounting policies.

7.3. Tangible fixed assets

(In CZK thousand)

	Buildings and structures	Machinery, equipment, information technology	Furniture and fixtures	Passenger cars	Acquisition of tangible fixed assets	Total tangible fixed assets
Assets as at Jan 1, 2008 at acquisition cost	41,544	88,845	7,349	38,404	4,164	180,306
Acquisition of tangible fixed assets					33,710	33,710
Disposals of tangible fixed assets		-5,633		-13,632		-19,265
Transfer of completed investment	6,094	11,064		14,513	-31,671	
Assets as at Dec 31, 2008 at acquisition cost	47,638	94,276	7,349	39,285	6,203	194,751
Accumulated depreciation as at Jan 1, 2008	-6,988	-69,754	-2,254	-19,556		-98,552
Current year depreciation	-5,276	-13,134	-1,359	-12,375		-32,144
Net book value of tangible fixed assets disposed of during the period		-353		-495		-848
Accumulated depreciation for tangible fixed assets disposed of during the period		5,632		13,633		19,265
Accumulated depreciation as at Dec 31, 2008	-12,264	-77,609	-3,613	-18,793		-112,279
Net book value of tangible fixed assets as at Dec 31, 2008	35,374	16,667	3,736	20,492	6,203	82,472
Assets as at Jan 1, 2009 at acquisition cost	47,638	94,276	7,349	39,285	6,203	194,751
Acquisition of tangible fixed assets					15,128	15,128
Disposals of tangible fixed assets		-5,404	-49	-13,124		-18,577
Transfer of completed investment	3,135	9,460		7,612	-20,207	
Assets as at Dec 31, 2009 at acquisition cost	50,773	98,332	7,300	33,773	1,124	191,302
Accumulated depreciation as at Jan 1, 2009	-12,264	-77,609	-3,613	-18,793		-112,279
Current year depreciation	-5,606	-11,176	-1,348	-11,528		-29,658
Net book value of tangible fixed assets disposed of during the period				-918		-918
Accumulated depreciation for tangible fixed assets disposed of during the period		5,404	49	13,124		18,577
Accumulated depreciation as at Dec 31, 2009	-17,870	-83,381	-4,912	-18,115		-124,278
Net book value of tangible fixed assets as at Dec 31, 2009	32,903	14,951	2,388	15,658	1,124	67,024

7.4. Total amount of low value tangible assets not stated in the balance sheet

The total amount of low value tangible assets carried in the operating records and posted in of the balance sheet as at December 31, 2009 is CZK 50,324,000; the assets posted as at December 31, 2008 amounted to CZK 48,219,000 (at acquisition cost). These are assets used for the entity's operations and they were expensed at cost in accordance with generally accepted accounting policies.

7.5. Leased assets

The Company partially used leased assets to carry on its business, mainly offices. Rent totalled CZK 33,726,000 in 2009; and CZK 38,234,000 in 2008.

None of the Company's fixed assets were acquired by means of finance lease with subsequent purchase.

7.6. Non-current financial assets

See Note 3, Company's interests in other companies.



7.7. Non-current assets encumbered by lien or easement and assets pledged as security

None of the Company's assets are encumbered by lien or easement; no security was provided in the past reporting period.

7.8. Third-party assets stated in the balance sheet as at Dec 31, 2009

The Company manages no third party's assets that it is entitled to state in the balance sheet.

7.9. Receivables

7.9.1 Structure of receivables

(In CZK thousand)

Structure of receivables (gross)	As at Dec 31, 2008	As at Dec 31, 2009
Long-term receivables:		
Receivables from clients resulting from credit provided	5,914,465	5,552,782
Deferred tax asset	86,111	89,187
Short-term receivables:		
Receivables from clients resulting from credit provided	10,634,575	10,656,433
Operating advances etc.	79,173	34,954
State – tax asset		
Other receivables	29,499	14,296
Suspense accounts – assets	40,400	44,909
Total	16,784,223	16,392,561

More than 50% of trade receivables consist of credit due within one year. The maximum maturity of the credit granted is 120 months. Receivables with a maturity of more than five years account for 2.5%. In order to ensure continuity with the previous accounting periods, receivables from credit provided are recognised as trade receivables. Other receivables are primarily those that were not recorded in the clients' accounts as at the book close date due to the time sequence of the processing of operations related to credit provision.

7.9.2 Overdue receivables

As of the date of the financial statements, the Company's receivables overdue for 180 or more days amounted to CZK 1,856,393,000. In 2008, such overdue receivables amounted to CZK 1,141,517,000. The total increase in risky receivables in 2009 was influenced mainly by the overall degradation of credit risk on the market as a consequence of economic crisis and the changed structure of the Company's credit portfolio. The Company has created adequate provisions to cover the potential loss from doubtful receivables.

7.9.3 Provision for receivables

(In CZK thousand)

Provision for receivables	Beginning of the reporting period	Increase +	Decrease -	Balance as at Dec 31
2008	933,138	688,949	110,670	1,511,417
2009	1,511,417	988,352	169,536	2,330,233

The entity wrote off the loss-making receivables whose value decreased due to permanent impairment caused by fraud or the debtor's death, and the write-off of which is, under the income tax act, tax allowable, and also receivables which the Company, given its long-term experience, does not expect to recover. The amount written-off was CZK 13,360,000 in 2009 and CZK 9,458,000 in 2008.

7.9.4 Intra-Group receivables

As at December 31, 2009, the Company recorded intra-Group short-term receivables arising from technical support services, re-invoicing of services and profit sharing, amounting to CZK 43,152,000 (CZK 40,484,000 as at December 31, 2008). Since this amount includes suspense items estimated as at the book close date, the actual figure may be slightly different from the data presented herein.

7.9.5 Receivables secured by lien or secured otherwise

The Company carries no receivables secured by lien. Receivables resulting from credit provided to natural persons are secured by means of agreements on debt assignment, partner's accession to the liability, surety, charge on payable insurance benefits, security transfer of rights, or directly enforceable execution or notarial deed.

7.10. Temporary accounts - assets

The Company uses the temporary asset accounts to carry expenditure related to prepaid expenses (accruals and deferrals of overhead consumables, technical support for information systems, etc.) as well as payments not received that are related to the current period's revenues in terms of time and content (interest on credit, payable in the following period) in the amount of CZK 165,965,000 as at December 31, 2009 (CZK 171,411,000 as at December 31, 2008).

7.11. Provisions for liabilities and charges

In 2009, the entity created accounting provisions of CZK 22,564,000 for contingent liabilities arising from a lease agreement, for liabilities due to the reimbursement of costs related to unsuccessful collection of debts via execution, liabilities from labour-law relation and provisions for the renovation of information technology equipment. Since 2007, the entity has been posting an income tax provision. The provision for the tax due was charged in the amount of CZK 275,372,000. Advance payments of CZK 190,435,000 were posted against this provision.

(In CZK thousand)

Provisions	Beginning of the period	Increase +	Decrease -	Balance as at Dec 31, 2009
Income tax provision	57,821	431,555	404,438	84,937
Other provisions for liabilities	28,078	22,564		50,642
Total provisions for liabilities	85,899	454,118	404,438	135,579

7.12. Payables

7.12.1 Short-term and long-term payables

(In CZK thousand)

	2008	2009
Long-term payables		
Deferred tax liability		
Short-term payables		
Trade payables	25,259	6,712
Liabilities to employees, social security, health insurance and financial authority	27,434	21,840
Suspense accounts - liabilities	155,500	149,320
Other liabilities	72,661	43,106
Total	280,854	220,978

As at December 31, 2009, the Company records no payables overdue for more than 180 days or any other payables liabilities not shown in the balance sheet.

The liabilities to employees, social security, health insurance and financial authorities are unpaid wages, insurance and employee income tax advances for December 2009 due in January 2010, as well as an outstanding amount of indirect taxes due in January 2010.

The entity uses the suspense accounts - liabilities to show the costs related to the current accounting period, the exact amount of which was not known as at the date of the financial statements. This includes primarily unbilled services and goods (purchased services related to providing of credit services, utilities, postage and telecommunications services, database administration etc.).

The amount of other liabilities is influenced by the time lag between the processing of the operations related to credit provision as at the book close date (the time lag between the granting of credit and the debiting of the funds from the Company's bank accounts to authorised dealers' and clients' accounts). The Company has no pension liabilities.



7.12.2 Intra-Group liabilities

(In CZK thousand)

	2008	2009
Long-term bank loans	790,000	1,210,000
Current bank loans	1,950,000	1,000,000
Unpaid interest	45,750	28,352
Other liabilities	11,555	10,865

The Company's other liabilities are primarily those resulting from the services provided in connection with the processing of business transactions and other services provided by the parent company or another group company. Since this item is estimated to an extent, created as at the book close date, the actual figure may be slightly different from the data presented herein.

7.12.3 Liabilities payable in more than five years

The Company records no liabilities payable in more than five years.

7.12.4 Liabilities covered by lien

The Company has no liabilities secured by lien in the event of default.

7.13. Bank loans and bonds

(In CZK thousand)

	2008	2009
Long-term bank loans	5,425,670	5,035,000
Current bank loans	8,376,923	7,055,715
Of which		
Current bank credits	8,371,363	6,900,742
Overdraft credits	5,560	154,973
Long-term bank loans total	13,802,593	12,090,715

Bank loans received by CETELEM ČR, a. s. as a member of the BNP Paribas banking group are secured by BNP Paribas bank guarantees. The Company does not guarantee its liabilities by any pledged assets. As at December 31, 2009, the Company records long-term loans in the following structure: CZK 2,970 million due within two years; CZK 1,050 million due within three years; CZK 685 million due within four years; CZK 260 million due within five years; CZK 50 million due within six years; and CZK 20 million due within seven years. The rates of interest on loans received correspond to the interest rates on the inter-bank market in the Czech Republic.

7.14. Temporary accounts - liabilities

The Company uses the temporary accounts – liabilities to record costs related to the current accounting period in terms of time and content, where the relevant expense had not taken place as at the date of the financial statements (e.g. interest accrued on loans received and fees due in the following period) and deferred income (received payments deferrals) amounting to CZK 204,728,000 as at 31 December, 2009 and CZK 261,823,000 as at 31 December, 2008.



7.15. Deferred tax liability/asset

(In CZK thousand)

Deferred tax	2008					2009				
	Book value	Tax value	Difference	Tax rate	Tax asset + tax liability	Book value	Tax value	Difference	Tax rate	Tax asset + tax liability
Tangible and intangible fixed assets	115,625	107,047	-8,578	20 %	-1,716	113,299	114,783	1,484	19 %	282
Provision for receivables		430,015	430,015	20 %	86,003		458,450	458,450	19 %	87,105
Total assets					84,287					87,387
Liability – holiday days not used		6,298	6,298	20 %	1,260		3,753	3,753	19 %	713
Liabilities under industrial relations		2,822	2,822	20 %	564		5,720	5,720	19 %	1 087
Total liabilities					1,824					1,800
Deferred tax liability / asset as at Dec 31					86,111					89,187

Provisions for receivables from credit represent a major part of the deferred tax in 2009. Pursuant to Act No. 593/1992, on provisions, these provisions were not tax allowable and are expected to be partially applied in the following periods once all the statutory requirements have been are met.

7.16. Off balance sheet liabilities

Potential liabilities from approved credit lines and credit promised to the clients of the Company amount to CZK 12,893,840,000.

8. SHAREHOLDERS' EQUITY

The Company's equity amounted to CZK 1,732,957,000 as at December 31, 2009. The source of the Company's equity as at December 31, 2009, as specified in the statement of changes in equity (see Attachment 2) was retained profit and profit of the current accounting period.

The Company's share capital is CZK 180,000,000 and has been fully paid up. The Company has issued 180,000 dematerialised registered shares with a nominal value of CZK 1,000 each, whose transferability is restricted under the Company's Articles of Association. No change in the Company's share capital has occurred in the last few periods.

On June 5, 2009 the sole shareholder, acting in its capacity as the General Meeting, decided not to distribute the 2008 profit and retain it as retained profit.

9. REVENUES FROM ORDINARY ACTIVITY BY TYPE OF ACTIVITY

(In CZK thousand)

	2008	2009
Provision of credit and related services		
Interest income	2,295,925	2,407,662
Other financial revenues	408,544	457,278
Other revenues	166,655	241,922
Revenues from ordinary activity	2,871,124	3,106,862

The Company's core business being the provision of credit, most of its revenues are attributable to interest income and other revenues from the provision of financial services. Other revenues from ordinary activity include primarily late charges, contract penalties, payments of costs incurred in the collection of receivables, revenues from assignment of outstanding, technical support services, consultancy etc. Revenues from providing cross-border services amounted to CZK 64,681,000 in 2009.

10. UNDISCLOSED LIABILITIES

No circumstances are known that might result in contingent liabilities for the Company and that were not disclosed in accounts. The entity booked all known future payables and receivables, including contingencies, in off-balance sheet accounts.

11. OTHER MATERIAL CONTINGENT LOSSES

The Company is not aware of any new circumstances constituting threat of contingent losses. Provisions were created to fully cover contingent losses from previous periods.

12. RESEARCH AND DEVELOPMENT EXPENDITURE

The Company has no research and development of its own. Investment in the development of information and communication technologies and innovation of the product offering is reflected in tangible and intangible fixed assets (see the relevant part of these Notes).

13. EXPENSES RELATED TO AUDIT SERVICES

The company is included in the consolidated accounts and the expenses related to audit service for the period ended 31 December 2009 are included in the consolidated financial statements of the parent company.

14. SUBSEQUENT EVENTS

No other event, except for generally known information about the development of market and economy in the Czech Republic, subsequent to the balance sheet date, i.e. December 31, 2009, that could have a material impact on the Company's result and its further development had been noted by the date of preparation of the financial statements.



THE COMPANY'S ORGANIZATION STRUCTURE AS OF DECEMBER 31ST, 2009 (ATTACHEMENT 1)

