

# VOLKSWAGEN FINANCIAL SERVICES

ÚVĚR. LEASING. POJIŠTĚNÍ. MOBILITA.



# ANNUAL REPORT 2017



# CONTENTS

INTRODUCTION FROM THE STATUTORY DIRECTORS	3	3. INTANGIBLE FIXED ASSETS	42
COMPANY PROFILE	5	4. TANGIBLE FIXED ASSETS	42
THE GROUP'S STRUCTURE	7	5. RECEIVABLES	44
STRUCTURE OF THE GOVERNING BODIES	9	6. EQUITY	46
OUR STRATEGY	11	7. PROVISIONS	47
MAJOR EVENTS IN 2017	13	8. LIABILITIES	48
CORPORATE SOCIAL RESPONSIBILITY	15	9. BANK LOANS AND OTHER BORROWINGS	50
FINANCIAL SITUATION IN 2017	18	10. COMMITMENTS AND CONTINGENT LIABILITIES	51
OUTLOOK FOR 2018	20	11. ACCRUALS AND DEFERRALS	52
SHAREHOLDERS' MEETING REPORT	22	12. REVENUE ANALYSIS	53
INDEPENDENT AUDITOR'S REPORT	24	13. RELATED PARTY TRANSACTIONS	54
RESOLUTION OF THE SUPERVISORY BOARD	27	14. EMPLOYEES	56
FINANCIAL STATEMENTS	31	15. ADJUSTMENT OF VALUES IN OPERATING ACTIVITIES	57
BALANCE SHEET	32	16. FEES PAID AND PAYABLE TO THE AUDITING COMPANY	58
INCOME STATEMENT	34	17. INCOME TAX	59
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	35	18. CONTINGENT ASSETS	61
CASH FLOW STATEMENT	36	19. CASH FLOW STATEMENT	62
1. GENERAL INFORMATION	37	20. SUBSEQUENT EVENTS	63
2. ACCOUNTING POLICIES	38	21. REPORT ON RELATIONS	63



# INTRODUCTION FROM THE STATUTORY DIRECTORS

Ladies and Gentlemen,

2017 was another successful year for Volkswagen Financial Services (ŠkoFIN s.r.o.) in which the company continued positively developing its business and achieving a series of principal milestones.

ŠkoFIN s.r.o., as a key player and leader in financial services, celebrated 25 years on the Czech market in 2017. Throughout the company's existence, we helped more than one million people fulfil their dream and achieve mobility through a new or second-hand car.

We would not have been so successful without the joint efforts of all employees, investments in the company and the trust of our clients, business partners and Volkswagen group dealer network. We would like to thank all of them for their long-term work together and loyalty. Their satisfaction, developments and achievements in the last year enhanced our motivation and give us confidence in further positive development as we continue to provide above-standard services and develop mobility.

Volkswagen Financial Services is one of the largest, long-term providers of funding for vehicles in the Czech Republic, a fact supported by the results of the Czech Leasing and Financial Association.

Lending accounts for approximately two thirds of transactions and continues to play the principal role in our portfolio.

Despite strong competition, we report growth in our main business lines. In 2017, we concluded into more than 55 thousand new contracts for the funding of new and second-hand cars. The overall volume of new contracts for mobility services increased year-on-year by 12% to nearly 10 billion CZK.

Another milestone in 2017 was obtaining a licence granted by the Czech National Bank to allow the company provide consumer loans. The licence was granted to four entities. We are proud of having obtained the licence as one of the first entities.

The financial services segment is currently undergoing significant changes, primarily in terms of digitalisation. To meet or even exceed the expectations of our customers, we must that we embrace change and integrate our dealers, brands and customer services in the digital environment. A significant step in this area was the launch of an on-line sales system for ŠKODA Bez starostí.

The outlook for 2018 is optimistic. We expect further growth in the financing of new and second-hand cars as well as our other mobility service products such as service packages or insurance.

We take pleasure in being the number one choice for numerous companies and individuals. We anticipate that we will continue to be a transparent and reliable partner for clients seeking certainty and comfort in vehicle financing. At the same time, we are continuing to work strongly on our vision of being one of the most attractive employers on the Czech market. On behalf of the Board of Directors, I would like to thank our partners and customers one more time for their trust in our business cooperation, and thank all our employees.




---

Reinhard Mathieu  
Dipl. Wirtsch.-Ing.




---

Joachim Lutz Ewald  
Dipl. Kauf.

# COMPANY PROFILE



Volkswagen Financial Services has been a leading financial services company operating on the Czech market since 1992. Since it entered to the market, the company has been number one in financing passenger and utility vehicles and providing operating leases.

As of September 1, the company has been a fully owned subsidiary of Volkswagen Bank GmbH. This change is a part of the overall realignment of Volkswagen Financial Services AG aiming to bundle credit and business activities of Volkswagen Bank GmbH in the European Economic Area. Volkswagen Bank GmbH is a fully owned subsidiary of Volkswagen AG. Its principal activity is financing vehicles. Volkswagen Bank provides financing for retail and business customers and authorized dealers.

The branches and companies of the Volkswagen Bank Group operate in addition to the financing and operating lease business.

ŠkoFIN s.r.o. specialises in sales support for the Volkswagen, Audi, SEAT, ŠKODA, Porsche, DUCATI dealer networks and second hand company cars, an important part of its successful operation being close cooperation with the Volkswagen group dealer network.

Since 2015, it has used the Volkswagen Financial Services marketing brand. Volkswagen Financial Services is also used as a trademark. The legal name remains unchanged.

### **Main products of ŠkoFIN s.r.o.**

- » Financial products for private (retail) and company (fleet) customers that include loans, operating and finance leases.
- » Brand insurance products for financing of vehicles and sale of vehicles without financing – ŠKODA, Volkswagen, Audi and SEAT Pojištění. The group's brand insurance includes third party liability insurance, accident insurance and other additional insurance as well as vehicle glass insurance or GAP insurance.
- » Loans may be used to finance the operational and investment needs of the group's dealer network. Investment loans provide financing for car showrooms and vehicle repair shops.
- » Extended guarantee for second-hand cars in the ŠKODA plus and Das WeltAuto programmes.
- » ŠKODA Bez Starostí.
- » ŠKODA Předplacený servis – an additional service that covers the costs of compulsory vehicle maintenance.
- » IN operating lease – an innovative product for small and medium-sized companies looking for a solution to finance a specific vehicle or small car fleet.
- » Complementary products: client centre offering accident insurance and third-party liability insurance, insurance for payment obligations, insurance for administrative and legal protection (Assistant) and other client care services.

For more information visit [vwfs.cz](http://vwfs.cz).



# THE GROUP'S STRUCTURE

ŠkoFIN s.r.o. is fully owned by Volkswagen Bank GmbH, a subsidiary of Volkswagen AG.



**VOLKSWAGEN AKTIENGESELLSCHAFT**

**Volkswagen Bank GmbH**

**Volkswagen Financial Services AG**





# STRUCTURE OF THE GOVERNING BODIES



ŠkoFIN s.r.o., with its registered office at Pekařská 6, was recorded in the Commercial Register on 10 August 1992. The company's principal business activities include purchasing of goods for resale and sale (car leases) and providing consumer loans, including accompanying services.

Structure of statutory bodies in 2017

### STATUTORY DIRECTORS OF THE COMPANY

Dipl. Kauf., Joachim Ewald, Statutory Director    Dipl. Wirtsch.-Ing., Reinhard Mathieu, Statutory Director

### PROXY

Radek Cizner    Radek Milštain



#### Joachim Ewald

Joachim Ewald has been a statutory director of ŠkoFIN s.r.o. since 1 March 2014. He is responsible for sales, marketing, project management and lean management.



#### Reinhard Mathieu

Reinhard Mathieu has been a statutory director of ŠkoFIN s.r.o. since 1 October 2015. He is responsible for managing the company's financial and administrative (back office) operations.

Jiřina Tapšíková was appointed as the statutory director responsible for back office operations on 1 April 2018.



# OUR STRATEGY



As part of the Volkswagen Group, Volkswagen Financial Services CZ supports the “ROUTE 2025” strategy in various initiatives and programmes. Our strategy includes supporting and promoting corporate values and the involvement of all our employees in corporate social responsibility activities.

This strategy affirms the entire group’s vision: “Volkswagen Financial Services is a key to mobility”.

We are required to implement our plans and objectives in accordance with these company values: Customer Focus, Enthusiasm, Responsibility, Courage and Trust.



The “ROUTE 2025” strategy is based on 5 strategic pillars:

## CUSTOMERS

Through the development of digital distribution channels, we can continuously meet the changing needs and wishes of our clients in a fast and flexible manner with above-standard care.

## SALES VOLUME

We look for growth across the entire group and on the local market. We increase the number of concluded contracts by adopting numerous measures.

## PROFITABILITY

We seek to increase revenues and focus on the comprehensive character of provided services.

## OPERATIONAL EXCELLENCE

The basis of future success in digital issues are information technologies. We make our processes compliant with the needs of our clients.

## EMPLOYEES

As an employer, we regard all our employees highly. We also understand the importance of our staff’s training and education. We assess all performance at Volkswagen Financial Services, whether it’s an individual’s or the team’s. Everyone is important to us.

# MAJOR EVENTS IN 2017



ŠkoFIN s.r.o. supports business development through numerous innovative products which are the prerequisites for meeting our client's expectations in mobility.

### **Obtaining a licence from the Czech National Bank**

All non-banking entities that want to provide or mediate loans must have applied for a licence from the Czech National Bank by March 2017 in accordance with the Act on Consumer Loans. A total of 112 entities filed an application. At the end of November 2017, the Czech National Bank granted the first licence to four non-banking consumer loan providers. Volkswagen Financial Services was one of them.

### **Launch of ŠKODA Online**

At the end of 2017, ŠKODA Financial Services and ŠKODA AUTO launched online sales for the local market. Through a new [www.skoda-online.cz](http://www.skoda-online.cz) sales platform customers can easily order a new vehicle through a ŠKODA Bez Starostí operating lease from the comfort of their own home. After selecting an available vehicle, clients can choose service options, length of funding, mileage and co-insurance. The contract is subsequently concluded on-line (including the first instalment) and the vehicle is physically delivered to a client by the dealer.

### **Volkswagen Service Packages**

At the beginning of March, the Volkswagen brand launched Volkswagen Services Packages in cooperation with Volkswagen Financial Services. It is an additional service covering the costs of maintenance services such as exchange of filters, oil, spark plugs, etc., required by the manufacturer, for up to 5 years or selected mileage. Depending on the selected package, the services may include the costs of exchanging original components due to standard wear and tear. The services may be used at any authorised maintenance services partner in the Czech Republic. For more information, visit [www.volkswagen.cz](http://www.volkswagen.cz).

### **Individual ŠKODA Bez Starostí**

In 2017, ŠKODA Bez Starostí operating leases entered a new era and achieved extraordinary success on the Czech market. The product is offered in cooperation with ŠKODA Financial Services and ŠKODA AUTO. Since April 2017,

the product has been available in an entirely individual configuration. Anyone interested in buying a new ŠKODA car may select motors, trim levels, optional equipment, the lease period and mileage.

### **Change in the Assistance Services Provider**

To improve the quality of services provided to our customers, we announced a tender for a new assistance services provider. The reasons for selecting ÚAMK were based on quality of its proposal and the prior positive experience with this provider of our business partners from the Volkswagen Group.

### **Awards**

At the 15th prestigious **IMC Czech Awards** (former Český direkt), the company received several awards. ŠkoFIN s.r.o. received a golden award for its Manual of Smart Financing in the B2B and B2C Communication category. For the Retail, Merchandising and In-store Marketing category, it received a silver award for the same project. It also received a silver award for the Lunar Campaign in the Integrated Communication category. In the 20th year of the **Effie** competition for the most effective advertising, the company ranked third in the Financial Services category for its Lunar Campaign.

### **25 Years on the Czech Market**

In 2017, ŠkoFIN s.r.o. celebrated 25 years as a leader on the Czech market in financial services, having helped more than one million clients and concluding its millionth contract in September 2016. One of the company's milestones was rebranding and changing name to Volkswagen Financial Services in January 2016. The change was made after 23 years as part of the integration of the worldwide image of the group, significant strengthening of corporate culture and sharing of the company's global know-how.



# CORPORATE SOCIAL RESPONSIBILITY



The corporate social responsibility and HR policy at Volkswagen Financial Services is interconnected with the global strategy and corporate values of the Volkswagen Group.

Corporate social responsibility for all of us is a way of behaving that reflects responsibility and our long-term objectives. We believe our success reflects not only this behaviour, but also activities that the needs and requirements of our employees, the company and our customers depend on.

We strive to be one of the best and most attractive employers on the Czech market, focusing on company education, training in developing individual skills, team work and communication. We run programmes to enhance employee motivation, modernise the work environment and change working conditions for employee satisfaction. Each employee is exceptional and important to us.

We aim to be pro-active and actively work together with our dealers and other involved parties. Our activities solely focus on providing services without directly impacting the environment. Nevertheless, we think about potential impact of our activities on the environment.

The protection of our client's data, prevention of corruption and illegal activities and compliance with legal regulations, internal norms and policies are an inherent part of our corporate culture.

We carefully comply with the policies protecting consumer and anti-monopoly principles. The company's Code of Ethics also plays an important role.

As a subsidiary of Volkswagen Bank GmbH, and previously Volkswagen Financial Services AG, ŠkoFIN s.r.o. must comply with the obligations stipulated by the German Banking Act and other regulations and national and international policies. We comply with all rules and limits stipulated by the parent company.

ŠkoFIN s.r.o. is a founding member of the Non-Banking Register of Client Information (NRKI) and a member of the Czech Lease and Financial Association adhering to the ethical standards of the association. It is a responsible provider of financing.





## Sponsorship and Charity Events in 2017

In addition to vehicle financing and sales, ŠkoFIN s.r.o. and its employees invest their attention and funds into helping others. The company has supported several carefully selected charity projects in the long-term who help people with disabilities achieve greater mobility and independence and above all else, a sense of satisfaction in their lives.

### Centrum Paraple

For more than 20 years, Volkswagen Financial Services have been a principal partner of Centrum Paraple, which is a charitable organisation helping people with disabilities due to spinal cord injury and paralysis. The company has been a partner of the run for Centrum Paraple every year. At the end of 2017, the company donated of CZK 250,000 to the centre.

### Sue Ryder

ŠkoFIN s.r.o. sponsored the Sue Ryder Charity Cup football tournament, whose are used to help operate the Sue Ryder home for elderly people. The company has been a regular sponsor and participant of the tournament since its second year.

### LORM

A team of our employees participated in a relay run to support LORM, a society for the deaf and blind which since 1991 has connected deaf-blind people and their families with people from the professional and general public deaf-blindness issues.

### Help provided by employees

In addition to the above annual projects, the company involves itself in small charity events and volunteering.

In 2017, company employees used a fund-raising campaign to support Kubík, son of one of the employees, who used the collected funds for an intensive physical therapy programme. On volunteer days, employees help at environmental centres, sheltered accommodation and other places where volunteer work is needed. The company is assisted in providing these activities to non-profit organisations by the HESTIA Centre for Volunteering.

In 2018, the company will continue focusing on solidarity, charity activities and new opportunities to help.

# FINANCIAL SITUATION IN 2017



ŠkoFIN s.r.o. achieved  
a net profit of CZK 416 million in 2017.

## Key Figures

2017

2016

**NUMBER OF NEW  
FINANCING CONTRACTS**

**53,535**

49,743

**TOTAL ASSETS**

**CZK 42,037 mil.**

CZK 39,383 mil.

**TOTAL EQUITY**

**CZK 6,316 mil.**

CZK 5,900 mil.

**AVERAGE NUMBER  
OF EMPLOYEES**

**232**

213



# OUTLOOK FOR 2018



Since the start of our operations, we have been one of the largest providers of financing for passenger and utility vehicles and a leader on the Czech market. In 2018, we and our vehicle brands expect continued business growth.

We anticipate that we will continue to be a transparent partner for clients seeking certainty and comfort in vehicle financing. We enjoy being the number one choice for many individuals and companies. In 2017, we made numerous very attractive acquisitions. For this reason, we will be providing enhancements in car fleet financing.

Given the anticipated growth in GDP and the entire industrial and automotive segment, we plan to extend and digitise our entire portfolio of services, primarily to better meet the needs and wishes of our clients.

We are continuing to develop services where we see our competitive advantage – not only new forms of financing that ensure mobility, but also brand insurance and maintenance services. In January 2018, SEAT Financial Services together with Porsche Česká republika began mediating SEAT service packages, an additional service covering the costs related to vehicle servicing and maintenance.

In line with our long-term strategy, we continuously search for new solutions that improve the quality of our services and meet the changing needs of customers.



# SHAREHOLDERS' MEETING REPORT



## SHAREHOLDER'S MEETING REPORT

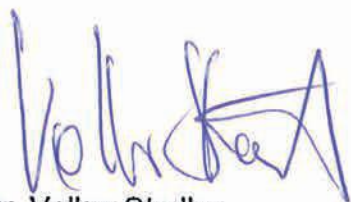
The Board of Management regularly informed the shareholder about the company's situation, business development and business policy over the reporting period. Based on written records and oral information, the Board of Management was supervised by the shareholder.

The shareholder's meeting had the financial statements of ŠkoFIN s.r.o., Prague, as of 31 December 2017 at its disposal. The auditors, PricewaterhouseCoopers Audit, s.r.o., have audited the financial statements.

The shareholder's meeting agrees to the audited result and approves the financial statements showing a CZK 416 million net profit.

Braunschweig, 27 May 2018

VOLKSWAGEN BANK GmbH



Dr. Volker Stadler

Member of the Management Board



Harald Heßke

Member of the Management Board



# INDEPENDENT AUDITOR'S REPORT







## ***Independent auditor's report***

**to the shareholder of ŠkoFIN s.r.o.**

### *Opinion*

We have audited the accompanying financial statements of ŠkoFIN s.r.o., with its registered office at Pekařská 6, Praha 5 ("the Company") prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2017, the income statement, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, which include 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 the Company as at 31 December 2017, of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

### *Basis for Opinion*

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards 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 Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Body 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 about the Company 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 and regulation, in particular, whether the other information complies with law and 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 and 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 Statutory Body and Supervisory Board for the Financial Statements*

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the Statutory Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic T: +420 251 151 111, F: +420 251 156 111, [www.pwc.com/cz](http://www.pwc.com/cz)*

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic. Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.



**Shareholder of ŠkoFIN s.r.o.  
Independent auditor's report**

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above stated requirements 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 stated requirements, 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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body's 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 notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

25 May 2018



represented by partner



Petr Kříž

Statutory Auditor, Evidence No. 1140

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

# RESOLUTION OF THE SUPERVISORY BOARD



# VOLKSWAGEN FINANCIAL SERVICES

ÚVÉR. LEASING. POJIŠTĚNÍ. MOBILITA.

## Resolution of the Supervisory Board of the company ŠkoFIN s.r.o. *Usnesení dozorčí rady společnosti ŠkoFIN s.r.o.*

Supervisory Board of the company  
*Dozorčí rada společnosti*

ŠkoFIN s.r.o.  
ID Number/IČ: 45805369  
with registered seat/se sídlem: Pekařská 635/6, Jinonice, 155 00 Praha 5  
(hereinafter only as/dále jen the "Company"/"Společnost"),

in the following constitution:  
*v následujícím složení:*

Robert Klaus Peter Löffler	Předseda dozorčí rady <i>Chairman of the Supervisory Board</i>
Martin Manfred Mehrgott	Člen dozorčí rady <i>Member of the Supervisory Board</i>
Volker Anton Stadler	Člen dozorčí rady <i>Member of the Supervisory Board</i>
Luboš Vlček	Člen dozorčí rady <i>Member of the Supervisory Board</i>
Vratislav Stražil	Člen dozorčí rady <i>Member of the Supervisory Board</i>

has adopted the following resolution in accordance with Clause XVI.(4) of the Founding Deed of the Company.

*přijala v souladu s ustanovením článku XVI. odst. 4 zakladatelské listiny Společnosti následující usnesení.*

The Supervisory Board of the Company approves this report of the Supervisory Board to the sole shareholder of the Company:

*Dozorčí rada Společnosti schvaluje tuto zprávu dozorčí rady jedinému společníkovi Společnosti:*

- The Supervisory Board report on supervisory activities of the Supervisory Board in the accounting period - calendar year 2017**  
*Zpráva dozorčí rady o kontrolní činnosti dozorčí rady v účetním období - kalendářní rok 2017*

The Supervisory Board was during accounting period - calendar year 2017 regularly informed about the business operations of the Company, supervised the exercise of powers of the Managing Directors and performed all duties arising for it from the law and the Founding Deed of the Company.

*Dozorčí rada byla v průběhu účetního období - kalendářní rok 2017 řádně informována o hospodaření společnosti, dohlížela na výkon činnosti jednatelů a vykonávala všechny povinnosti, které jí vyplývají ze zákona a zakladatelské listiny společnosti.*

# VOLKSWAGEN FINANCIAL SERVICES

ÚVÉR. LEASING. POJIŠTĚNÍ. MOBILITA.

## 2. Changes in the Supervisory Board during 2017: *Změny ve složení dozorčí rady v průběhu roku 2017:*

As of the 9 October 2017 the membership of (i) Mr. Ralf Erich Teichmann and (ii) Mr. Patrick Ortwin Welter in the Supervisory Board was terminated and (i) Mr. Robert Klaus Peter Löffler and (ii) Martin Manfred Mehrgott were appointed as new members.

*S účinností ode dne 9. října 2017 bylo ukončeno členství (i) pana Ralfa Ericha Teichmanna a (ii) pana Patricka Ortwina Weltera v dozorčí radě a (i) pan Robert Klaus Peter Löffler a (ii) pan Martin Manfred Mehrgott byli jmenováni novými členy.*

## 2. The Supervisory Board report on the statutory financial statements of the company for the accounting period - calendar year 2017.

*Zpráva dozorčí rady k řádné účetní závěrce společnosti za účetní období - kalendářní rok 2017*

The Supervisory Board examined the statutory financial statements of the Company for the accounting period - calendar year 2017 and did not detect any formal or factual flaws. This conclusion corresponds also with the result of the auditor's report of the independent statutory auditor. With regard to these facts, the Supervisory Board recommends to the sole shareholder of the Company to approve the financial statements of the Company for the accounting period - calendar year 2017.

*Dozorčí rada přezkoumala řádnou účetní závěrku společnosti za účetní období - kalendářní rok 2017 a nezjistila žádné formální ani věcné nedostatky. Tento závěr odpovídá také výsledkům auditorské zprávy vypracované nezávislým statutárním auditorem. S ohledem na tyto skutečnosti dozorčí rada doporučuje jedinému společníkovi společnosti řádnou účetní závěrku společnosti za účetní období - kalendářní rok 2017 schválit.*

## 3. Supervisory Board's opinion on the proposal of the Managing Directors on the profit distribution. *Stanovisko dozorčí rady k návrhu jednatelů na rozdělení zisku společnosti*

Business result of the Company according to the Czech accounting standards in the accounting period - calendar year 2017 is a profit in the amount of CZK 416.002.910. The Supervisory Board supports the proposal of the Managing Directors of the Company that the entire profit amounting CZK 416.002.910 shall be transferred to the retained profit account.

*Hospodářským výsledkem společnosti dle českých účetních standardů za účetní období - kalendářní rok 2017 je zisk ve výši 416.002.910,- Kč. Dozorčí rada společnosti souhlasí s návrhem jednatelů společnosti, aby celá částka zisku ve výši 416.002.910,- Kč byla převedena na účet nerozděleného zisku.*

## 4. The Supervisory Board report on the examination of the report on relations between related parties for the accounting period - calendar year 2017.

*Zpráva dozorčí rady o přezkoumání zprávy představenstva o vztazích mezi propojenými osobami za účetní období - kalendářní rok 2017*

The Supervisory Board examined the report of the Managing Directors on relations between related parties for the accounting period - calendar year 2017 and did not detect any formal or factual flaws.

*Dozorčí rada přezkoumala zprávu jednatelů o vztazích mezi propojenými osobami za účetní období - kalendářní rok 2017 a neshledala žádné formální ani věcné nedostatky.*

# VOLKSWAGEN FINANCIAL SERVICES

ÚVĚR. LEASING. POJIŠTĚNÍ. MOBILITA.

This Resolution of the Supervisory Board is signed bilingually in Czech and English language; in the event of any differences or contradictions between the Czech and English text of this Resolution, the Czech text shall prevail.

*Toto rozhodnutí dozorčí rady je sepsáno dvoujazyčně v českém a anglickém jazyce; v případě jakýchkoliv rozdílů či rozporů mezi českým a anglickým textem tohoto rozhodnutí má přednost český text.*

V / In Braunschweig dne / on 25. 5. 2018



Robert Klaus Peter Löffler  
předseda dozorčí rady  
*Chairman of the Supervisory Board*  
ŠkoFIN s.r.o.

V / In Braunschweig dne / on 25. 5. 2018



Martin Manfred Mehrgott  
člen dozorčí rady  
*Member of the Supervisory Board*  
ŠkoFIN s.r.o.

V / In Braunschweig dne / on 25. 5. 2018



Volker Anton Stadler  
člen dozorčí rady  
*Member of the Supervisory Board*  
ŠkoFIN s.r.o.

V / In Mladá Boleslav dne / on 25. 5. 2018



Luboš Vlček  
člen dozorčí rady  
*Member of the Supervisory Board*  
ŠkoFIN s.r.o.

V / In Praze dne / on 25. 5. 2018



Vratislav Stražil  
člen dozorčí rady  
*Member of the Supervisory Board*  
ŠkoFIN s.r.o.

# FINANCIAL STATEMENTS

## ŠkoFIN s.r.o.

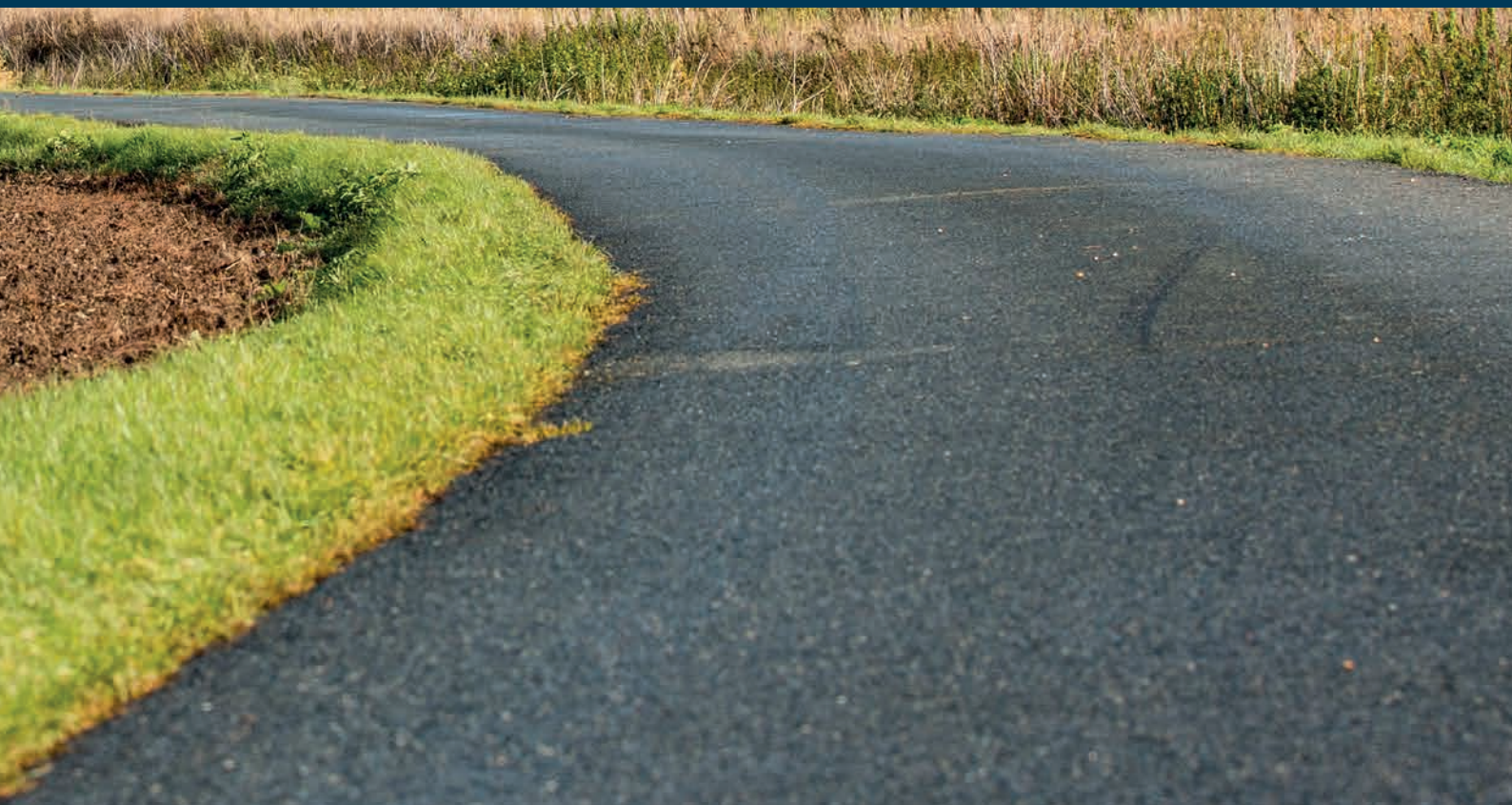
**Identification number:** 458 05 369

**Legal form:** limited liability company

**Balance sheet date:** 31 December 2017

**Date of preparation of the financial statements:** 11 May 2018

The financial statements have been prepared in Czech and English. In all matters of interpretation of information, views or opinions, the Czech version of the financial statements prevails over the English version.



# BALANCE SHEET

## AS AT 31 DECEMBER 2017

(CZK mil.)			Gross amount	Provision	2017 Net amount	2016 Net amount
<b>ASSETS</b>						
<b>B.</b>		<b>Fixed assets</b>	<b>13,973</b>	<b>(2,710)</b>	<b>11,263</b>	<b>9,471</b>
<b>B.</b>	<b>I.</b>	<b>Intangible fixed assets</b>	<b>540</b>	<b>(394)</b>	<b>146</b>	<b>89</b>
	2.	Software	431	(394)	37	45
	5.	Intangible fixed assets in the course of construction	109	–	109	44
<b>B.</b>	<b>II.</b>	<b>Tangible fixed assets</b>	<b>13,433</b>	<b>(2,316)</b>	<b>11,117</b>	<b>9,382</b>
	1.	Land and constructions	–	–	–	6
	2.	Equipment	13,287	(2,316)	10,971	9,183
	5.	Tangible fixed assets in the course of construction	146	–	146	193
<b>C.</b>		<b>Current assets</b>	<b>31,513</b>	<b>(785)</b>	<b>30,728</b>	<b>29,846</b>
<b>C.</b>	<b>II.</b>	<b>Receivables</b>	<b>31,511</b>	<b>(785)</b>	<b>30,726</b>	<b>29,836</b>
	1.	Long-term receivables	9,192	(220)	8,972	8,951
	1.	1. Trade receivables	7,623	(192)	7,431	7,036
	1.	5. Receivables – other	1,569	(28)	1,541	1,915
	2.	Short-term receivables	22,319	(565)	21,754	20,885
	2.	1. Trade receivables	21,180	(552)	20,628	19,734
	2.	4. Receivables – other	1,139	(13)	1,126	1,151
<b>C.</b>	<b>IV.</b>	<b>Cash</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>10</b>
<b>D.</b>		<b>Prepayments and accrued income</b>	<b>46</b>	<b>–</b>	<b>46</b>	<b>66</b>
<b>Total assets</b>			<b>45,532</b>	<b>(3,495)</b>	<b>42,037</b>	<b>39,383</b>



(CZK mil.)

2017  
Net amount2016  
Net amount**LIABILITIES AND EQUITY**

<b>A.</b>			<b>Equity</b>	<b>6,316</b>	<b>5,900</b>
<b>A.</b>	<b>I.</b>	<b>1.</b>	<b>Share capital</b>	<b>865</b>	<b>865</b>
<b>A.</b>	<b>III.</b>		<b>Reserve fund and other reserves</b>	<b>257</b>	<b>257</b>
		1.	Other reserve funds	110	110
		2.	Statutory and other reserves	147	147
<b>A.</b>	<b>IV.</b>	<b>1.</b>	<b>Retained earnings</b>	<b>4,778</b>	<b>4,116</b>
<b>A.</b>	<b>V.</b>		<b>Profit for the current period</b>	<b>416</b>	<b>662</b>
<b>B.</b>	<b>+ C.</b>		<b>Liabilities</b>	<b>34,877</b>	<b>32,679</b>
<b>B.</b>			<b>Provisions</b>	<b>169</b>	<b>83</b>
B.	2.		Income tax provision	14	9
B.	4.		Other provisions	155	74
<b>C.</b>			<b>Liabilities</b>	<b>34,708</b>	<b>32,596</b>
<b>C.</b>	<b>I.</b>		<b>Long-term liabilities</b>	<b>8,863</b>	<b>4,787</b>
		2.	Liabilities due to financial institutions	900	2,300
		6.	Liabilities – subsidiaries and controlling parties	7,550	2,136
		8.	Deferred tax liability	413	351
<b>C.</b>	<b>II.</b>		<b>Short-term liabilities</b>	<b>25,845</b>	<b>27,809</b>
		1.	2. Debentures and bonds issued – other	799	3,743
		2.	Liabilities due to financial institutions	5,902	10,624
		4.	Trade payables	3,765	3,356
		6.	Liabilities – subsidiaries and controlling parties	14,317	9,041
		8.	Liabilities – other	1,062	1,045
<b>D.</b>			<b>Accruals and deferred income</b>	<b>844</b>	<b>804</b>
<b>Total liabilities and equity</b>				<b>42,037</b>	<b>39,383</b>

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2017

(CZK mil.)		2017	2016
I.	Sales of products and services	3,055	2,629
II.	Sales of goods	35	43
A.	Cost of sales	1,429	1,335
A. 1.	Cost of goods sold	35	59
A. 2.	Raw materials and consumables used	55	54
A. 3.	Services	1,339	1,222
D.	Staff costs	237	221
E.	Value adjustments in operating activities	1,496	1,086
III.	Operating income – other	5,554	4,073
III. 1.	Sales of fixed assets	5,154	3,767
III. 3.	Other operating income	400	306
F.	Operating expenses – other	5,756	4,096
F. 1.	Net book value of fixed assets sold	5,263	3,739
F. 3.	Taxes and charges from operating activities	51	49
F. 4.	Operating provisions and complex prepaid expenses	82	10
F. 5.	Other operating expenses	360	298
<b>*</b>	<b>Operating result</b>	<b>(274)</b>	<b>7</b>
VI. 2.	Other interest and similar income	883	917
J.	Interest and similar expenses	74	109
J. 1.	Interest and similar expenses – subsidiaries or controlling party	16	11
J. 2.	Other interest and similar expenses	58	98
VII.	Other financial income	2	1
K.	Other financial expenses	13	8
<b>*</b>	<b>Financial result</b>	<b>798</b>	<b>801</b>
<b>**</b>	<b>Net profit before tax</b>	<b>524</b>	<b>808</b>
L.	Tax on profit	108	146
L. 1.	Tax on profit – current	46	43
L. 2.	Tax on profit – deferred	62	103
<b>***</b>	<b>Net profit for the financial period</b>	<b>416</b>	<b>662</b>
<b>Net turnover for the financial period = I. + II. + III. + IV. + V. + VI. + VII.</b>		<b>9,529</b>	<b>7,663</b>

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2017

(CZK mil.)	Note	Share capital	Other reserve funds	Retained earnings	Total
<b>As at 1 January 2016</b>		<b>865</b>	<b>257</b>	<b>4,116</b>	<b>5,238</b>
Net profit for the current period	6	–	–	662	662
<b>As at 31 December 2016</b>		<b>865</b>	<b>257</b>	<b>4,778</b>	<b>5,900</b>
Net profit for the current period	6	–	–	416	416
<b>As at 31 December 2017</b>		<b>865</b>	<b>257</b>	<b>5,194</b>	<b>6,316</b>

# CASH FLOW STATEMENT

## YEAR ENDED 31 DECEMBER 2017

(CZK mil.)	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit on ordinary activities before tax</b>	<b>524</b>	<b>808</b>
<b>A.1 Adjustments for non-cash movements:</b>		
A.1.1 Depreciation of fixed assets	1,319	1,156
A.1.2 Changes in provisions	263	(51)
A.1.3 (Profit) from disposal of fixed assets	109	(28)
A.1.5 Net interest (income)/ expense	(809)	(808)
A.1.6 Other non-cash movements	80	56
<b>A* Net cash flow from operating activities before tax, changes in working capital</b>	<b>1,486</b>	<b>1,133</b>
<b>A.2 Working capital changes:</b>		
A.2.1 Changes in receivables and prepayments and accrued income	(910)	(3,513)
A.2.2 Changes in short-term payables, accrued expenses and deferred income	468	1,275
<b>A** Net cash flow from operating activities before tax</b>	<b>1,044</b>	<b>(1,105)</b>
A.3 Interest paid	(77)	(94)
A.4 Interest received	883	917
A.5 Income tax on ordinary activities paid	(46)	52
<b>A*** Net cash flow from operating activities</b>	<b>1,804</b>	<b>(230)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B.1 Acquisition of fixed assets	(8,591)	(7,452)
B.2 Proceeds from the sale of fixed assets	5,154	3,767
<b>B*** Net cash flow from investing activities</b>	<b>(3,437)</b>	<b>(3,685)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>C.1 Changes in long- and short-term liabilities</b>		
C.1.1 Changes in bank loans	(5,880)	730
C.1.2 Changes in loans provided by related parties	10,691	1,732
C.1.3 Income from issued debentures and bonds	(2,944)	1,239
<b>C*** Net cash flow from financing activities</b>	<b>1,867</b>	<b>3,701</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>234</b>	<b>(214)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>(934)</b>	<b>(720)</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>(700)</b>	<b>(934)</b>

# 1. GENERAL INFORMATION

## 1.1. Introductory information about the Company

ŠkoFIN s.r.o. (“the Company”) was incorporated on 10 August 1992 by the Municipal Court in Prague, Section C, Insert 11881 and has its registered office at Pekařská 6, Prague 5, postal code 155 00. The Company’s primary business activities are the purchase of assets for resale, sale (leasing of cars) and the provision of consumer credits.

### THE STATUTORY DIRECTORS AS AT 31 DECEMBER 2017

Joachim Ewald      Reinhard Mathieu

### PROXY AS AT 31 DECEMBER 2017

Radek Cizner      Radek Milštain

### THE COMPANY ESTABLISHED A SUPERVISORY BOARD ON 22 DECEMBER 2016

### MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2017

Volker Anton Stadler      Vratislav Stražil      Luboš Vlček  
 Robert Klaus Peter Löffler (appointed on 9 October 2017)  
 Martin Manfred Mehrgott (appointed on 9 October 2017)

The Company is organised as follows

**JOACHIM EWALD**  
Statutory Director

**REINHARD MATHIEU**  
Statutory Director

**RETAIL SALES & CORPORATE FINANCING**

**INTERNAL AUDITOR**

**FLEET SALES & REMARKETING**

**LEGAL DEPARTMENT**

**PRODUCT & PROCESS**

**ACCOUNTING & TREASURY BO**

**ADMINISTRATION**

**BUSINESS, PROJECT & PROCESS CONTROLLING**

**MARKETING & BRAND**

**CREDIT & RISK MANAGEMENT**

**HUMAN RESOURCES / ORGANIZATION**

**INFORMATION TECHNOLOGIES**

In 2017, the Project Management Department was integrated into the Controlling Department as a sub-department. The Controlling Department was renamed to Business, Project & Process Controlling. The Sales Steering Department was dissolved.

The Company updated its Articles of Association, which are now fully governed by the new Corporations Act. This became effective on 7 July 2014.

The Company is not an unlimited liability partner in any company.

## 2. ACCOUNTING POLICIES

### 2.1. Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic applicable to large companies and under the historical cost convention. Amounts are stated in CZK mil.

### 2.2. Tangible and intangible fixed assets

All intangible and tangible assets with a useful life longer than one year and a unit cost of more than CZK 40,000 are treated as fixed assets.

Purchased fixed assets are initially recorded at cost, which includes all costs related to their acquisition. The cost of intangible fixed assets includes technical improvements.

Intangible fixed assets are amortised applying the straight-line method over their estimated useful lives and anticipated residual value of the intangible fixed assets.

For the purpose of depreciation, the tangible fixed assets are divided into two groups – fixed assets for which a lease agreement was concluded with a customer (leasing fixed assets, which are further divided into financial leases, operating leases and operating leases with services) and fixed assets which are not the subject of the leasing business.

Tangible fixed assets are depreciated using the following methods:

- » Accounting depreciation of tangible fixed assets subject to finance lease contracts is calculated on a daily straight-line basis from the date the contract is commenced to the date of termination the leasing contract is terminated;
- » Accounting depreciation of tangible fixed assets subject to an operating lease contract is calculated so as to reduce the cost of the fixed asset down to its estimated residual value using the straight-line method from the first day of the month the asset is delivered to the client over the lease term;
- » Accounting depreciation of tangible fixed assets subject to an operating lease contract with services is calculated daily using the straight-line method from the day the asset is delivered to client over the lease's term;
- » Accounting depreciation of tangible fixed assets not subject to the lease business is calculated using the straight-line method over the fixed asset's estimated useful life.

The Company applies an annual depreciation charge of 11% – 50% (depending on the class of assets).

The amortisation / depreciation plan is updated during the useful life of the intangible and tangible fixed assets based on the expected useful life change and anticipated residual value of the intangible and tangible fixed assets.

A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount.

The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset. The provision to operating lease is determined based on the estimated recoverable amount and on the expected date of termination of the leasing contract.

Repairs and maintenance expenditures for tangible fixed assets are expensed as incurred.

Technical improvements of tangible fixed assets exceeding CZK 40,000 per item per year are capitalised.

### 2.3. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. Irrecoverable receivables are written-off on the basis of a court decision or completion of bankruptcy proceedings against the customer.

A provision for doubtful amounts is created on the basis of an aging analysis and individual evaluation of the creditworthiness of customers. Receivables from VW Group Companies have not been provided for.

### 2.4. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term, highly liquid investments that can be exchanged for a predictable amount of cash with no significant changes of value over time expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded on public markets.

The Company has prepared a Cash-flow statement using the indirect method.

## 2.5. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the official exchange rate as at the transaction date.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

## 2.6. Changes of accounting policies and corrections of prior period errors

Changes to accounting policies (inclusive of deferred tax impact) and corrections of errors arising from incorrect accounting or unrecorded expenses and income in prior periods, if material, are recorded in the financial statements line Restatements of retained earnings.

## 2.7. Provisions

The Company recognises the provisions to cover its obligations or expenses if the nature of the obligations or expenses is clearly defined and it is probable or certain as at the balance sheet date that they will be incurred, however, their precise amount or timing is not known. The provisions recognised as at the balance sheet date represent the best estimate of expenses that will likely be incurred or the amount of liability is required for their settlement.

The Company recognises a provision for its income tax payable which is presented as net advances paid for income tax. If advances paid are higher than the estimated income tax payable, the difference is recognised as a short-term receivable.

The Company recognises a provision for employee bonuses, payoffs, court charges and fleet costs.

## 2.8. Employment benefits

The Company recognises provisions related to untaken holidays and rewards and bonuses for employees.

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by independent pension funds.

## 2.9. Revenue recognition

Sales are recognised as at the date the services are rendered and are stated as net discounts and value added tax.

Sales of production represent revenues from leasing services provided by the Company. Leasing revenues are accounted for using the straight-line method over the lease's term from the date of commencement of the lease contract to the normal or early termination of the lease contract. Contractual fees and penalties are recognised when enforced.

Revenues from provided consumer credits are recognised as interest income using the effective interest rate method over the term of the contract depending on the total amount outstanding on the consumer credit provided.

Revenues from financing the dealer network are recognised in revenues using the effective interest rate method over the finance period depending on the outstanding total amount of finance provided.

Factoring commission is accrued in revenues using the straight-line method on a daily basis.

## 2.10. Related parties

The Company's related parties are considered to be the following:

- » parties who directly or indirectly control the Company, their subsidiaries and associates;
- » parties who can directly or indirectly significant influence the Company;
- » members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence.

Material transactions and outstanding balances with related parties are disclosed in Notes 13 Related party transactions and 15 Employees.

## 2.11. Leases of assets used by the Company

The costs of assets held under operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are published in the notes but not recognised in the balance sheet.

**2.12. Interest expenses**

All borrowing costs are expensed.

**2.13. Operating and financial results disclosure**

The operating result and the result from financing activities in the income statement are affected by the fact that, according to the current accounting rules for entrepreneurs, interest income and expense are included in the result from financing activities even though they represent The Company's main activities.

**2.14. Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. A deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

**2.15. Subsequent events**

The effects of events occurring between the balance sheet date and the date the financial statements are prepared are recognised in the financial statements if these events provide further evidence of conditions that existed as at the balance sheet date.



### 3. INTANGIBLE FIXED ASSETS

(CZK mil.)	1 January 2017	Additions/ transfers	Disposals	31 December 2017
<b>COST</b>				
Software	415	16	–	431
Intangible fixed assets in the course of construction	44	111	46	109
<b>Total</b>	<b>459</b>	<b>127</b>	<b>46</b>	<b>540</b>
<b>ACCUMULATED AMORTISATION</b>				
Royalties	370	24	–	394
<b>Total</b>	<b>370</b>	<b>24</b>	<b>–</b>	<b>394</b>
<b>Net book value</b>	<b>89</b>	<b>–</b>	<b>–</b>	<b>146</b>

(CZK mil.)	1 January 2016	Additions/ transfers	Disposals	31 December 2016
<b>COST</b>				
Software	382	33	–	415
Intangible fixed assets in the course of construction	10	67	33	44
<b>Total</b>	<b>392</b>	<b>100</b>	<b>33</b>	<b>459</b>
<b>ACCUMULATED AMORTISATION</b>				
Software	350	20	–	370
<b>Total</b>	<b>350</b>	<b>20</b>	<b>–</b>	<b>370</b>
<b>Net book value</b>	<b>42</b>	<b>–</b>	<b>–</b>	<b>89</b>

Additions to the cost of intangible fixed assets are represented mainly by acquisitions.

Additions to accumulated amortisation of intangible fixed assets are represented by amortisation charges.

## 4. TANGIBLE FIXED ASSETS

(CZK mil.)	1 January 2017	Additions/ transfers	Disposals	31 December 2017
<b>COST</b>				
Land	5	–	5	–
Constructions	28	–	28	–
Equipment	11,305	8,832	6,850	13,287
Tangible fixed assets in the course of construction	193	–	47	146
<b>Total</b>	<b>11,531</b>	<b>8,832</b>	<b>6,930</b>	<b>13,433</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
Constructions	27	–	27	–
Equipment	2,019	1,294	1,237	2,076
Impairment provision against fixed assets	103	192	55	240
<b>Total</b>	<b>2,149</b>	<b>1,486</b>	<b>1,319</b>	<b>2,316</b>
<b>Net book value</b>	<b>9,382</b>	<b>–</b>	<b>–</b>	<b>11,117</b>

(CZK mil.)	1 January 2016	Additions/ transfers	Disposals	31 December 2016
<b>COST</b>				
Land	5	–	–	5
Constructions	61	–	33	28
Equipment	8,749	7,399	4,843	11,305
Tangible fixed assets in the course of construction	208	31	46	193
<b>Total</b>	<b>9,023</b>	<b>7,430</b>	<b>4,922</b>	<b>11,531</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>				
Constructions	56	3	32	27
Equipment	1,936	1,134	1,051	2,019
Impairment provision against fixed assets	71	65	33	103
<b>Total</b>	<b>2,063</b>	<b>1,202</b>	<b>1,116</b>	<b>2,149</b>
<b>Net book value</b>	<b>6,960</b>	<b>–</b>	<b>–</b>	<b>9,382</b>

The net book value of tangible fixed assets subject to lease contracts amounted to CZK 11,064 mil. as at 31 December 2017 (2016: CZK 9,331 mil.).

The impairment provision against tangible fixed assets can be analysed as follows:

(CZK mil.)	31 December 2017	31 December 2016
Impairment provision against residual values on operating lease assets	209	77
Impairment provisions against equipment	31	26
<b>Total amount of impairment provision against tangible fixed assets recognised in the balance sheet in the column "Provision"</b>	<b>240</b>	<b>103</b>

Repair and maintenance expenses are recognised in the period when they are incurred. In 2017, these expenses amounted to CZK 68 mil. (2016: CZK 54 mil.). Service costs related to servicing of cars under operating lease are not part of repair and maintenance expenses and are recorded as other expenses.

Tangible fixed assets include vehicles stemming from terminated operating lease contracts with a net book value of CZK 466 mil. as at 31 December 2017 (2016: CZK 282 mil.). The Company created an impairment provision of CZK 47 mil. (2016: CZK 19 mil.) against these assets. This provision is recorded in provisions against residual value risk.

Additions to the cost of tangible fixed assets are represented mainly by acquisitions. Additions to accumulated depreciation of tangible fixed assets are represented mainly by depreciation. Disposals of cost of tangible fixed assets are represented mainly by disposals through sale. In 2017, the cost of disposal through sale amounted to CZK 6,504 mil. (2016: CZK 4,804 mil.). The other reasons for disposals (mainly stolen and damaged cars) of tangible fixed assets in 2017 had an acquisition cost of fixed assets of CZK 103 mil. (2016: CZK 73 mil.).

The total amount of tangible fixed assets not included in the balance sheet and recognised directly as an expense in the income statement (fixed assets whose unit cost is up to CZK 40,000) as at 31 December 2017 amounted to CZK 9 mil. (2016: CZK 8 mil.).

The Company does not use any assets held under finance lease contracts.

The Company does not have any pledged asset or assets secured by a lien.

## 5. RECEIVABLES

(CZK mil.)	31 December 2017	31 December 2016
<b>LONG-TERM RECEIVABLES</b>		
Long-term trade receivables	7,623	7,226
Long-term other receivables	1,569	1,945
<b>Total long-term receivables</b>	<b>9,192</b>	<b>9,171</b>
Provision for bad debts	(220)	(220)
<b>Net book value of long-term receivables</b>	<b>8,972</b>	<b>8,951</b>
<b>SHORT-TERM RECEIVABLES</b>		
Trade receivables – current	20,358	19,489
Trade receivables – overdue	822	757
<b>Total trade receivables</b>	<b>21,180</b>	<b>20,246</b>
Other receivables – current	785	835
Other receivables – overdue	98	79
<b>Total other receivables</b>	<b>883</b>	<b>914</b>
Estimated receivables	256	250
<b>Total short-term receivables</b>	<b>22,319</b>	<b>21,410</b>
Provision for doubtful receivables	(565)	(525)
<b>Net book value of short-term receivables</b>	<b>21,754</b>	<b>20,885</b>
<b>Total receivables</b>	<b>31,511</b>	<b>30,581</b>
<b>Total net book value of receivables</b>	<b>30,726</b>	<b>29,836</b>

Receivables with maturity over 5 years as at 31 December 2017 amounted to CZK 593 mil. (2016: CZK 643 mil.).

The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

Receivables from consumer credits are secured by the conditional transfer of ownership rights, the guarantor and pledged collateral, respectively. Factoring receivables are secured by the related car.

Short-term trade receivables include mainly factoring receivables and the short-term consumer credits provided to customers. The Company provides a significant part of the financial services for new and used car financing (receivables factoring) of the Škoda brand for the distribution network of ŠKODA AUTO a.s. and financial services for the distribution network of Porsche Česká republika s.r.o. in the Czech Republic.

The total amount of receivables resulting from these services as at 31 December 2017 for ŠKODA AUTO a.s. amounts to CZK 6,954 mil. (2016: CZK 6,063 mil.). The total amount of receivables resulting from these services provided as at 31 December 2017 for Porsche Česká republika s.r.o. amounts to CZK 5,453 mil. (2016: CZK 5,971 mil.).

Other short-term receivables include mainly short-term loans provided to dealers as at 31 December 2017 of CZK 702 mil. (2016: CZK 714 mil.). Penalties related to trade receivables as at 31 December 2017 amounting to CZK 8 mil. (2016: CZK 9 mil.) are also recognised in the balance sheet in short term receivables.

Tax receivables include VAT receivables amounting to CZK 82 mil. (2016: CZK 116 mil.).

Estimated receivables include mainly estimated revenues from insurance and sales support from the group's car brands.

Long-term trade receivables mainly include the long-term portion of consumer credits provided to customers as at 31 December 2017 amounting to CZK 7,623 mil. (2016: CZK 7,226 mil.). Other long-term receivables include long-term loans provided to dealers as at 31 December 2017 amounting to CZK 1,569 mil. (2016: CZK 1,945 mil.).

Interest income from short-term and long-term consumer credits and commissions from the factoring of receivables are disclosed in Note 12.

Receivables are secured by promissory notes amounting to CZK 2,021 mil. as at 31 December 2017 (2016: CZK 3,232 mil.), by the pledge of collateral of CZK 725 mil. as at 31 December 2017 (2016: CZK 17 mil.) and by ownership rights transfers of CZK 10,430 mil. as at 31 December 2017 (2016: CZK 11,912 mil.).

Analysis of the change in the provision for doubtful receivables:

(CZK mil.)	2017	2016
<b>Opening balance as at 1 January</b>	<b>745</b>	<b>847</b>
Charge for the year	196	146
Released during the year	(118)	(183)
Written off during the year	(38)	(65)
<b>Closing balance as at 31 December</b>	<b>785</b>	<b>745</b>

## 6. EQUITY

As at 31 December 2017, the Company was fully owned by Volkswagen Bank Gesellschaft mit beschränkter Haftung (“VW Bank GmbH”), incorporated in Braunschweig, Germany, and the ultimate holding company was VOLKSWAGEN AG, incorporated in Wolfsburg, Germany. As at 31 December 2016, the Company was owned by VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT, incorporated in Braunschweig, Germany, and the ultimate holding company was VOLKSWAGEN AG. The change was entered in the Commercial Register on 17 September 2017.

The Company’s share capital of CZK 865 mil. was fully paid as at 31 December 2017 and 2016.

VW Bank GmbH prepares the consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the smallest group of entities of which the Company forms a part as a subsidiary can be obtained in the annual report of VW Bank GmbH. VOLKSWAGEN AG prepares the consolidated financial statements of the largest group of entities of which the Company forms a part as a subsidiary. The consolidated financial statements of the largest group of entities of which the Company forms a part as a subsidiary can be obtained in the annual report of VOLKSWAGEN AG.

The Company is fully governed by the new Corporations Act (see Note 1) and used the option not to create a reserve fund. The reserve fund of CZK 110 thousand was created from the Company’s profit. Based on the decision of the general meeting of the Company on 22 December 2016, the Company no longer creates a reserve fund. The general meeting has not decided on the transfer of reserve funds to retained earnings of the company as of the date of financial statements.

The general meeting of shareholders approved the financial statements for 2016 and decided on the allocation of CZK 662 million profit earned in 2016 to retained earnings on 2 February 2017.

As at the date of preparation of these financial statements, the Company has not proposed distribution of the profit earned in 2017.

## 7. PROVISIONS

(CZK mil.)	Fleet costs provision	Provision for business risks	Provision for employee bonuses and payoffs	Penetration bonuses provision	Court cases provision	Total
<b>Opening balance as at 1 January 2016</b>	<b>5</b>	–	<b>49</b>	<b>6</b>	<b>4</b>	<b>64</b>
Charge for the year	125	–	111	83	–	319
Used in the year	(110)	–	(110)	(89)	–	(309)
<b>Closing balance as at 31 December 2016</b>	<b>20</b>	–	<b>50</b>	–	<b>4</b>	<b>74</b>
Charge for the year	204	57	97	–	–	358
Used in the year	(181)	–	(96)	–	–	(277)
<b>Closing balance as at 31 December 2017</b>	<b>43</b>	<b>57</b>	<b>51</b>	–	<b>4</b>	<b>155</b>

For an analysis of the current and deferred income tax, see Note 17 – Income tax.

Tax advance payments paid by Company as at 31 December 2017 amounting to CZK 25 mil. (as at 31 December 2016: CZK 31 mil.) were netted off with the provision for income tax of CZK 39 mil. created as at 31 December 2017 (as at 31 December 2016: CZK 40 mil.). Final liability as at 31 December 2017 amounting to CZK 14 mil. (liability as at 31 December 2016: CZK 9 mil.) is presented as Income tax provision (31 December 2016: see Short-term receivables, Note 5).

## 8. PAYABLES

(CZK mil.)

31 December 2017

31 December 2016

### LONG-TERM LIABILITIES

Long-term bank loans due within 1 – 5 years	900	2,300
Long-term borrowings (Notes 9 and 13)	7,550	2,136
Deferred tax liability (Note 17)	413	351
<b>Total long-term liabilities</b>	<b>8,863</b>	<b>4,787</b>

### SHORT TERM LIABILITIES

Debentures and bonds issued – current	799	3,743
---------------------------------------	-----	-------

### LIABILITIES DUE TO FINANCIAL INSTITUTIONS

Bank overdrafts	702	944
Other bank loans due within one year (including current portion of long term loans)	5,200	9,680
<b>Total</b>	<b>5,902</b>	<b>10,624</b>
<b>Trade receivables – current</b>	<b>3,765</b>	<b>3,356</b>
<b>Short-term borrowings (Notes 9 and 13)</b>	<b>14,317</b>	<b>9,041</b>

### OTHER LIABILITIES

Liabilities to employees	9	9
Liabilities to social security and health insurance	5	5
Taxes and state subsidies payable	2	3
Estimated liabilities	1,006	985
Other liabilities	40	43
<b>Total</b>	<b>1,062</b>	<b>1,045</b>
<b>Total short-term liabilities</b>	<b>25,845</b>	<b>27,809</b>
<b>Total short-term and long-term liabilities</b>	<b>34,708</b>	<b>32,596</b>



Trade liabilities include as at 31 December 2017 and 31 December 2016 related party liabilities due to factoring of receivables of CZK 691 mil. (2016: CZK 547 mil.) (see Note 13).

As at 31 December 2017, social security and health insurance liability amounted to CZK 5 mil. (2016: CZK 5 mil.). The Company has no overdue tax liabilities.

Issued short-term bonds amounting to CZK 799 mil. as at 31 December 2017 (2016: CZK 3,743 mil.) are guaranteed by Volkswagen Financial Services AG and not publicly traded. The funds from issued bonds are used for short-term refinancing with 1-year maturity.

Estimated liabilities include estimated payables for services and supplies not yet invoiced and insurance related to leasing contracts not yet invoiced and unpaid interest.

Payables have not been secured against any assets of the Company and are not due after more than 5 years.

The Company does not have any other liabilities which were not recorded in the balance sheet.

The Company did not provide any guarantees which were not disclosed in the notes.

## 9. BANK LOANS AND OTHER BORROWINGS

Bank loans are divided as follows:

(CZK mil.)	31 December 2017	31 December 2016
Bank overdrafts (Note 19)	702	944
Other bank loans due within 1 year (incl. current portion of long-term loans)	5,200	9,680
Long-term loans due within 1 – 5 years	900	2,300
<b>Total bank loans and overdrafts</b>	<b>6,802</b>	<b>12,924</b>
Short-term borrowings (Notes 8 and 13)	14,317	9,041
Long-term borrowings (Notes 8 and 13)	7,550	2,136
<b>Total loans and borrowings</b>	<b>28,669</b>	<b>24,101</b>
<b>of which – short-term</b>	<b>20,219</b>	<b>19,665</b>
<b>of which – long-term</b>	<b>8,450</b>	<b>4,436</b>

No Company loans or other borrowings are due after more than 5 years.

Interest rates charged on long-term loans newly drawn by the Company in 2017 reached at most 1.50 % p.a. (2016: at most 0.64 % p.a.).

# 10. COMMITMENTS AND CONTINGENT LIABILITIES

The management of the Company is not aware of any contingent liabilities as at 31 December 2017.

The Company has the following rental commitments:

(CZK mil.)	31 December 2017	31 December 2016
Current within one year	13	14
Due after one year but within five years	49	51
<b>Total commitments in respect of operating leases</b>	<b>62</b>	<b>65</b>

Because of the financial product for dealers, the Company has a commitment corresponding to the undrawn part of the credit limit amounting to CZK 192 mil. as at 31 December 2017 (2016: CZK 204 mil.).

# 11. ACCRUALS AND DEFERRALS

(CZK mil.)	31 December 2017	31 December 2016
Prepaid expenses	12	29
of which – insurance related expenses	8	26
Accrued income	34	37
<b>Total assets</b>	<b>46</b>	<b>66</b>
Deferred income	844	804
of which – prepaid service	189	94
of which – unamortized part of the leasing down payment	55	65
of which – other deferred income	600	645
<b>Total liability</b>	<b>844</b>	<b>804</b>

Accruals and deferrals relate mainly to individual leasing and credit contracts. As a result, these costs and revenues are continually recognised in the Company's income statement over the course of these contracts.

# 12. REVENUE ANALYSIS

Revenue analysis:

(CZK mil.)	31 December 2017	31 December 2016
<b>SALES OF PRODUCTS AND SERVICES</b>		
Leasing revenues – domestic	2,838	2,454
Factoring commission income	217	175
<b>Total</b>	<b>3,055</b>	<b>2,629</b>
<b>REVENUES FROM SALES OF GOODS</b>		
<b>Total</b>	<b>35</b>	<b>43</b>
<b>OTHER OPERATING INCOME</b>		
Revenues from sales of cars	5,154	3,767
Other operating income	400	306
<b>Total</b>	<b>5,554</b>	<b>4,073</b>
<b>INTEREST AND SIMILAR INCOME</b>		
Revenues from credits (interest income)	852	883
Other interest income	31	34
<b>Total</b>	<b>883</b>	<b>917</b>
<b>Other financial income</b>	<b>2</b>	<b>1</b>
<b>Total revenues</b>	<b>9,529</b>	<b>7,663</b>

# 13. RELATED PARTY TRANSACTIONS

(CZK mil.)	2017	2016
<b>REVENUES</b>		
Sales of services	1,012	977
Sales of goods	211	105
<b>Total</b>	<b>1,223</b>	<b>1,082</b>
<b>COSTS</b>		
Purchase of services	287	234
Purchase of goods for resale	4,935	4,660
Interest expenses	22	37
<b>Total</b>	<b>5,244</b>	<b>4,931</b>

The following related party balances were outstanding as at:

(CZK mil.)	31 December 2017	31 December 2016
<b>RECEIVABLES</b>		
Porsche Česká republika, s.r.o.	9	15
ŠKODA AUTO, a.s.	87	64
Porsche Inter Auto CZ, s.r.o.	1,196	1,320
Scania Czech Republic, s.r.o.	2	2
VW Bank Polska	5	4
MAN Truck & Bus Czech Republic	1	1
Volkswagen Financial Services AG	1	–
Vehicle Trading International GmbH	–	1
<b>Total</b>	<b>1,301</b>	<b>1,407</b>
<b>LIABILITIES</b>		
Porsche Česká republika, s.r.o.	261	489
ŠKODA AUTO, a.s.	3,300	2,719
Porsche Inter Auto CZ, s.r.o.	45	82
Volkswagen Bank GmbH	17,436	5,188
Volkswagen Financial Services N.V.	4,440	5,999
<b>Total</b>	<b>25,482</b>	<b>14,477</b>

Other (CZK mil.)	2017	2016
<b>Assigned receivables – purchases – domestic</b>	<b>80,637</b>	<b>76,101</b>
<b>Assigned receivables – sales – domestic</b>	<b>11,133</b>	<b>12,132</b>

Company cars at an acquisition cost of CZK 46 mil. as at 31 December 2017 (2016: CZK 37 mil.) are provided for business and private use by the statutory directors, proxies, heads of the Company's departments and sub-departments and other Company employees.

Except for the aforementioned remuneration and benefits, a benefit in form of financial contribution for fuel was provided to the Company's statutory directors,

proxies and heads of the Company's departments in 2017. The Company's statutory directors received a benefit in form of financial contributions for housing and flight tickets. The Company's expatriate employees received a benefit in form of financial contributions for housing, flight tickets and kindergartens. Except for the aforementioned remuneration and benefits, no other consideration was provided to the Company's statutory directors, proxies or management in 2017 and 2016.

# 14. FEES PAID AND PAYABLE TO THE AUDITING COMPANY

The total fees paid and payable for a statutory audit of the financial statements performed by the auditing company PricewaterhouseCoopers Audit, s.r.o. and its related parties:

(CZK mil.)	2017	2016
Statutory audit of financial statements and audit of VW Group reporting (PricewaterhouseCoopers Audit, s.r.o.)	3	2
Advisory services (PricewaterhouseCoopers Česká republika s.r.o.)	4	5
<b>Total fees paid and payable to the auditing company and its related parties</b>	<b>7</b>	<b>7</b>



# 15. EMPLOYEES

Members of management include statutory directors, proxies, heads of departments and sub-departments.

	2017	2016
Average number of members of management	26	26
Average number of other staff	206	187
<b>Total number of employees</b>	<b>232</b>	<b>213</b>

(CZK mil.)	Management	Other staff	Total
<b>2017</b>			
Wages and salaries	66	109	175
Social security and health insurance costs	15	41	56
Other social costs	1	5	6
<b>Total staff costs</b>	<b>82</b>	<b>155</b>	<b>237</b>
<b>2016</b>			
Wages and salaries	64	99	163
Social security and health insurance costs	15	38	53
Other social costs	1	4	5
<b>Total staff costs</b>	<b>80</b>	<b>141</b>	<b>221</b>

Wages and salaries for 2017 include paid bonuses amounting to CZK 21 mil. (2016: CZK 20 mil.).

Other management includes senior staff members directly reporting to the statutory directors.

Other transactions with the Company's management are described in Note 13 – Related party transactions.

# 16. IMPAIRMENT IN OPERATING ACTIVITIES

(CZK mil.)	2017	2016
Impairment of intangible and tangible fixed assets – permanent (Note 4)	1,318	1,156
Impairment of intangible and tangible fixed assets – temporary (Note 4)	137	32
Impairment of receivables (Note 5)	41	(102)
<b>Impairment in operating activities</b>	<b>1,496</b>	<b>1,086</b>

# 17. INCOME TAX

The income tax expense analysis:

(CZK mil.)	2017	2016
Current tax expense (19%)	39	40
Deferred tax expense	62	103
Adjustment of prior year tax expense based on final CIT return	7	3
<b>Total income tax expense</b>	<b>108</b>	<b>146</b>

Current tax can be analysed as follows:

(CZK mil.)	2017	2016
<b>Net profit before taxation</b>	<b>524</b>	<b>808</b>
<b>ADJUSTMENTS TO TAX BASE</b>		
Additional tax deductible costs	(2,393)	(1,804)
Non-tax deductible costs	2,121	1,223
Non-taxable income	(145)	(146)
Additional taxable income	115	139
Research and development	(15)	(9)
<b>Net taxable profit</b>	<b>207</b>	<b>211</b>
<b>Corporate income tax at 19%</b>	<b>39</b>	<b>40</b>

Additional tax deductible costs relate mainly to the difference between accounting and tax depreciation of CZK 2,378 mil. (2016: CZK 1,733 mil.)

The deferred tax was calculated at 19% (the rate enacted for 2016 and subsequent years).

Deferred tax liability can be analysed as follows:

(CZK mil.)	31 December 2017	31 December 2016
<b>DEFERRED TAX LIABILITY ARISING FROM</b>		
Accelerated tax depreciation of tangible fixed assets subject to lease	(539)	(436)
Other provisions	82	46
Other temporary differences	44	39
<b>Net deferred tax asset liability</b>	<b>(413)</b>	<b>(351)</b>

## 18. CONTINGENT ASSETS

In 2017, the Company received a bank guarantee of CZK 6 mil. (2016: CZK 6 mil.). The Company does not expect to make use of this guarantee.

# 19. CASH-FLOW STATEMENT

Cash and cash equivalents disclosed in the Cash-flow statement can be analysed as follows:

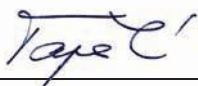
(CZK mil.)	31 December 2017	31 December 2016
Cash in hand	1	1
Cash at banks	1	9
Bank overdrafts of current accounts included in short-term bank loans (Note 9)	(702)	(944)
<b>Total cash and cash equivalents</b>	<b>(700)</b>	<b>(934)</b>

## 20. SUBSEQUENT EVENTS

Ing. Jiřina Tapšíková, MBA was appointed as statutory director on 1st April 2018, replacing Dipl.-Wirtsch.-Ing. Reinhard Mathieu.

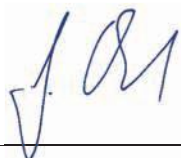
No events occurred after the year's end that would have materially impacted the financial statements as at 31 December 2017.

25 May 2018



---

Ing. Jiřina Tapšíková, MBA  
Statutory director



---

Dipl. Kauf. Joachim Ewald  
Statutory director

# 21. REPORT ON RELATIONS

of the company ŠkoFIN s.r.o. in accordance with to section 82 of the Act on Corporations for the accounting period of the calendar year 2017

The statutory directors of ŠkoFIN s.r.o., with its registered office at Pekařská 6, 155 00, Praha 5, identification number: 45805369, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 11881 (in this Report also the “**controlled company**” or the “**Company**”), have prepared the following Report on Relations in accordance with section 82 of Act No. 90/2012 Coll., the Corporations Act (the “**Corporations Act**”), for the accounting period of the calendar year 2017 (the “**relevant period**”).

## 1. Structure of relations

### 1.1.

According to the information available to the statutory directors of the Company acting with due managerial care, for the whole of the relevant period, the Company formed a part of a concern in which the controlling party is VOLKSWAGEN AG (the “**Concern**”). Information on the entities forming part of the Concern is stated as at 31. 12. 2017 according to the information available to the statutory body of the Company acting with due managerial care. The structure of relations within the Concern is graphically illustrated in Annex No. 1.

#### 1.1.1. Controlling Party

VOLKSWAGEN AG, with its registered office in Wolfsburg, Germany, (in this Report also the “**Controlling Party**”) indirectly controls the Company through the company Volkswagen Bank Gesellschaft mit beschränkter Haftung, with its registered office in Braunschweig. The company Volkswagen Bank Gesellschaft mit beschränkter Haftung replaced the company VOLKSWAGEN FINANCIAL SERVICES AG as the sole shareholder of the Company in the relevant period.

## 2. Role of the Company in the Concern

The Company provides the financial services associated with the financing and support of the Concern’s vehicles.

## 3. Methods and means of control

The Controlling Party indirectly controls the Company through the company Volkswagen Bank Gesellschaft mit beschränkter Haftung, with registered office in Braunschweig. The company Volkswagen Bank Gesellschaft mit beschränkter Haftung replaced the company VOLKSWAGEN FINANCIAL SERVICES AG as the sole shareholder of the Company in the relevant period. The Company is controlled, in particular, through decisions at the General Meeting.

## 4. Mutual Contracts within the Concern

### 4.1.

A Contract on business cooperation concluded between the Company and the Controlling Party was valid and effective in the relevant period.

### 4.2.

The following contracts concluded between the Company and other parties controlled by the Controlling Party were valid and effective in the relevant period:



Contractual counterparty

Contracts

**PORSCHE ČESKÁ REPUBLIKA S.R.O.**

- » Contracts on business cooperation
- » Contracts on providing services
- » Factoring contract
- » Car leasing

**PORSCHE INTER AUTO CZ S.R.O.**

- » Agreement on providing target commissions
- » Contracts on providing services
- » Contracts on business cooperation
- » Loan agreement
- » Car leasing

**ŠKODA AUTO A.S.**

- » Contracts on business cooperation
- » Contracts on providing services
- » Car leasing
- » Subleasing contract
- » Factoring contract
- » General operating lease contract

**SCANIA CZECH REPUBLIC S.R.O.**

- » General operating lease contract
- » Car leasing

**SCANIA FINANCE CZECH REPUBLIC, SPOL. S R.O.**

- » Car leasing

**PORSCHE CENTRAL EASTERN EUROPE S.R.O.**

- » General operating lease contract
- » Car leasing

**MAN TRUCK & BUS CZECH REPUBLIC S.R.O.**

- » General operating lease contract
- » Car leasing

**PORSCHE ENGINEERING SERVICES, S.R.O.**

- » Car leasing

**VOLKSWAGEN BANK GMBH**

- » Credit facility agreement
- » Contracts on providing services

**VOLKSWAGEN INTERNATIONAL FINANCE N.V.**

- » Credit facility agreement

Contractual counterparty

Contracts

**VOLKSWAGEN FINANCIAL SERVICES N.V.**

- » Loan agreement
- » Credit facility agreement

**VOLKSWAGEN FINANCIAL SERVICES AG**

- » Contracts on providing services

**VOLKSWAGEN FINANCIAL SERVICES DIGITAL SOLUTIONS GMBH**

- » Framework agreement on providing IT services

**VEHICLE TRADING INTERNATIONAL GMBH**

- » Framework agreement on providing services

## 5. Legal acts made at the instigation of or in the interest of the Controlling Party or other parties controlled by the Controlling Party

In the relevant period, the Company did not make any legal acts or other measures in the interest or at the instigation of the Controlling Party or other parties controlled by the Controlling Party which would involve assets exceeding in value 10% of the Company's equity reported in the latest Financial Statements.

## 6. Assessment of detriments and their compensation

No detriment occurred to the Company due to an agreement concluded in the relevant period between the Company and other entities of the Concern, or due to other acts or measures implemented in the interest or at the instigation of such entities by the Company.

## 7. Evaluation of relations and risks within the Concern

### 7.1.

Evaluation of advantages and disadvantages of relations within the Concern.


In particular the following advantages arise from the participation within the Concern to the Company. The Concern is a world leading producer possessing a strong brand, strong financial background and access to financing from which the Company especially benefits when performing transactions with its suppliers and customers and during negotiation with banks and other providers of facilities.

The Company has experienced no disadvantages from participation within the Concern.

### 7.2.

No risks have arisen to the Company from relations within the Concern.

31. 3. 2018



Dipl. Kauf. Joachim Ewald  
Statutory director



Dipl.-Wirtsch.-ING. Reinhard Mathieu  
Statutory director

# The ownership structure of ŠkoFIN s.r.o.

