



PROFI CREDIT

Profireal Group

ANNUAL REPORT

2017

PROFI CREDIT Czech, a.s.

Selected Indicators of PROFÍ CREDIT CZECH, a.s.

Loans Provided (Production)	2017	2016	2015
Number of loans provided	16 950	24 945	26 821
Nominal value of loans provided (in CZK ths)*	2 204 741	2 396 481	2 142 782
Disbursed in total (in CZK ths)	826 272	961 918	904 272
Credit for employees – share in total production	79.66 %	83.32 %	84.36 %
Loans for business persons – share in total production	20.34 %	16.68 %	15.64 %
Human Resources**			
Number of external credit advisors	654	609	1 051
Number of external collectors	53	57	56
Number of employees**	228	211	206
Financial Indicators (in CZK ths)***			
Total assets	3 783 137	4 058 533	4 188 458
Total revenues	1 414 875	1 671 194	1 668 083
Total costs	1 229 191	1 497 261	1 514 283
Profit before taxation	214 748	171 276	178 963
Income tax****	29 064	-2 657	25 163
Profit / Loss after taxation	185 684	173 933	153 800

* Nominal value of a provided loan consists of the disbursed amount and future interest revenue. The value consists of the new production provided and revolving loans disbursed.

** Number at the end of the year

*** Results in accordance with Czech Accounting Standards

**** Payable, deferred tax

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1. FINANCIAL GROUP PROFIREAL GROUP

PROFIREAL Group is a multinational financial group actively operating on financial markets of Central and Eastern Europe. It ranks among significant providers of credits and loans in the Czech Republic, Slovakia, Poland, Bulgaria, Russia and, since 2017, the Philippines. PROFIREAL Group consists of two divisions. Companies of the PROFI CREDIT division operate in the world of financial credits and loans, and those of the PROFI INVESTMENT division are engaged in the development of new investment projects.

The parent company of the Group is PROFIREAL Group SE, having its registered office in the Netherlands. The Group has concerned itself with the providing of financial loans and credits since as early as 2000, when it launched the said project in the Czech Republic and Slovakia.

Over the period of pursuing its business activities, the PROFI CREDIT division has provided more than 1,325,000 loans and credits, including revolving loans. The division occupies its strongest position in the Czech Republic. Of the overall volume of loans and credits provided, the share in the Czech Republic stands at 36.79%. Currently, the most profitable division is the one in Poland.

The companies of the PROFI CREDIT division continued with a high volume of credits and loans provided in 2017, and the final amount represented 104.5% of last year's figures. This result was supported by retaining the production of PROFI CREDIT Czech at 92% of last year's figures and an increase primarily in the production of PROFI CREDIT Polska. The nominal value of loans and credits provided in 2017 by the PROFI CREDIT division exceeded the CZK 9.1 billion mark.

The priority of the companies of the PROFIREAL Group remains maintaining the quality of its client portfolio. The Group continues to respond to the economic situation in the individual countries in which it is active on an operative basis and to adapt its business, in particular its risk management, to the current situation and legislation changes.

PROFIREAL Group primarily focuses on countries of Central and Eastern Europe



The objective of the PROFI INVESTMENT division is to support business activities. The main activity of PROFI INVESTMENT consists in identifying investment opportunities and interesting projects with an international overlap and also with local ambitions. Not only does the Company invest its capital in projects that have operated on the market for some time, are well established and which need a partner to provide a strong source of capital for their further development, but it also offers capital participation to new, emerging projects.

The aim of the PROFIREAL Group is to develop current activities and continually adapt them to the economic situation in individual countries. Particular emphasis is placed on quality risk management, optimising all processes within individual companies of the Group, cost savings and maintaining shares in the market segment.

Organisational structure of the PROFIREAL Group



Situation as of 31 December 2017.

2. A WORD OF INTRODUCTION FROM THE CHIEF EXECUTIVE

Ladies and gentlemen,

Allow me to briefly describe 2017 from the Company's perspective, namely in terms of its performance.

2017 was primarily marked by growth in macroeconomic indicators. In this context, the share of loan financing in lease company transactions increased, as did the volume of financing through factoring. The development of consumer funding stagnated, which was due to a slight decrease in the volume of personal credits provided and a rise in consumer leases. One possible reason for the decline in credits may be the coming into effect of the amended Consumer Loans Act, with certain entities exiting the market and some of the remaining ones revisiting their approach.

The Company started off 2017 by stabilising the main distribution channel, ie the sales network. This was probably the area most affected by the legislative changes introduced by the amended Consumer Loans Act. At the turn of the year, end credit sellers were forced to decide with which company they would continue working. Despite the fact that, in a year-on-year comparison, the Company was unable to preserve the growth rate of prior years due to the above mentioned facts that occurred in early 2017, the amount of total production in 2017 of CZK 2.2 billion is a success.

In contrast, the remaining areas saw the year-on-year improvements sustained. This specifically applied to all production quality and incoming payment indicators. The key success factors most certainly include adjustments to risk management led by the systematic identification of risk groups.

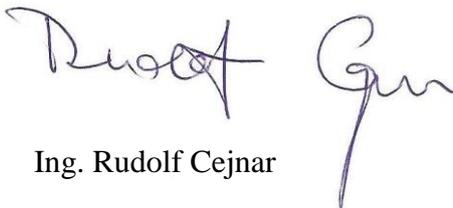
To put it simply, the stable production volume, the rising quality indicators and the increase in the efficiency and effectiveness of processes bear fruit in the form of an economically stable and healthy company.

In terms of corporate social responsibility activities, the Company completed the second year of the "Children's Smile with PROFIT CREDIT" programme. Through major projects, of which support was given, for example, to "Salty Children – The Club of Cystic Fibrosis Patients" or

the Markéta Private Children's Home, we seek to help children that need it most. From the employees' perspective, I see the "Baking for a Good Cause" programme as enjoying a special place. Although it is mainly a lesser local project that does not yield astronomical sums, they are all the more valuable as each department determines on their own for whom they will bake in the given month, thereby deciding to whom the proceeds will go. The latest addition to our projects was "For More Smiles", which was held in late 2017 and in which the Company intends to continue.

In terms of developments in the licencing process, the Company's main goal for 2018 will remain to be the obtaining of a licence from the Czech National Bank. The implementation of the standards in line with the GDPR also seems daunting. Besides all the legislative requirements, the Company would like to expand the range of products and services it offers to customers.

In conclusion, allow me to thank all business partners of our company for cooperation in the previous period. I would also like to take this opportunity and extend my thanks to all employees of PROFIT CREDIT Czech, a.s.

A handwritten signature in black ink, appearing to read "Rudolf Cejnar". The signature is written in a cursive, flowing style.

Ing. Rudolf Cejnar

CEO, Member of the Board of Directors of PROFIT CREDIT Czech, a.s.

3. CHARACTERISTICS OF PROFI CREDIT Czech, a.s.

3.1 Bodies of the Company

Board of Directors



Ing. David Chour

Chairman of the Board of Directors

Mr Chour graduated from the Faculty of Economics and Administration, University of Pardubice. He joined the Company in 2000, when he began to work as a financial analyst while still a university student. He became the Head of the Debt Administration Section in 2001 and then the Economic Director at the Company. He became a member of the Board of Directors of the PROFI CREDIT Czech, a. s. in July 2001. He currently holds the position of General Manager and Chairman of the Board of Directors of PROFIREAL Group SE.



Ing. Rudolf Cejnar

Member of the Board of Directors

After graduating from the University of Economics in Prague, Faculty of Business Administration, he worked for Tesla, a.s., then joined PROFI CREDIT Czech, a.s. in 2007 as Operations Manager of the PROFI CREDIT division. He was appointed a member of the Board of Directors after working for the Company for four years, and he has occupied the position of Chief Executive Officer since October 2012, a role in which he is responsible for coordinating the activities of all sections of PROFI CREDIT Czech, a.s.



Ing. Marek Štejnár

Member of the Board of Directors

After having graduated from the Faculty of Electrical Engineering at the Czech Technical University in Prague, from which he was awarded an Engineer's degree, Mr Štejnár went on to take up more studies and obtained the MBA and LL.M. degrees. Prior to joining PROFIT CREDIT Czech, a. s. in 2013, he had worked at Cofidis for several years, where he held the position of Legal & Financial Director. At present, he holds the office of CFO at PROFIT CREDIT Czech, a.s. / Profireal Group SE. He speaks English, French, German and a bit of Russian.



Ing. Aleš Oborník

Member of the Board of Directors

A graduate of the Faculty of Economics and Management at the Czech University of Life Sciences in Prague. Prior to joining Profireal Group SE, he first worked as Collection Manager at, for example, Komerční banka or GE Money Bank. Between 2007 and 2010, he held the position of Head of Collection Department at Profidebt. At present, he works as Global Chief Collections Officer at Profireal Group SE, a position which he has held for the eighth year running.

Supervisory Board Profi Credit Czech, a.s.

Ing. Zdeněk Lhotský, MBA - Chairman of Supervisory Board

Ing. Lucie Tucauerová - Member of the Supervisory Board

Ing. Miroslava Oravcová - Member of the Supervisory Board

Members of management of Advisory Unit PROFÍ CREDIT Czech, a.s.

Ing. Mojmír Švejda – Global Chief Operations Officer

Ing. Ondřej Sotona – Global Chief IT Officer

Ing. Marek Štejnár, MBA – Global Chief Financial Officer

Ing. Aleš Oborník – Global Chief Collections Officer

Bc. Petr Florián – Global Chief HR Officer

Ing. Ondřej Lokvenc – Global Chief Marketing Officer

David Staněk – Global Chief Sales Officer

Ing. Štěpán Onder – Global Chief Risk Officer

Ing. Zdeněk Lhotský, MBA – Strategic Development Manager

Ing. František Tesař – Special Project Manager

Members of management of Business Unit PROFÍ CREDIT Czech, a.s.

Ing. Lucie Tucauerová – Head of Financial Department

Ing. Jiří Zamastil – Head of Sales Department

Ing. Dana Soukeníková – Head of Marketing Department

Ing. Martina Pechánková – Head of Audit Department

Ing. Pavel Klema – Head of Collections Department

Lukáš Polák – Head of Operations Department

Bc. Lenka Krajhanzlová – Head of HR Department

Ing. Martin Horký – Head of IT Department

František Kolínský – Head of Risk Department

Lukáš Jizba – Head of Call Centre Department

Situation as of 31 December 2017

3.2 Company profile

PROFI CREDIT Czech, a.s. was founded in 1994 under the trade name PROFIREAL, a. s. The Company's trade name and product brands were changed in February 2008.

Initially, the Company specialised in real estate and purchase and administration of debts. PROFI CREDIT Czech, a.s. has been involved in the non-banking financial sector since 2000, when it began providing loans to individuals - natural persons not conducting a business (employees, pensioners). The Company now has a broad portfolio of products intended for natural persons and legal persons alike and is a prominent provider of financial loan services.

PROFI CREDIT Czech, a.s. is part of the multinational PROFIREAL Group SE financial group, with its headquarters in the Netherlands. The Company began expanding into other European markets at the end of the year 2000 by moving into Slovakia. The subsidiary here, PROFI CREDIT Slovakia, s.r.o., used the know-how of the parent company and very quickly made a mark on the new market. Further expansion followed in 2004, when a subsidiary was set up in Poland. The Company then moved into the Bulgarian market in November 2006, and a new company was established in Russia in July 2013.

The basic philosophy at PROFI CREDIT is to provide a personal approach. Products are offered by way of direct sales through a network of loan advisors who help clients choose the right product according to their individual needs and financial situation. Since the environment where loans are negotiated plays an important role in customer care, the Company continued extending and modernising its offices in 2017. By taking this step, the Company intends to provide its customers with a pleasant environment to which they would like to return.

3.3 Product range

PROFI CREDIT provides loans to citizens, individuals and corporate entities. In 2017, the Company offered a consumer loan in the retail segment under the name of Personal Loan. In the same year, the ProFi MINI, ProFi MINI+ and ProFi BONUS business loans that the Company has been offering since April 2012 were again modified based on market demand and client needs.

The Personal Loan is a consumer product not tied to any specific purpose, the business loans do have a specific purpose. Loans are paid out without any fees for approval and set-up. Money from an approved loan is paid to the client's account by cashless transfer. Loan repayments are also made to the Company's account by cashless transfer. Our products boast of advantages in the form their accessibility and speed of provision.

The Personal Loan is intended not only for clients who have regular income, e.g. from employment (after trial period), from annuity, old-age pension or disability pension, but also for clients who receive maternity or parental benefits. The amount of these loans ranges from CZK 10,000 to CZK 166,000, the repayment period is between 12 and 60 months and the loan is not tied to any specific purpose. Clients can therefore use this loan for anything, for example for personal purposes – such as renovation or furnishing of their apartment, to buy a car, electronic appliances and the like. In 2015, we introduced a motivational bonus for orderly repayments of the Personal Loan, i.e. a reward for clients with good payment discipline, which was positively received and we continue to offer it. This year, the Personal Loan was enhanced by several seasonal special offers in order to satisfy the needs of our customers.

For clients from the business sphere, our Company offers a new product line for natural and legal persons in the territory of the Czech Republic.

The ProFi MINI and ProFi MINI+ loans are intended chiefly for small-scale businesses and self-employed individuals (natural persons and legal entities) to address their immediate financial needs. This is a short-term loan which was expanded in 2017 to amounts ranging from CZK 15,000 to CZK 75,000 with the repayment period from 3 to 36 months. The basic criterion for determining if the applicant will be provided the loan is information from accessible registers (both public and paid registers) and the loan amount depends on the duration of the business and the applicant's age.

The ProFi BONUS loan is suitable for modernisation of establishments, procurement of equipment, machinery and various facilities for business activities. The amount provided was

expanded this year and ranges from CZK 30,000 to CZK 250,000, with the repayment period extended to 12 – 60 months. In order to motivate businesses to maintain good payment discipline, we also introduced a bonus for orderly repayments for this main business loan.

The Company is aware that it is necessary to take care of its loyal clients, and so it founded the **Good Client Club**. The clients that repay their loans properly receive a variety of advantages, such as cheaper loans and faster processing of their requests. We are delighted to see that the number of members also increased in 2017.

Clients can use the consumer or business loans also for refinancing or consolidation of their existing loans provided by banking/non-banking institutions. By combining the client's liabilities into one loan, the total monthly expenditures on one instalment are reduced. Arrangement for repayment of a liability with another company is free of charge.

We assess solvency of clients by means of accessible registers administered by the public sector of the Czech Republic, SOLUS, CNCB registers and, as a result, our response to the financial and loan burden of citizens of the Czech Republic is more responsible.

The Company regularly receives feedback on its offered products and services from its customers and it has market research carried out. In line with customer and market needs, it prepares not only new products and services for the next period, but also new distribution options.

3.4 Commercial results

PROFI CREDIT Czech, a.s., which has provided non-banking loans and credits on the Czech market since 2000, provided loans and credits of a total value of nearly CZK 2.2 billion in 2017. The Personal Loan was our best-selling product like in previous years, but products for the business sector also represent a significant share of total production.

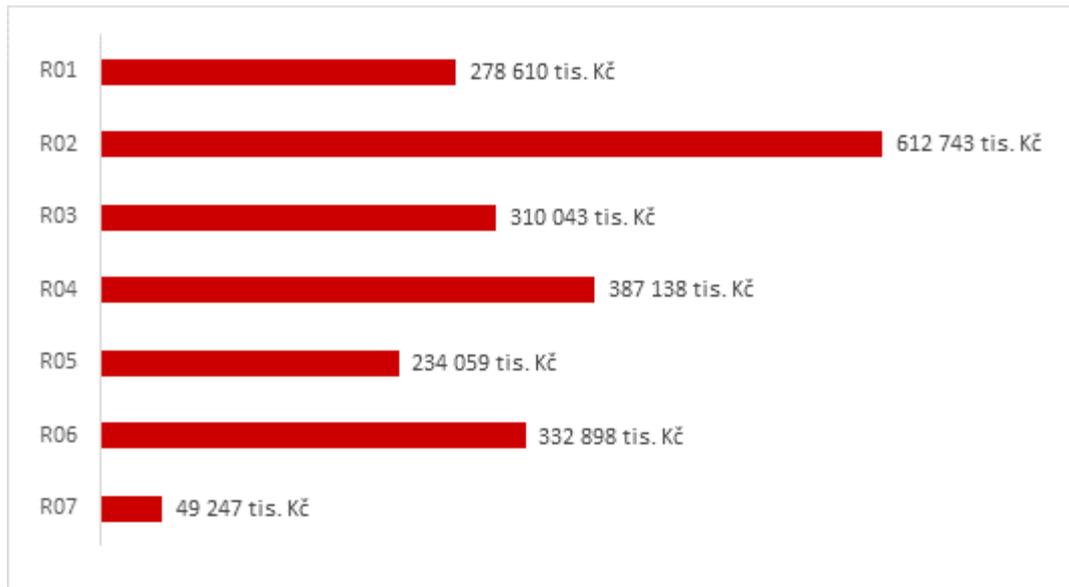
Prague (R 02) was the best region in 2017 for the seventh time in a row, with loans provided in the Capital City of Prague and the Central Bohemia region in the total annual production of CZK 612,743 thousand. The second best was the Ostrava region (R 04) with production of CZK 387,138 thousand, which provides loans in the territory of the Moravian and Silesian region and the Olomouc region. On the third place we find the České Budějovice region (R 06), providing loans in the South Bohemian, Pilsen and Karlovy Vary regions. Its production stands at CZK 332,898 thousand. The fourth to sixth positions were held by the Brno (R 03), Pardubice (R 01) and Mladá Boleslav (R 05) regions.

The record month was June, when the Company provided loans of CZK 223,744 thousand in total. From a regional perspective, the strongest month was November, when the Prague region arranged loans in a nominal value of CZK 60 million.

During its time on the Czech market, PROFIT CREDIT Czech, a.s. has provided a nominal value of newly-provided loans of CZK 23.36 billion.

Total production for individual regions in 2017

Total CZK 2.2 billion



3.5 Commercial outlook

Based on the development of the financial market and regular monitoring focused on the non-banking sector, we expect only a slight increase in production in the next three years for our key product – the consumer loan. During 2018, the on-line version of the consumer loan will be launched, with the client concluding the contract without the physical presence of a salesperson only using their computer.

Our aim is to continue expanding the product portfolio to include insurance products relating to the client's ability to repay loans.

We focus on offering products that are more favourable, quicker and easier to obtain for our clients and loan advisors.

3.6 Commercial network

PROFI CREDIT Czech, a.s. offers its clients a genuine personal approach. Accordingly, it sells its products directly through a network of external colleagues – loan advisors and partner companies. A quality commercial network is the foundation on which the Company's success is built and PROFIT CREDIT therefore places great importance on the development of the commercial network. In 2017, the Company resumed the development of the on-line education system with the aim of providing quality training to loan advisors not only at the beginning of their career, but also regularly maintaining their knowledge thanks to periodic training sessions and follow-up tests and providing its associates with up-to-date methodological support for their activities. The Company operates 65 offices across the Czech Republic, providing adequate capacities for commercial services and clients alike. The mobile network of loan advisors ensures contact with the client and provides consistent client care, i.e. from the presentation of a full offering of services to the client, signing a loan contract, to the repayment of the loan.

The commercial network in the Czech Republic is divided into six regions: Pardubice (R 01), Prague (R 02), Brno (R 03), Ostrava (R 04), Mladá Boleslav (R 05) and České Budějovice (R 06) regions. Each region has its own head office, which, in addition to providing the administrative background for commercial group managers and loan advisors, also serve as commercial and information points for our clients.

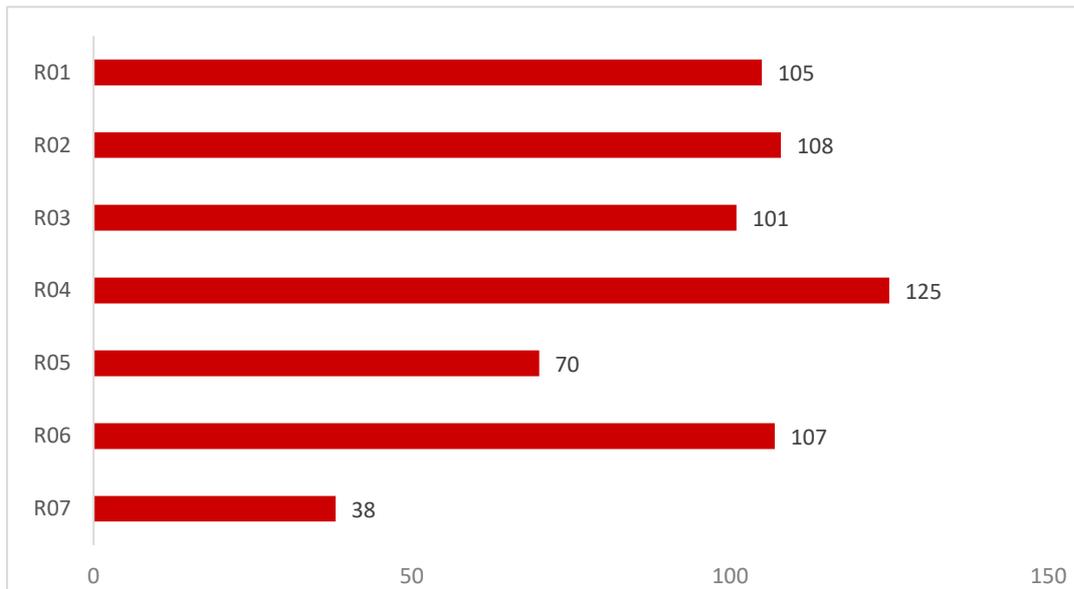
The relevant regional managers are responsible for production volume and quality, and for the recruitment and adaptation of new loan advisors in their respective regions. Each region is further divided into several micro-districts, where responsibility for these lie with the competent commercial group managers. In late 2017, the commercial network was reorganised with the aim of increasing the efficiency and effectiveness of management and business performance. The Company has 41 manager groups across individual regions.

Loan advisors work with PROFIT CREDIT based on cooperation contracts, an important incentive element being the commission paid for arranging loans. The best salespeople are nominated for the Elite Club contest, for which they receive another award. Loan advisors are also offered marketing support and opportunities to attend business conferences and sports or relaxation events.

Due to legislative changes in late 2016 relating to the amendments to the Consumer Loans Act, the number of loan advisors cooperating with our company decreased compared to prior years. This was caused by the legally required exclusivity of tied agents and the increased qualification

requirements for loan advisors. Currently, loan advisors are divided into tied agents, business loan mediators and independent mediators. Despite the inevitable decrease in early 2017, the Company had 654 loan advisors as of 31 December 2017.

Total number of loan advisors by region as of 31 December 2017 – 654 advisors



Since we know well that a properly-motivated commercial network is the foundation of success, we will continue providing maximum support to the commercial network in 2018 to enable it to fully concentrate on commercial activities and so achieve the planned quantitative and qualitative results.

3.7 Employees

In early 2017, the Company reorganised its HR department, which, up until then, included employees in the positions of HR Business Partners. The Company decided to focus on strengthening business and management abilities as part of its distribution network, transferring the positions and renaming them to Sales Trainers. Led by Sales Support Manager, the new team forms part of the Sales Department. Together they form a new organisation unit whose aim is to support the commercial network by developing competencies for the recruitment and adaptation of new salespeople, development of sales skills and preparation of documents that facilitate their work.

Another change included detaching the Call Centre team falling under the Marketing Department and the Telesales Call Centre team falling under the Sales Department. Joining the two call centres gave rise to a new unit entitled the Call Centre Department. This increased work efficiency and effectiveness through unified management and closer cooperation. The new department is led by Head of Call Centre Department, whose direct subordinates are Telesales Call Centre Teamleader and Call Centre Teamleader. In late 2017, the department comprised 18 telephone operators, with the aim of further increasing the number of the call centre's staff in the coming year.

In order to respond to the growing use of the Internet and the related changes in customer behaviour, the Company expanded the Marketing Department to include positions primarily focusing on on-line marketing. This has given rise to an entirely new position of a Communication & PR Specialist. In early 2018, the Company will continue expanding the department in relation to on-line marketing.

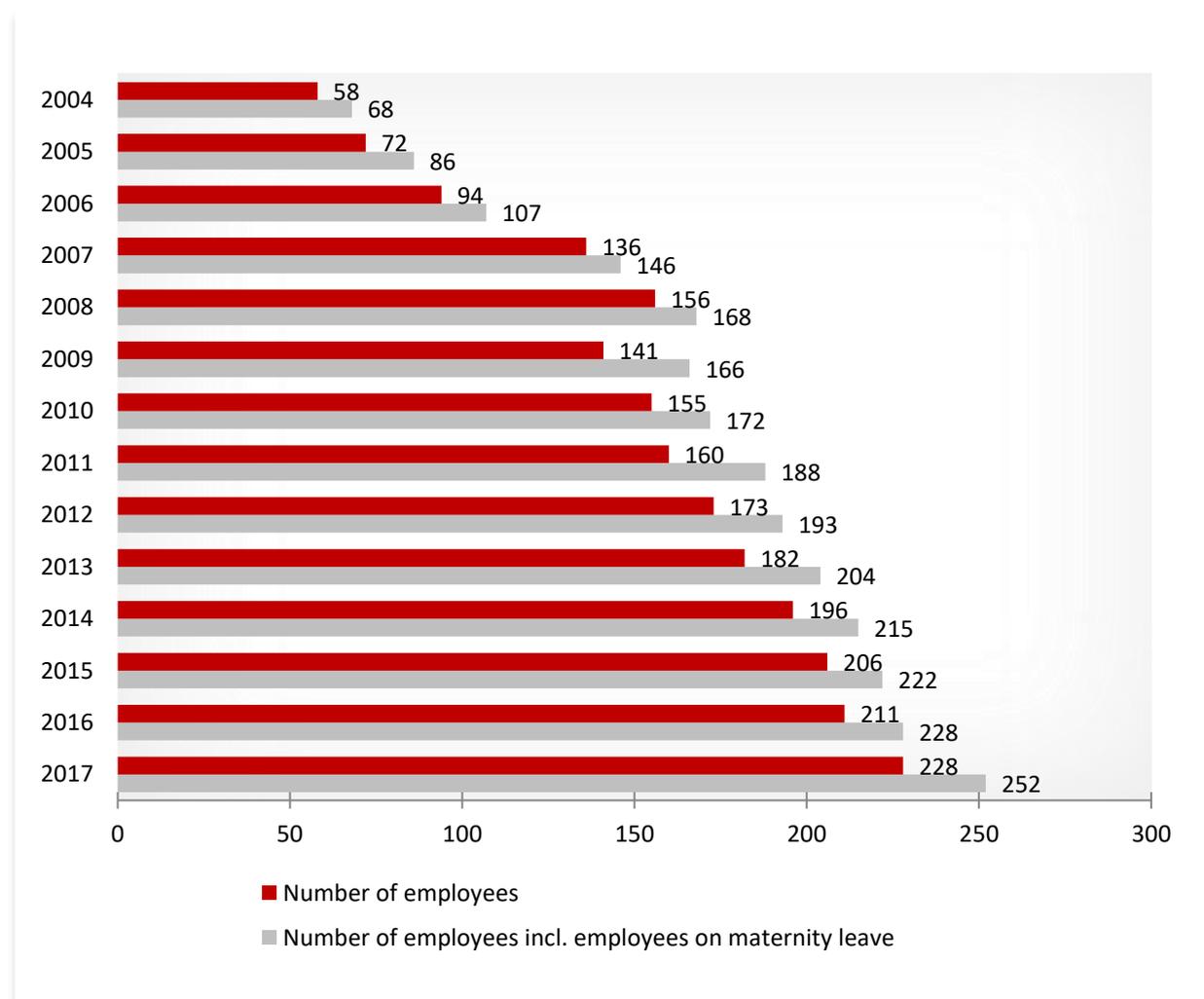
In 2017, the Company resumed the Junior Trainee Programme, which supports young people on the labour market and is designed as a multiannual cycle for university students. As in 2016, a total of five students took part in the programme. The success of the programme is attested by the recruitment of several programme graduates to work full-time at the Company. In 2018, the Company therefore expects to update the Junior Trainee Programme, significantly increasing the number of participants.

In order for the Company to comply with the Consumer Loans Act, the Company's organisation system was revised during the year, as was the relating organisational structure and the remuneration system. In addition, the Company performed an inspection of internal systems and their gradual setup in line with the General Data Protection Regulation, which will come into force in spring 2018.

In the area of personnel management, all analysed indicators were met in 2017. These indicators include HR costs, parameters of estimated stability, fluctuation, mobility, quality of adaptation and development activities.

The number of employees at PROFIT CREDIT Czech a.s. continued to increase in 2017.

The greatest role in increasing the number of employees was played by the reorganisation of the entire IT department, which had already commenced in 2016. An increase was also recorded in the Marketing department and the call centre, where the number of employees grew in the Collections Department. In addition, the Company created new global positions as a result of expanding to the Philippines' market. In 2018, the Company will continue increasing the number of positions.



3.8 Sponsorship

An integral part of PROFIT CREDIT Czech, a.s.'s philosophy is corporate social responsibility – CSR. The Company's aid focuses primarily on the social sphere, where it engages in help and support, both through financial support and material donations as well as on the personal level.

In order to apply the CSR philosophy, the Company created the Children's Smile with PROFIT CREDIT programme, which focuses on helping the most vulnerable population group, socially disadvantaged or disabled children, or athletes. The Company selects projects, organisations or individuals based on ethical and social aspects.

The Company's employees also actively engage in the support of people in need by co-organising events, participating with family members or as part of the new programme Baking for a Good Cause, which uses sale proceeds to support individuals and selected organisations.

Primary projects continuously supported in 2017:

Private children's home Markéta

The private children's home Markéta is more than just an organisation we support, it is an integral part of PROFIT CREDIT Czech, a.s. It is a private establishment with strong family ties to the Ochs (husband and wife), who provide loving care to eight children. Their activities consists in an individual approach to the needs of each child. But even children who have reached majority find their place here, sometimes with their own families. The home is supported by the Company not only with financial donations (CZK 100,000 each year) but also active participation of our employees in children's day or collections, as needed by the home. In addition, all members of the Home's family are always welcome to the Company's events. In 2017, thanks to the Company's support, the entire family went on a family holiday in Bulgaria for the first time.

Club of Cystic Fibrosis Patients

The Club of Cystic Fibrosis Patients aims to improve the quality of the patients' lives and to simplify the provision of care for their families and loved ones. The Company has been supporting it since 2013. In 2017, the Company donated CZK 500,000 to the organisation in support of its activities and patients.

The Company's employees also take active part in various activities in this areas. As part of the nationwide event "Toy Windmill Day", they created toy windmills for the "salty" children, which were sent to the organisation and serve as gifts for its partners and promotion. One of the regular monthly activities – Baking for a Good Cause – was also devoted to the Club of Cystic Fibrosis Patients, as part of which funds were donated in support of Lukáš Benedikt, a CCFP member and the youngest patient with a lung transplant. A lecture on cystic fibrosis was held along with the event, where the Company's employees were able to learn more about the serious illness. In 2017, the Company also held a charity collection of clothes, which the CCFP used for sale, and an outdoors exhibition of the photos of "salty" women in front of PROFIT CREDIT's headquarters. The proceeds were donated to the CCFP. A matter of course is support of individual events, during which promotional items and T-shirts are regularly donated to the organisation.

Rebeka Čiháková Endowment Fund

Local aid is also provided to little Rebeka Čiháková, who is affected by epidermolysis bullosa ("butterfly wings' disease"). We tried to make every-day dressing changes, treatment and life in general easier for Rebeka's family by providing them with CZK 50,000, but our help also includes, for example, charity golf tournaments that the Company's management actively participates in, or personal participation in concerts or runs devoted to little Rebeka.

Martin Zvolánek

In 2017, the Company could also take pride in supporting the Paralympian Martin Zvolánek, who represented the Czech Republic in club throw at the 2016 Paralympic Games in Rio de Janeiro. He has already participated in three Paralympics and won valuable medals: silver and bronze in table tennis in Sydney in 2000 and eight years later gold in disc throw at the Paralympics in Beijing.

Martin actively participates in our company events, such as the Toy Windmill Day, or St. Nicholas Day organised for the employees' children.

Velká pardubická

Activities of responsible companies no doubt include unique events. In October, we therefore sponsored the most important event of the horse-racing season – the 127th annual Velká pardubická race. The Popler Memorial of the Profireal Group was the penultimate horse race immediately preceding Velká pardubická itself. The 3,300-metre long horse race was funded by Profireal Group in the amount of CZK 300,000. The race was won by the mare Loire.

Children's Innogy Super Day

The Company is one of the partners of the largest children's day in Pardubice, which is annually held at the racecourse. The support is not only financial, but also material in the form of promotional items. The Company has a stall with attractions for children at the event. A limited number of free tickets are available for the Company's employees.

J&T Banka Prague Open

Supporting the greatest Czech tennis tournament has been the Company's tradition for several years now. By sponsoring the tournament, as well as the Sparta Praha Tennis Club, the Company may provide its business partners and selected employees with a limited number of free tickets.

Regional sponsorship

As part of the Children's Smile with PROFIT CREDIT programme, we divided another CZK 300,000 to entities, organisation, children and youth sports club or nursery schools. Or financial and non-financial donations help develop talent and leisure activities across the country.

For More Smiles

At Christmas 2017, the Company launched the pilot CSR project "For More Smiles", whose aim was to grant wishes to ill, disabled or socially deprived children tackling their difficult fate. In total, the Company granted the wishes of seven children. The range of gifts was wide indeed, including a child's room equipment, medical supplies and a dolphin therapy in Turkey.

4. REPORT OF THE BOARD OF DIRECTORS

Report of the Board of Directors on the balance of assets for 2017, annual financial statements for 2017 and proposal for distribution of profit of PROFIT CREDIT Czech, a.s. for 2017.

Dated: 24 April 2018

Prepared by: Ing. Rudolf Cejnar CEO BS, PROFIT CREDIT Czech, a.s.

This Report is submitted to the sole shareholder upon exercise of powers of the General Meeting by the Board of Directors of PROFIT CREDIT Czech, a.s., a company established on 5 December 1994, with its registered office at Klimentská 1216/46, 110 00 Prague 1. In 2017, the Company's main scope of business was the provision of credits and loans.

The total assets of the Company achieved the value of CZK 3,783,137 thousand for the reporting period of 2017. The share of current assets was 97.56% and their total volume reached CZK 3,690,949 thousand in 2017, while trade receivables amounted to CZK 3,583,895 thousand. The proportion of fixed assets to the Company's total assets stood at 1.24% and their total amount in 2017 was CZK 46,880 thousand.

In 2017, the Company's liabilities (external resource) reached CZK 2,081,261 thousand, of which long-term loans amounted to CZK 567,956 thousand.

The main components of the Company's total revenues, reaching the amount of CZK 1,414,875 thousand in 2017, were represented by financial revenues from provided loans and credits in the amount of CZK 1,087,510 thousand, contractual penalties, fines and interest on overdue payment of CZK 202,447 thousand, other operating revenues (court fees, fees for legal representation, etc.) of CZK 41,650 thousand.

Costs in 2017 reached the total amount of CZK 1,229,191 thousand, with the main cost items represented by value adjustments and creation of reserves in the operations area in the amount of CZK 89,941 thousand, receivables written off due to ineffective distraints and results of insolvency proceedings of CZK 284,145 thousand, interest on credits of CZK 202,730 thousand, costs related to commissions paid to external loan and debt-collecting workers of CZK 167,595 thousand and wage costs of CZK 135,936 thousand.

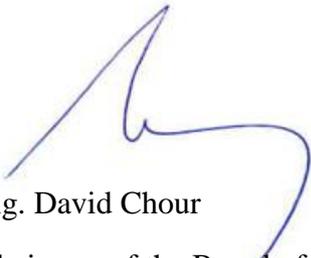
As of 31 December 2017, the Company recognised the accounting economic result before tax in the amount of CZK 214,748 thousand. After including deferred tax (CZK (40,926) thousand) and tax liabilities, the Company earned a profit in 2017 in the amount of CZK **185,684** thousand. When taking into account the adjustments related to additional and deductible items, the income tax base for the relevant reporting period reached CZK 413,948 thousand. Tax liabilities for 2017, including the withholding tax, amount to CZK **78,650** thousand.

In accordance with the business plan, PROFIT CREDIT Czech, a.s. achieved accounting profit in 2017. The Company's net accounting profit in 2017 is CZK 185,684 thousand. In compliance with the Company's Articles of Association, it is proposed that the profit be distributed as follows:

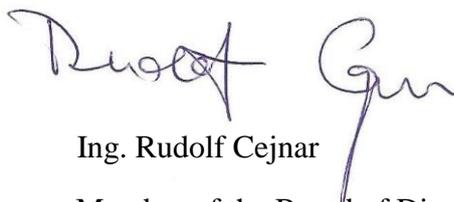
- The payment of dividend of CZK 185,684 thousand.

Economic results with a detailed break-down are contained in the statements attached herein below:

- Full balance sheet;
- Full profit and loss account;
- Cash flow statement;
- Notes to the financial statements; and
- Report on relations between related parties.



Ing. David Chour
Chairman of the Board of Directors



Ing. Rudolf Cejnar
Member of the Board of Directors

5. FINAL REPORT OF THE SUPERVISORY BOARD

Final Report of the Supervisory Board of PROFIT CREDIT CZECH, a.s. for consideration of the General Meeting of the Company.

At its session held on 30 April 2017, the Supervisory Board of PROFIT CREDIT Czech, a.s., discussed documents related to the Company's economic result submitted by the Board of Directors for the reporting period and tax period 2017, that is:

1. Financial statements of the Company for 2017;
2. Report of the Board of Directors on business activities of the Company for 2017;
3. Report of the Board of Directors on the Company's assets, financial statements and proposal for profit distribution for 2017;
4. Independent Auditor's Report on the financial statements as of 31 December 2017; and
5. Report on relations between related parties for 2017.

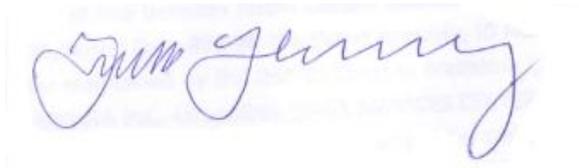
In accordance with the provisions of Section 447 of the Act on Business Corporations and Cooperatives, the Supervisory Board reviews, inter alia, the ordinary financial statements and the proposal of the Board of Directors for profit distribution or loss settlement and submits its opinion to the General Meeting. The ordinary financial statements of PROFIT CREDIT Czech, a.s. for 2017 were audited by the auditing company Deloitte Audit s.r.o. with its registered office in Karolinská 654/2, 186 00 Prague 8. The auditing company also reviewed the correctness of data specified in the Report on relations between related parties.

The Company's economic results for 2017 shows a profit in the amount of **CZK 185,684** thousand. In compliance with the Articles of Association of the Company, the following distribution of the profit is proposed:

- The payment of dividend of CZK 185,684 thousand.

The Supervisory Board considered the economic result for 2017, acknowledged the content of the Auditor's Report on the ordinary financial statements, discussed and reviewed the ordinary financial statements for 2017, discussed and reviewed the proposal of the Board of Directors for distribution of the Company's profit and reviewed and granted its consent as regards the Report on relations between related parties according to **Section 82 of Act No. 90/2012**. The Supervisory Board states that the financial statements were prepared on grounds of a duly conducted bookkeeping and that the proposal of the Board of Directors on profit distribution complies with legal regulations.

The Supervisory Board recommends that the General Meeting approve the Company's ordinary financial statements for 2017, the aforementioned proposal of the Board of Directors for distribution of the Company's profit for 2017 and the Report on relations between related parties for 2017.

A handwritten signature in blue ink, appearing to read 'Zdeněk Lhotský', is centered on the page. The signature is written in a cursive style with a large initial 'Z'.

Ing. Zdeněk Lhotský, MBA

Chairman of the Supervisory Board of PROFIT CREDIT Czech, a.s.

6. INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of PROFÍ CREDIT Czech, a.s.

Having its registered office at: Klimentská 1216/46, Nové Město, 110 00 Praha 1

Opinion

We have audited the accompanying financial statements of PROFÍ CREDIT Czech, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as at 31 December 2017, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PROFÍ CREDIT Czech, a.s. as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

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

Other Information in the Annual Report

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

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

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

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

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

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

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

In preparing the financial statements, the Board of Directors 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 Board of Directors 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with the Board of Directors and the 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.

In Prague on 27 April 2018

Audit firm:

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



Statutory auditor:

Diana Rádł Rogerová
registration no. 2045



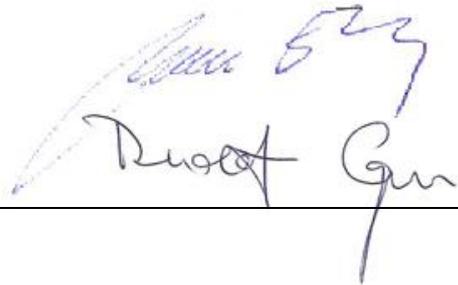
7. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Name of the Company: PROFI CREDIT Czech, a.s.
Registered Office: Klimentská 1216/46, Nové Město, 110 00 Prague 1
Legal Status: Joint Stock Company
Corporate ID: 618 60 069

Components of the Financial Statements:

Balance Sheet
Profit and Loss Account
Statement of Changes in Equity
Cash Flow Statement
Notes to the Financial Statements

These financial statements were prepared on 1 April 2018.

Statutory body of the reporting entity:	Signature
Ing. Marek Štejnár Ing. Rudolf Cejnar	

7.1 Full Balance Sheet as of 31 December 2017 (in CZK thousand)

	31 December 2017			31 December 2016	
	Gross	Adjustment	Net	Net	
TOTAL ASSETS	9 316 618	5 533 481	3 783 137	4 058 533	
B. Fixed assets	118 676	71 796	46 880	49 821	
<i>B.I. Intangible fixed assets</i>	35 995	26 198	9 797	9 894	
B.I.1. Research and development	4 493	3 323	1 170	2 339	
B.I.2. Valuable rights	24 378	20 732	3 646	4 874	
B.I.2.1. Software	24 378	20 732	3 646	4 874	
B.I.4. Other intangible fixed assets	3 541	2 143	1 398	2 085	
B.I.5. Prepayments for intangible fixed assets and intangible	3 583	0	3 583	596	
B.I.5.2. Intangible fixed assets under construction	3 583	0	3 583	596	
<i>B.II. Tangible fixed assets</i>	82 501	45 598	36 903	39 747	
B.II.1. Land and structures	51 689	23 658	28 031	29 110	
B.II.1.1. Land	2 635	0	2 635	2 635	
B.II.1.2. Structures	49 054	23 658	25 396	26 475	
B.II.2. Tangible movable assets and sets of tangible movable	28 203	21 940	6 263	7 837	
B.II.5. Prepayments for tangible fixed assets and tangible	2 609	0	2 609	2 800	
B.II.5.2. Tangible fixed assets under construction	2 609	0	2 609	2 800	
<i>B.III. Non-current financial assets</i>	180	0	180	180	
B.III.6. Loans and borrowings - other	180	0	180	180	
C. Current assets	9 152 634	5 461 685	3 690 949	3 952 041	
<i>C.I. Inventories</i>	840	0	840	320	
C.I.3. Products and goods	840	0	840	320	
C.I.3.2. Goods	840	0	840	320	
<i>C.II. Receivables</i>	9 103 383	5 461 685	3 641 698	3 920 523	
C.II.1. Long-term receivables	786 464	32 245	754 219	884 284	
C.II.1.1. Trade receivables	786 464	32 245	754 219	884 284	
<i>C.II.2. Short-term receivables</i>	8 316 919	5 429 440	2 887 479	3 036 239	
C.II.2.1. Trade receivables	8 259 116	5 429 440	2 829 676	2 955 578	
C.II.2.2. Receivables - controlled or controlling entity	15 832	0	15 832	8 527	
C.II.2.4. Receivables - other	41 971	0	41 971	72 134	
C.II.2.4. State - tax receivables	32 144	0	32 144	61 424	
C.II.2.4. Short-term prepayments made	9 567	0	9 567	10 680	
C.II.2.4. Estimated receivables	139	0	139	0	
C.II.2.4. Sundry receivables	121	0	121	30	
<i>C.IV. Cash</i>	48 411	0	48 411	31 198	
C.IV.1. Cash on hand	641	0	641	598	
C.IV.2. Cash at bank	47 770	0	47 770	30 600	
D. Other assets	45 308	0	45 308	56 671	
D.1. Deferred expenses	41 806	0	41 806	52 656	
D.3. Accrued income	3 502	0	3 502	4 015	

		31 December 2017	31 December 2016
	TOTAL LIABILITIES & EQUITY	3 783 137	4 058 533
A.	Equity	1 669 408	1 558 724
<i>A.I.</i>	<i>Share capital</i>	232 650	232 650
A.I.1.	Share capital	232 650	232 650
<i>A.IV.</i>	<i>Retained earnings (+/-)</i>	1 251 074	1 152 141
A.IV.1.	Accumulated profits brought forward	1 251 074	1 152 141
A.IV.3.	Other profit or loss from prior years (+/-)	0	0
<i>A.V.</i>	<i>Profit or loss for the current period (+/-)</i>	185 684	173 933
B.+C.	Liabilities	2 081 261	2 454 527
B.	Reserves	105 597	13 023
B.II.	Income tax reserve	78 472	10 718
B.IV.	Other reserves	27 125	2 305
C.	Payables	1 975 664	2 441 504
<i>C.I.</i>	<i>Long-term payables</i>	1 428 796	1 783 025
<i>C.I.1.</i>	<i>Bonds issued</i>	687 650	446 150
C.I.1.2.	Other bonds	687 650	446 150
<i>C.I.2.</i>	<i>Payables to credit institutions</i>	21 778	65 329
C.I.4.	Trade payables	67 903	72 911
C.I.6.	Payables - controlled or controlling entity	371 000	0
C.I.8.	Deferred tax liability	98 418	139 343
<i>C.I.9.</i>	<i>Other payables</i>	182 047	1 059 292
C.I.9.3	Sundry payables	182 047	1 059 292
<i>C.II.</i>	<i>Short-term payables</i>	546 868	658 479
C.II.2.	Payables to credit institutions	68 754	136 502
C.II.3.	Short-term prepayments received	0	22
C.II.4.	Trade payables	69 538	57 583
C.II.6.	Payables - controlled or controlling entity	19 891	53 762
<i>C.II.8.</i>	<i>Other payables</i>	388 685	410 610
C.II.8.2.	Short-term financial borrowings	80 000	80 000
C.II.8.3.	Payables to employees	10 266	8 351
C.II.8.4.	Social security and health insurance payables	5 416	4 642
C.II.8.5.	State - tax payables and subsidies	1 997	1 693
C.II.8.6.	Estimated payables	16 858	23 637
C.II.8.7.	Sundry payables	274 148	292 287
D.	Other liabilities	32 468	45 282
D.1.	Accrued expenses	25 091	23 203
D.2.	Deferred income	7 377	22 079

7.2 Profit and loss account, according to the nature of expense method, year ended 31 December 2017 (in CZK thousand)

	Year ended 31 December 2017	Year ended 31 December 2016
I. Sales of products and services	49 033	46 637
A. Purchased consumables and services	136 694	158 220
A.2. Consumed material and energy	11 436	14 589
A.3. Services	125 258	143 631
D. Staff costs	181 755	160 519
D.1. Payroll costs	135 936	119 572
D.2. Social security and health insurance costs and other charges	45 819	40 947
D.2.1. Social security and health insurance costs	43 666	38 921
D.2.2. Other charges	2 153	2 026
E. Adjustments to values in operating activities	72 710	407 779
E.1. <i>Adjustments to values of intangible and tangible fixed assets</i>	7 589	8 234
E.1.1. Adjustments to values of intangible and tangible fixed assets -	7 589	8 234
E.3. Adjustments to values of receivables	65 121	399 545
III. Other operating income	278 330	481 458
III.1. Sales of fixed assets	1 071	419
III.3. Sundry operating income	277 259	481 039
F. Other operating expenses	399 776	308 070
F.1. Net book value of sold fixed assets	188	414
F.3. Taxes and charges	11 441	13 767
F.4. Reserves relating to operating activities and complex deferred	28 820	287
F.5. Sundry operating expenses	363 327	293 602
* Operating profit or loss (+/-)	-463 572	-506 493
VI. Interest income and similar income	2	0
VI.2. Other interest income and similar income	2	0
J. Interest expenses and similar expenses	202 730	261 165
J.1. Interest expenses and similar expenses - controlled or controlling	4 861	10 972
J.2. Other interest expenses and similar expenses	197 869	250 193
VII. Other financial income	1 087 510	1 143 099
K. Other financial expenses	206 462	204 165
* Financial profit or loss (+/-)	678 320	677 769
** Profit or loss before tax (+/-)	214 748	171 276
L. Income tax	29 064	-2 657
L.1. Due income tax	69 990	11 020
L.2. Deferred income tax (+/-)	-40 926	-13 677
** Profit or loss net of tax (+/-)	185 684	173 933
*** Profit or loss for the current period (+/-)	185 684	173 933
* Net turnover for the current period	1 414 875	1 671 194

7.3 Statement of changes in equity for the year ended 31 December 2017 (in CZK thousand)

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2015	232 650	0	0	1 048 341	0	153 800	1 434 791
Distribution of profit or loss				103 800		-103 800	0
Change in share capital							0
Profit shares paid						-50 000	-50 000
Profit share prepayments declared							0
Payments from capital funds							0
Profit or loss for the current period						173 933	173 933
Balance at 31 December 2016	232 650	0	0	1 152 141	0	173 933	1 558 724
Distribution of profit or loss				98 933		-98 933	0
Change in share capital							0
Profit shares paid						-75 000	-75 000
Profit share prepayments declared							0
Payments from capital funds							0
Profit or loss for the current period						185 684	185 684
Balance at 31 December 2017	232 650	0	0	1 251 074	0	185 684	1 669 408

7.4 Cash flow statement for the year ended 31 December 2017 (in CZK thousand)

	Year ended 31 December 2017	Year ended 31 December 2016	
P.	Opening balance of cash and cash equivalents	31 198	33 162
	<i>Cash flows from ordinary activities (operating activities)</i>		
Z.	Profit or loss before tax	214 748	171 276
A.1.	Adjustments for non-cash transactions	232 363	362 006
A.1.1.	Depreciation of fixed assets	7 589	8 234
A.1.2.	Change in provisions and reserves	89 941	399 832
A.1.3.	Profit/(loss) on the sale of fixed assets	-883	-5
A.1.4.	Income from profit shares	0	0
A.1.5.	Interest expense and interest income	202 728	261 165
A.1.6.	Adjustments for other non-cash transactions	-67 012	-307 220
A.*	Net operating cash flow before changes in working capital	447 111	533 282
A.2.	Change in working capital	277 778	-16 744
A.2.1.	Change in operating receivables and other assets	267 240	30 537
A.2.2.	Change in operating payables and other liabilities	11 058	-47 424
A.2.3.	Change in inventories	-520	143
A.2.4.	Change in current financial assets	0	0
A.**	Net cash flow from operations before tax	724 889	516 538
A.3.	Interest paid	-207 313	-264 617
A.4.	Interest received	2	0
A.5.	Income tax paid from ordinary operations	27 186	-48 499
A.6.	Profit shares received	0	0
A.***	Net operating cash flows	544 764	203 422
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-4 836	-4 848
B.2.	Proceeds from fixed assets sold	1 634	419
B.3.	Loans and borrowings to related parties	0	0
B.***	Net investment cash flows	-3 202	-4 429
	<i>Cash flow from financial activities</i>		
C.1.	Change in payables from financing	-449 349	-150 957
C.2.	Impact of changes in equity	-75 000	-50 000
C.2.1.	Cash increase in share capital	0	0
C.2.2.	Capital payments to partners	0	0
C.2.3.	Other cash contributions made by partners	0	0
C.2.4.	Settlement of loss by partners	0	0
C.2.5.	Payments from capital funds	0	0
C.2.6.	Profit shares paid	-75 000	-50 000
C.***	Net financial cash flows	-524 349	-200 957
F.	Net increase or decrease in cash and cash equivalents	17 213	-1 964
R.	Closing balance of cash and cash equivalents	48 411	31 198

7.5. Notes to the financial statements

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1. GENERAL FACTS

1.1. Establishment and characteristics of the Company

PROFI CREDIT Czech, a.s. (former trade name: Profireal, a.s.) (hereinafter the “Company”) was established by the Memorandum of Association as a joint-stock company on 21 November 1994 and was incorporated by its registration in the Register of Companies administered by the Court in Hradec Králové on 05 December 1994; currently, the Company is registered with the Municipal Court in Prague, Section B, Insert 2892.

The scope of business of the Company is:

- Production, trade and services not listed in Annexes 1 to 3 to the Trade Licensing Act;
- Provision or intermediation of consumer loans.

In 2017, the amount of registered capital remained unchanged and stands at CZK 232,650 thousand (40 shares in the nominal amount of CZK 5,500 thousand and 23 shares in the nominal amount of CZK 550 thousand).

The financial statements of the Company are prepared as of and for the year ended 31 December 2017.

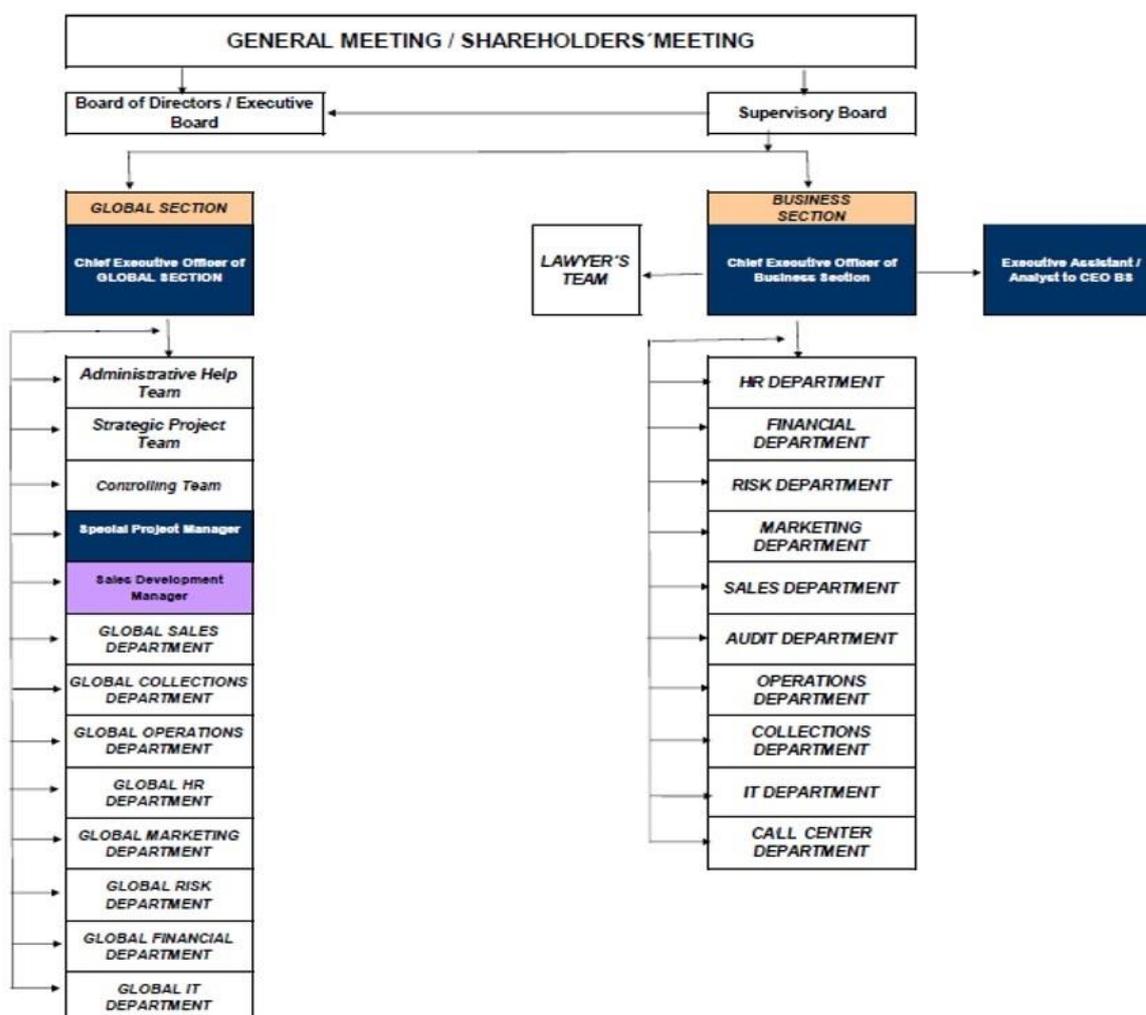
The reporting period corresponds to the calendar year – from 1 January 2017 to 31 December 2017.

The financial statements are general purpose financial statements and have not been prepared for any special purpose, transaction or user. Users should not rely exclusively on these financial statements in making decisions and should undertake other appropriate inquiries before making decisions.

Natural and legal persons with a share in the Company’s registered capital exceeding 20% and their respective shares are named in the following table:

Shareholder	% share in registered capital
PROFIREAL Group SE	100 %
Total	100 %

1.2. Organisational Structure of the Company



1.3. Identification of the Group

The Company is a member of the financial group PROFIREAL Group SE and falls within its consolidation group.

1.4. Board of Directors and Supervisory Board as of 31 December 2017

	Position	Name
Board of Directors	Chairman	David Chour
	Member	Marek Štejnár
	Member	Rudolf Cejnar
	Member	Aleš Oborník
Supervisory Board	Chairman	Zdeněk Lhotský
	Member	Lucie Tucauerová
	Member	Miroslava Oravcová

1.5. Changes and Amendments to the Register of Companies in the Reporting Period

In 2017, Aleš Oborník and Marek Štejnár, who left his existing position of a Supervisory Board member, were appointed as members of the Board of Directors. The open position on the Supervisory Board was taken up by Lucie Tucauerová. Jana Matičková and Jaromír Všetěčka were recalled as members of the Board of Directors.

2. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

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

Data in these financial reports are shown in thousands Czech crowns (CZK thousand).

3. OVERVIEW OF SIGNIFICANT ACCOUNTING RULES AND PROCEDURES

3.1. Tangible fixed assets

Tangible fixed assets are understood as assets the useful life of which exceeds one year and whose value is higher than CZK 5 thousand in each individual case.

The depreciation schedule (accounting depreciation) is determined on the basis of determination of the period of use of an asset in the Company and the estimated residual cost. The residual cost is the price for which an asset can be sold after it was used.

Monthly depreciation is determined according to the following formula:

$$MO = \frac{PC - ZC}{D}$$

PC	acquisition cost
Z	Residual cost
D	period of use in months
MO	monthly depreciation

Purchased tangible fixed assets are stated at acquisition cost less accumulated depreciation and impairment losses.

Valuation of tangible fixed assets generated internally includes direct costs, indirect costs causally related to the internal generation of the particular asset (production overheads) and related to the period of activity. Sale costs are not included.

Current replacement cost is used to evaluate tangible fixed assets acquired as a gift, fixed assets acquired free of charge based on a contract on purchase of a leased asset (recognised as a corresponding entry on the relevant accumulated depreciation account), fixed assets newly recorded on the accounts (recognised as a corresponding entry on the relevant accumulated depreciation account) and deposited tangible fixed assets.

Technical improvement of each asset exceeding CZK 5 thousand per one tax period increases the acquisition cost of tangible fixed assets.

Acquisition cost of tangible fixed assets, except for plots of land and uncompleted investments, is amortised during the estimated lifetime of the individual asset by the straight-line method.

Assets acquired in the form of a financial lease are depreciated by the lessor.

Technical improvement of leased tangible fixed assets is depreciated by the linear method for the term stipulated by the Act on Income Tax upon the classification of assets in groups.

Profit or loss from the sale or disposal of assets is determined as a difference between revenues from sales and the net book value of assets as of the date of sale and it is recognised in the profit and loss account.

Provisioning

Net book value of an asset is compared to its value in use. If the carrying amount is higher, provisions are created in the amount of the difference.

3.2. Intangible fixed assets

Intangible fixed assets are assets the useful life of which exceeds one year and whose value in case of start-up costs is higher than CZK 5 thousand in each individual case.

Intangible fixed assets are, inter alia, intangible results of research and development with the useful life exceeding one year, which are activated only in case of use for resale. Intangible results of research and development, SW and measurable rights generated internally for private consumption are not activated. Valuation is carried out at own cost or current replacement cost, if lower.

Purchased intangible fixed assets are valued at acquisition cost less accumulated depreciation and impairment losses.

Expenditures related to research and development are recognised as an expense in the year when they occurred.

Technical improvement of a particular asset exceeding in aggregate the amount of CZK 5 thousand within a single tax period increases the acquisition cost of intangible fixed assets.

Intangible fixed assets are amortised by the straight-line method on the basis of their estimated lifetime. Most intangible fixed assets are amortised over the period of 5 years.

Provisioning

The Company created no provisions for intangible assets.

3.3. Non-current financial assets

Non-current financial fixed assets are mainly loans with maturity exceeding one year, and participating interests. Upon their acquisition, participating interests are valued at acquisition cost.

Provisioning

Provisions are created on the basis of a depreciation analysis of loans and participating interests.

3.4. Inventory

Purchased inventory is stated at acquisition cost. The acquisition cost includes the purchase cost and incidental acquisition costs - mainly customs fees, freight and storage charges, commissions, insurance premium and discounts. The Company's inventory includes small advertising and promotional items only.

3.5. Receivables

When incurred, receivables are valued at their nominal value, subsequently reduced by the relevant provisions for doubtful and bad amounts. Receivables acquired for consideration or as a deposit are stated at acquisition cost less provisions for doubtful and bad amounts.

In accordance with the Memorandum, the nominal value of contracts paid out by 31 December 2010 also includes the amount of future proceeds that the Company recognises on the deferred income account (see Note 3.10.).

Provisioning

The Company recognises provisions against receivables arising from loan contracts and accrued interest attached to these receivables. The amount of provisions is determined based on an analysis of the recovery of receivables past their due dates in prior years.

The Company estimates future cash flows for individual types of receivables on the basis of historical data. The provision is then recognised as equal to the difference between the amount of the receivable and the made or anticipated payments

3.6. Trade payables

Trade payables are stated at their nominal value.

The Company writes off payables ensuing from unidentifiable received payments older than five years within other financial revenues.

3.7. Issued bonds

The Company recognises issued bonds as a liability from issued bonds in the amount of their nominal value increased by incurred interest expenses. The value of issued bonds is decreased by the value of own bonds.

3.8. Credits and loans

Credits and loans are recognised in their nominal value. Short-term credits/loans also include a part of long-term credits/loans payable within one year from the date of the financial statements. Interests are recorded on an accrual basis and are included in the profit (loss) for the given reporting period.

3.9. Reserves

Reserves are intended to cover payables and expenditure, the nature of which is clearly defined and which are, as of the balance sheet date, likely or certain to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The Company creates reserves for outstanding vacation days of employees, corporate income tax and the Company Bonus.

Reserves for outstanding vacation days are created on the basis of an analysis of the outstanding vacation days as of the date of the financial statements, and average wage costs including social security and health insurance costs of individual employees.

Reserves for corporate income tax return are constituted on grounds of the payable tax calculation.

Reserves for the Company Bonus, or the annual company-wide bonuses paid based on the fulfilment of the annual goal, are created based on the employees' gross salary plan.

3.10. Deferred income

Deferred income includes mainly the contractual remuneration from the loans provided until year 2010 including their subsequent rollovers, which is gradually released to income during the term of the loan.

3.11. Foreign currency translation

Accounting operations in foreign currencies carried out during the year are translated at daily exchange rate of the Czech National Bank (ČNB).

As of the date of the financial statements, assets and liabilities denominated in foreign currencies are translated at the exchange rate of the Czech National Bank prevailing on the date the financial statements are prepared.

3.12. Finance lease

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, the ownership title to the asset transfers from the lessor to the lessee; pending the transfer of the title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

Aggregate amounts related to fixed assets acquired under finance leases are amortised and expensed over the lease period. Aggregate future lease payments are recorded as accounts payable and are reduced as the liability is relieved.

3.13. Taxes

3.13.1. Tax depreciation of fixed assets

The accelerated depreciation method is used for the calculation of tax depreciations.

3.13.2. Tax payable

Tax payable for the given reporting period is based on the adjusted tax base that takes into account the income or expense items that are not subject to tax or are taxable in other periods. The Company's liabilities ensuing from taxes payable are calculated using tax rates effective on the date of the financial statements. Tax payable was recognised in the form of a reserve for tax paid.

3.13.3. Deferred tax

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

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

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

3.14. Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is thus reduced to its recoverable amount.

3.15. Revenues

Contractual bonuses are accrued based on the amount of the outstanding portion of the principal and are reported in the line "Other financial revenues". Penalties and default interest are reported in the line "Other operating revenues".

3.16. Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. However, as evident from the nature of estimates, actual values in the future can differ from these estimates. Key areas with a potential for significant differences between the actual results and the estimates principally include provisions for receivables.

3.17. Related parties

A related party is a party related to a particular accounting unit, provided that such party, directly or indirectly, through one or more entities, controls the given accounting unit, is controlled by the accounting unit or is controlled jointly with the given accounting unit (this concerns parent companies, subsidiaries and fellow subsidiaries, or provided that the party is a member of the key management of the given accounting unit or its parent company).

Transactions between related parties represent a transfer of resources, services or liabilities between the related parties regardless of the fact whether prices are charged.

The Company management defined related parties specified in the financial statements and the transactions between them on grounds of the latest available data.

3.18. Year-on-year changes in valuation methods, depreciation procedures and accounting methods

No changes were made in valuation methods or depreciation procedures in 2017.

3.19. Cash flow statement

The cash flow statement was prepared using the indirect method. Cash equivalents represent short-term liquid assets, which can be easily and readily transferred to a previously known amount in cash. Funds and cash equivalents can be analysed as follows:

	(Data in CZK thousands)	
	31 December 2017	31 December 2016
Cash balance and cash in transit + valuables	641	598
Accounts in banks	47 770	30 600
Funds and cash equivalents in total	48 411	31 198

Cash flows from operating, investment or financial activities are provided in the cash flow statement as uncompensated cash flows.

4. ADDITIONAL DATA REGARDING THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

4.1. Fixed assets

4.1.1. Intangible fixed assets

Acquisition cost

(Data in CZK thousand)

	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
Research and development	4 493	0	1	4 492	1	0	4 493
Software	25 871	173	2 017	24 027	351	0	24 378
Other intangible fixed assets	3 077	732	268	3 541	0	0	3 541
Int. fixed assets under const.	5 200	1 205	5 809	596	3 338	351	3 583
Total	38 641	2 110	8 095	32 656	3 690	351	35 995

Accumulated amortisation

(Data in CZK thousand)

	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
Research and development	966	1 187	0	2 153	1 170	0	3 323
Software	19 162	2 009	2 018	19 153	1 579	0	20 732
Other intangible fixed assets	950	774	268	1 456	687	0	2 143
Total	21 078	3 970	2 286	22 762	3 436	0	26 198

Net book value

(Data in CZK thousand)

	Balance at 31 Dec 2016	Balance at 31 Dec 2017
Research and development	2 339	1 170
Software	4 874	3 646
Other intangible fixed assets	2 085	1 398
Int. fixed assets under const.	596	3 583
Total	9 894	9 797

The Company recognised no provisions against intangible fixed assets in 2017 or 2016.

4.1.2. Tangible fixed assets

Acquisition cost

(Data in CZK thousand)

	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
Land	2 635	0	0	2 635	0	0	2 635
Structures	48 916	138	0	49 054	0	0	49 054
Tangible movable assets	34 722	1 400	6 404	29 718	1 688	3 203	28 203
- Machinery and equipment	7 770	458	796	7 432	1 143	1 681	6 894
- Vehicles	0	50	44	6	15	2	19
- Furniture and fixtures	26 952	892	5 564	22 280	530	1 520	21 290
Tan. fixed assets under constr.	1 477	2 913	1 590	2 800	1 698	1 889	2 609
Total	87 750	4 451	7 994	84 207	3 386	5 092	82 501

Accumulated depreciation and provisions

(Data in CZK thousand)

	Balance at 31 Dec 2015	Additions	Disposals	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017
Structures	21 500	1 079	0	22 579	1 079	0	23 658
Tangible movable assets	24 626	3 658	6 403	21 881	3 263	3 204	21 940
- Machinery and equipment	5 726	1 066	797	5 995	927	308	6 614
- Vehicles	0	44	44	0	2	2	0
- Furniture and fixtures	18 900	2 548	5 562	15 886	2 334	2 894	15 326
Total	46 126	4 737	6 403	44 460	4 342	3 204	45 598

Net book value

(Data in CZK thousand)

	Balance at 31 Dec 2016	Balance at 31 Dec 2017
Land	2 635	2 635
Structures	26 475	25 396
Tangible movable assets	7 837	6 263
- Machinery and equipment	1 437	280
- Vehicles	6	19
- Furniture and fixtures	6 394	5 964
Tan. fixed assets under constr.	2 800	2 609
Total	39 747	36 903

The Company recognised a provision against buildings in 2008. The amount of the provision remains unchanged at CZK 679 thousand.

In 2017, the Company procured low-value tangible assets at the acquisition cost amounting up to CZK 5 thousand, which were recognised directly on the expense account in the total amount of CZK 753 thousand, and in the total amount of CZK 807 thousand in 2016. Fixed assets under construction include costs for a planned reconstruction of the Company's real estate.

4.1.3. Pledged assets

Given that the Company has pledged no tangible or intangible assets since 2014, all information about pledged assets is given in Note 4.3.3 Pledged assets.

4.1.4. Assets acquired through financial leasing

Financial leasing with subsequent purchase of the leased asset

(Data in CZK thousands)

Description of item/group of items	Total leasing value	Instalments actually paid in 2016	Instalments actually paid in 2017	Payable in the following years
Passenger cars	42 678	6 079	5 249	8 048
HW equipment	16 625	2 765	3 277	5 928
Total	59 303	8 844	8 526	13 976

The data exclude value added tax provided that the tax can be claimed as a deduction at the input.

4.2. Receivables

4.2.1. Long-term receivables

Long-term net receivables as of 31 December 2017 amounted to CZK 754,219 thousand (provision of CZK 32,245 thousand). As of 31 December 2016, long-term receivables amounted to CZK 884,284 thousand (provision of CZK 37,059 thousand). These items include long-term receivables ensuing from credits and loans with maturity exceeding one year at the date of the preparation of financial statements.

4.3. Short-term receivables

4.3.1. Aging of trade receivables

(Data in CZK thousands)

Year	Category	Unspecified	Due	Overdue	Total
2017	Gross	1 068 746	703 175	6 487 195	8 259 116
	Provisions.	791 115	33 476	4 604 849	5 429 440
	Net	277 631	669 699	1 882 346	2 829 676
2016	Gross	1 131 952	452 820	6 730 310	8 315 082
	Provisions	854 337	18 273	4 486 894	5 359 504
	Net	277 615	434 547	2 243 416	2 955 578

Interest on contractual penalties cannot be classified within the particular categories in the table as there is no effective date before the Court issues its decision (this interest is therefore included in the Unspecified category).

As of 31 December 2017, receivables (long-term and short-term) serving as collateral for accepted bank loans amounted to CZK 315,630 thousand, and for accepted non-bank loans to CZK 8,729,950 thousand CZK. As of 31 December 2016, receivables (long-term and short-term) serving as collateral for accepted bank loans amounted to CZK 419,972 thousand, and for accepted non-bank loans to CZK 8,816,439 thousand CZK.

Changes in provisions for receivables can be classified as follows:

(Data in CZK thousands)

	2017	2016
Opening balance as of 1 January	5 359 504	4 997 019
Creation	241 479	433 584
Use	-171 543	-71 099
Closing balance as of 31 December	5 429 440	5 359 504

4.3.2. Receivables from Group members

Short-term trade receivables

(Data in CZK thousands)		
Company	Balance at 31 Dec 2017	Balance at 31 Dec 2016
Cash Gate, s.r.o.	0	5
PROFI CREDIT Bulgaria EOOD	1 303	946
PROFI CREDIT Polska S.A.	2 766	1 354
PROFI CREDIT Slovakia,s.r.o.	1 167	1 677
Profi Consulting s.r.o.	39	20
PROFIREAL Group SE	5 843	1 329
LLC MCC PROFIREAL	4 406	3 152
Silversouth, a.s.	11	9
Southstream, a.s.	11	9
Strongwest, a.s.	11	9
TH Real, a.s.	275	17
Total short-term receivables from Group members	15 832	8 527

The Company provided no loans to group members in 2017 and 2016.

4.3.3. Pledged assets

2017

(Data in CZK thousands)			
Description of assets	Gross value	Description, scope and purpose of pledge/ Easement	Value of liability secured
Receivables	6 826 302	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company.	371 000
Receivables	1 771 280	Set of selected receivables was pledged in favour of a creditor in order to secure a credit received by the Company.	442 285
Accounts	6 100	Balances on Collection and Blocked Accounts were pledged to secure a credit received by the Company	
Receivables	124 038	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	47 359
Receivables	132 367	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	80 000
Receivables	180 751	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	0
Receivables	10 842	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	7 095
Total	9 051 680		947 739

2016

(Data in CZK thousands)			
Description of assets	Gross value	Description, scope and purpose of pledge/ Easement	Value of liability secured
Receivables	6 669 580	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company.	744 000
Receivables	2 014 111	Set of selected receivables was pledged in favour of a creditor in order to secure a credit received by the Company.	586 605
Accounts	26 330	Balances on Collection and Blocked Accounts were pledged to secure a credit received by the Company	
Receivables	234 145	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	123 729
Receivables	132 762	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	80 000
Receivables	144 681	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	19 457
Receivables	41 146	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	25 323
Total	9 262 755		1 579 114

4.4. Tax receivables

Tax receivables of CZK 32,144 thousand (CZK 61,424 thousand as of 31 December 2016) primarily include prepayments made for corporate income tax.

4.5. Deferred expenses

As of 31 December 2017, total deferred costs amounted to CZK 41,806 thousand (CZK 52,656 thousand as of 31 December 2016).

The most significant item includes deferred expenses related to finance leasing of cars and IT technology, amounting to CZK 19,844 thousand as of 31 December 2017 (CZK 22,905 thousand as of 31 December 2016). Other significant deferred expenses include the fee for credit provision from non-banking entities amounting to CZK 13,903 thousand (2016: CZK 22,282 thousand).

4.6. Equity

As of 31 December 2017, equity amounts to CZK 1,669,408 thousand (CZK 1,558,724 thousand as of 31 December 2016). In compliance with the Articles of Association of the Company, the following distribution of the profit for 2017 is proposed:

- The payment of dividend of CZK 185,864 thousand;
- The amount of CZK 64,316 thousand to be transferred from the retained profit account as a payment of dividends.

4.7. Reserves

(Data in CZK thousands)				
	Reserves for untaken leave	Income tax reserve	Other reserves	Reserves in total
Balance as of 31 Dec 2016	2 305	10 718	0	13 023
Balance as of 31 Dec 2017	2 761	78 742	24 364	105 597

4.8. Liabilities**4.8.1. Long-term trade liabilities**

(Data in CZK thousands)		
Type of liability	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016
Commission to staff providing credits	67 903	72 911

4.8.2. Issued bonds

In December 2012, the Company issued book-entry bonds in the total amount of CZK 3,000,000 thousand (the nominal value of each particular bond is CZK 1).

In 2017, the Company placed a total of 241,500 thousand bonds with the interest rate of 6.5% p.a.

In 2016, the Company placed a total of 132,700 thousand bonds, with the interest rate of 2,000 thousand bonds being 7.5% p.a., and that of 130,700 thousand bonds being 6.5% p.a. In addition, the Company prematurely redeemed 12,350 bonds with the interest rate of 7.5% p.a., by which amount it subsequently decreased the number of book-entry bonds issued.

4.8.3. Long-term intercompany payables

Type of liability	Currency	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016	Form of security 2017
Loan from a non-banking entity	CZK	371 000	0	Bill of exchange Pledged receivables

4.8.4. Other long-term payables

(Data in CZK thousand)				
Type of liability	Currency	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016	Form of security 2016
Loan from a non-banking entity	CZK	0	744 000	Bill of exchange Pledged receivables
Loan from a non-banking entity	CZK	175 178	303 203	Bill of exchange Pledged receivables
Payables from leasing	CZK			Bill of exchange Pledged receivables
		6 869	12 089	
Total		182 047	1 059 292	

Long-term payables include payables with maturity exceeding one year on the date of the financial statements.

4.9. Short-term trade and other payables

In other short-term payables, the Company recognises a short-term part of the credit obtained from a non-banking entity and amounting to CZK 267,107 thousand (CZK 283,402 thousand as of 31 December 2016) and a payable arising from leasing in the amount of CZK 7,041 thousand (CZK 8,186 thousand as of 31 December 2016).

Aging of short-term trade payables

(Data in CZK thousand)				
Year	Category	Due	Overdue	Total
2017	Short-term	61 730	7 808	69 538
2016	Short-term	50 856	6 727	57 583

4.9.1. Short-term intercompany payables

Short-term intercompany payables include a loan from PROFIREAL Group SE. As of 31 December 2017 and 31 December 2016, the drawdown amount was CZK 0 and CZK 50,000 thousand, respectively. The loan was collateralised by a bill of exchange.

(Data in CZK thousand)		
Company	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016
PROFIREAL Group SE	1 112	51 206
Profi Credit Slovakia, s.r.o.	0	487
Profi Credit Polska S.A.	33	0
Profi Consulting s.r.o.	42	69
Profi Funding B.V.	16 704	0
Silversouth, a.s.	2 000	2 000
Total short-term intercompany payables	19 891	53 762

4.10. Payables to credit institutions**4.10.1. Long-term payables to credit institutions**

2017

(Data in CZK thousand)

Bank	Balance as of 31 Dec 2017	Form of collateral
Banking entity	6 500	Bill of exchange
Banking entity	15 278	Bill of exchange Pledged receivables
Total	21 778	

2016

(Data in CZK thousand)

Bank	Balance as of 31 Dec 2016	Form of collateral
Banking entity	22 274	Bill of exchange
Banking entity	43 055	Bill of exchange Pledged receivables
Total	65 329	

4.10.2. Short-term payables to credit institutions, short-term financial assistance

2017

(Data in CZK thousands)

Creditor	Balance as of 31 Dec 2017	Form of collateral
Non-banking entity	80 000	Bill of exchange Pledged receivables

Bank	Balance as of 31 Dec 2017	Form of collateral
Banking entity	28 274	Bill of exchange
Banking entity	0	Bill of exchange Pledged receivables
Banking entity	1 304	Bill of exchange
Banking entity	32 081	Bill of exchange Pledged receivables
Banking entity	7 095	Bill of exchange Pledged receivables
Total	68 754	

2016

(Data in CZK thousands)

Creditor	Balance as of 31 Dec 2016	Form of collateral
Non-banking entity	80 000	Bill of exchange Pledged receivables

Bank	Balance as of 31 Dec 2016	Form of collateral
Banking entity	10 490	Bill of exchange
Banking entity	19 457	Bill of exchange Pledged receivables
Banking entity	558	Bill of exchange
Banking entity	80 674	Bill of exchange Pledged receivables
Banking entity	25 323	Bill of exchange Pledged receivables
Total	136 502	

4.11. Estimated payables - short-term

As of 31 December 2017, estimated payables – short-term amount to CZK 16,858 thousand (CZK 23,637 thousand as of k 31 December 2016) and predominantly include estimated interest expense.

4.12. Deferred income and accrued expenses

As of 31 December 2017, deferred income amounts to CZK 7,377 thousand (CZK 22,079 thousand as of 31 December 2016) and is represented by deferred contractual remuneration relating to consumer loans disbursed before 2011 which is gradually released to income.

Accrued expenses amount to CZK 25,091 thousand (CZK 23,203 thousand as of 31 December 2016) and are represented mainly by commissions paid to the staff providing credits in the amount of CZK 21,690 thousand (CZK 15,585 thousand as of 31 December 2016).

4.13. Income tax

4.13.1. Deferred tax

The deferred tax liability can be analysed as follows:

	(Data in CZK thousand)	
	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016
Tax liability		
Difference between accounting and tax residual value	24 359	24 308
Balance - customers – contractual fines	2 496 360	2 846 492
Balance - customers – default interest	1 074 895	979 909
Deferred tax liability - base in total	3 595 614	3 850 709
Tax asset		
Creation of provisions for client contractual fines	2 129 162	2 258 540
Creation of provisions for client default interest	791 115	807 945
Future creation of tax provisions	154 587	48 532
Reserve for unused vacation days	2 761	2 305
Deferred tax asset - base in total	3 077 625	3 117 322
Resultant base of deferred tax	517 989	733 387
Deferred tax - liability (2016: 19%, 2017: 19%)	98 418	139 343
Deferred tax already recognised	139 344	153 020
Deferred tax to be recognised in the profit and loss account	-40 926	-13 677

4.13.2. Tax charge

The amount of tax can be compared to the profit according to the profit and loss account as follows:

	(Data in CZK thousand)	
	Balance as of 31 Dec 2017	Balance as of 31 Dec 2016
Profit before tax	214 748	173 933
Income tax rate	19%	19%
Tax under local income tax rate	40 802	33 047
Tax impact of non-deductible costs/revenues	29 010	-21 722
Withholding tax for current reporting period	178	305
Tax payable for current reporting period	69 990	11 020
Changes in deferred tax liability	-40 926	-13 677
Total income tax for regular activities and for extraordinary activities	29 064	-2 657

4.14. Sales of services

	(Data in CZK thousands)					
	Period ended 31 Dec 2017			Period ended 31 Dec 2016		
	Domestic	Foreign	In total	Domestic	Foreign	In total
Revenues - sale of services (consulting services)	0	44 534	44 534	0	41 452	41 452
Revenues - provided trademarks	0	3 227	3 227	0	3 747	3 747
Revenues - renting of real estate	915	0	915	866	0	866
Revenues - other	357	0	357	454	118	572
Total sales of services	1 272	47 761	49 033	1 320	45 317	46 637

4.15. Transactions with related parties**4.15.1. Revenues from transactions with related parties**2017

(Data in CZK thousand)

Entity	Other revenues	Services	Total
Cash Gate, s.r.o.	0	0	0
Profi Consulting s.r.o.	72	0	72
PROFI CREDIT Bulgaria, EOOD	428	6 567	6 995
PROFI CREDIT Polska S.A.	1 553	22 671	24 224
PROFI CREDIT Slovakia, s.r.o.	1 246	7 051	8 297
PROFI CREDIT Sp.z o.o.	0	18	18
PROFIREAL Group SE	0	5 300	5 300
LLC MCC PROFIREAL	621	2 927	3 548
Silversouth, a.s.	20	0	20
Southstream, a.s.	20	0	20
Strongwest, a.s.	20	0	20
TH Real, a.s.	94	0	94
Total	4 074	44 534	48 608

2016

(Data in CZK thousand)

Entity	Other revenues	Services	Total
Cash Gate, s.r.o.	62	0	62
Profi Consulting s.r.o.	71	0	71
PROFI CREDIT Bulgaria, EOOD	577	6 008	6 585
PROFI CREDIT Polska S.A.	1 395	22 398	23 793
PROFI CREDIT Slovakia, s.r.o.	1 775	9 018	10 793
PROFI CREDIT Sp.z o.o.	0	0	0
PROFIREAL Group SE	0	1 323	1 323
LLC MCC PROFIREAL	0	2 821	2 821
Silversouth, a.s.	18	0	18
Southstream, a.s.	21	0	21
Strongwest, a.s.	18	0	18
TH Real, a.s.	94	0	94
Total	4 031	41 568	45 599

All revenues from transactions with related parties were obtained at arm's length prices.

4.15.2. Purchases with related parties2017

(Data in CZK thousand)

Entity	Services	Other expenses	Total
PROFIDEBT Slovakia, s. r. o.	0	0	0
Profi Consulting s.r.o.	962	0	962
PROFI CREDIT Slovakia, s.r.o.	456	178	634
PROFIREAL Group SE	0	16 232	16 232
LLC MCC PROFIREAL	0	0	0
Silversouth, a.s.	0	152	152
Profi Funding B.V.	0	22 643	22 643
Total	1 418	39 205	40 623

2016

(Data in CZK thousand)

Entity	Services	Other expenses	Total
PROFIDEBT Slovakia, s. r. o.	0	2	2
Profi Consulting s.r.o.	899	0	899
PROFI CREDIT Slovakia, s.r.o.	1 887	305	2 192
PROFIREAL Group SE	0	24 553	24 553
LLC MCC PROFIREAL	1 586	0	1 586
Silversouth, a.s.	0	153	153
Total	4 372	25 013	29 385

4.15.3. Other transactions with related parties

The Company was provided with a loan by PROFIREAL Group SE in 2014. The loan was provided pursuant to General Credit Agreement no. PCT/PG/11/2011, executed on 16 November 2011, and the interest rate stood at 15.5% p.a., with the line of credit stipulated at CZK 50 million. By way of Amendment No. 1 to this Agreement, the line of credit was increased to CZK 250 million and the interest rate increased to 18% p.a. in 2014. In 2015, the interest rate was reduced to 13.25 p.a. according to Amendment No. 2. The Company owed a principal of CZK 0 thousand and CZK 50,000 thousand as of 31 December 2017 and 2016, respectively. The Company paid interest in the amount of CZK 4,709 thousand and CZK 10,820 thousand as of 31 December 2017 and 2016, respectively.

The Company was provided with a loan from Silversouth, a.s. in 2013. The loan was provided pursuant to General Credit Agreement No. 06/08/2009, signed on 7 August 2009, with the interest rate of 7.5% p.a. and the line of credit was determined at CZK 2 million. The Company paid interest in the amount of CZK 152 thousand as of 31 December 2017 and 2016.

In 2017, the Company was provided with a loan from PROFI FUNDING B.V. The loan was provided pursuant to the Loan Contract concluded on 12 September 2017, which was transferred from Netherlands Mezzanine Fund B.V. to PROFI FUNDING B.V. on 7 November 2017. It bears the interest rate of 19% p.a. and the line of credit was determined at CZK 1,200 million. As of 31 December 2017, interest amounted to CZK 22,643.

4.16. Consumed purchases

	(Data in CZK thousand)	
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Material consumption	7 266	9 522
Energy consumption	4 170	5 067
Total consumed purchases	11 436	14 589

4.17. Services

	(Data in CZK thousand)	
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Repairs and maintenance	2 161	2 714
Travel expenses	3 175	3 776
Costs of representation	7 269	6 909
Telephone, fax, Internet, postage	9 775	10 952
Consultancy services and audit	5 326	7 337
Rent	17 698	18 216
Leasing	9 764	10 057
Intermediation of employees	1 619	593
Notary and legal services	15 906	14 571
Advertisements, commercials	19 248	24 407
Language translations	135	143
Other services	33 182	43 956
Total	125 258	143 631

4.18. Other operating income

	(Data in CZK thousand)	
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Contractual penalties and interest on overdue payment	202 447	365 334
Other operating income	74 812	115 705
Total	277 259	481 039

In 2017, other operating income primarily consists of income predominantly composed of costs of legal representation related to the collection of receivables from debtors, transferred by the Company to its debtors in the total amount of CZK 41,650 thousand.

In 2016, other operating income primarily consists of income predominantly composed of costs of legal representation related to the collection of receivables from debtors, transferred by the Company to its debtors in the total amount of CZK 66,311 thousand.

4.19. Other operating expenses

(Data in CZK thousand)		
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Gifts	863	2 461
Other penalties and sanctions	74	26
Write-off of receivables and assigned receivables	285 051	228 661
Deficits and damages in operation	0	20
Other operating costs	77 339	62 434
Total	363 327	293 602

In 2017, the Company wrote off receivables in the amount of CZK 25,076 thousand based on an ineffective result of distraint proceedings and receivables in the amount of CZK 259,069 thousand based on verdicts of insolvency proceedings.

In 2016, the Company wrote off receivables in the amount of CZK 30,624 thousand based on an ineffective result of distraint proceedings and receivables in the amount of CZK 126,099 thousand based on verdicts of insolvency proceedings.

4.20. Other financial revenues

(Data in CZK thousand)		
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Exchange rate gains	37	14
Other financial revenues	1 087 473	1 143 085
Total	1 087 510	1 143 099

Other financial revenues include regular remunerations for the provision of credits or loans (main revenues of the Company).

4.21. Interest expenses

(Data in CZK thousand)		
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Interest on bank credits	10 425	15 460
Other interest payable to other creditors	192 305	245 705
Total	202 730	261 165

4.22. Other financial expenses

(Data in CZK thousand)		
	Period ended 31 Dec 2017	Period ended 31 Dec 2016
Exchange rate losses	563	464
Interest - promissory note	0	3 288
Fee for provision of a non-bank loan	12 917	11 534
Other financial expenses	192 982	188 879
Total	206 462	204 165

Other financial costs mainly include commissions for loan agents amounting to CZK 167,595 thousand (CZK 159,653 thousand in 2016).

5. EMPLOYEES, COMPANY MANAGEMENT AND STATUTORY BODIES

5.1. Staff costs and number of employees

The average recalculated number of employees and Company management members in 2017 and 2016 is as follows:

2017

	(Data in CZK thousand)	
	Number	Personnel costs in total
Employees	198	154 084
Company management	15	27 671
Total	213	181 755

2016

	(Data in CZK thousand)	
	Number	Personnel costs in total
Employees	188	134 886
Company management	13	25 633
Total	204	160 519

Total salary costs include remunerations paid to members of the Company's statutory bodies, including members of the Supervisory Board, in the amount of CZK 10,684 thousand and CZK 5,835 thousand in 2017 and 2016, respectively. The number of employees is based on the average recalculated headcount. The term "Company management" refers to the Company's top management.

5.2. Provided loans, credits or other performance

In 2017 and 2016, members of the Board of Directors and Supervisory Board received the following remuneration in addition to their basic salaries:

2017

	(Data in CZK thousand)	
	Board of Directors	Supervisory Board
Remuneration	11 332	160
Cars / other movable and immovable items that might be used for private purposes (amounts increasing the employees' tax base)	1 038	0
Total	12 370	160

2016

	(Data in CZK thousand)	
	Board of Directors	Supervisory Board
Remuneration	5 655	1 510
Cars / other movable and immovable items that might be used for private purposes (amounts increasing the employees' tax base)	490	161
Total	6 145	1 671

6. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS

The Company reports no off balance sheet commitments and is not aware of any potential losses.

Collateral acceptances issued

The Company has issued blank bills of exchange in order to secure credits received from providers of bank and non-bank credits. An overview of secured liabilities is provided in Note 4.10.

Litigations

The Company is currently involved in no significant passive legal dispute.

7. POST BALANCE SHEET EVENTS

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

8. REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

for the reporting period from 1 January 2017 to 31 December 2017

(Report on Relations)

This Report on Relations was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Act on Business Corporations), as amended (the “Act on Business Corporations”).

PROFI CREDIT Czech, a.s., with registered office at Klimentská 1216/46, Nové Město, 110 00 Prague 1, Company ID: 61 86 00 69, registered on 05 December 1994 in the Register of Companies administered by the Municipal Court in Prague, Section B, Insert 2892 (hereinafter the “Company”), is a member the PROFIREAL Group and is engaged in the provision of consumer credits.

The company has a sole shareholder, i.e. **PROFIREAL Group SE, with registered office at Martinus Nijhofflaan 2, 2624 ES Delft**, which is the Company’s controlling entity having a decisive influence on managing the Company. In relation to this shareholder, the Company is an entity controlled through decisions made at the General Meeting.

Other parties directly controlled by the controlling entity are **PROFI CREDIT Slovakia, s.r.o.**, with registered office at Pribinova 25, 824 96 Bratislava, **PROFI CREDIT Bulgaria EOOD**, with registered office at 49 Bulgaria Blvd., 1404 Sofia, **PROFI CREDIT POLSKA S.A.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFI CREDIT Poland Sp. z o.o.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFIDEBT Polska Sp. z o.o.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFIDEBT Bulgaria EOOD**, with registered office at 49 Bulgaria Blvd., 1404 Sofia, **PROFI Consulting s.r.o.**, with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, **PROFI Investment NL N.V.**, with registered office at Martinus Nijhofflaan 2, 2624 ES Delft, **PROFI Investment BG B.V.**, with registered office at Martinus Nijhofflaan 2, 2624 ES Delft, **PROFI Funding B.V.**, with registered office at Martinus Nijhofflaan 2, 2624 ES

Delft, and **Cash Gate, s.r.o.**, with registered office at Klimentská 1216/46, 110 00 Prague 1 (the entity was sold on 20 December 2017).

Another party indirectly controlled by the controlling entity is **FLEXI FINANCE ASIA INC.**, with registered office at 3rd Floor, Right Wing CIFC Tower, NRA, Cebu City, Philippines 6000; **VETTORE ENTERPRISES INC.**, with registered office at 3rd Floor, Right Wing CIFC Tower, NRA, Cebu City, Philippines 6000; and **PGJT B.V.**, with registered office at Martinus Nijhofflaan 2, 2624 ES Delft. In addition, a party indirectly controlled and having external equity participation is **LLC MCC PROFIREAL**, with registered office at Ligovsky prospect Office 266, 196084 Saint-Petersburg.

Other parties related to the controlling entity are: Southstream, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, Silversouth, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, Strongwest, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, and TH Real, a.s. with registered office at Thunovská 192/27, 118 00 Prague 1 – Malá Strana.

During the reporting period concerned, i.e. from 1 January 2017 to 31 December 2017, no acts were performed at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity in relation to assets exceeding 10% of the Company's equity as determined according to the most recent set of financial statements.

Overview of agreements concluded between the Company and PROFIREAL Group SE or between entities controlled by the controlling entity:

In the reporting period 2017, the Company performed the following agreements concluded **with PROFIREAL Group SE** as an entity controlling the Company:

General agreement for consultancy services I. dated 21 December 2007

General agreement for consultancy services II. dated 21 April 2008

General credit agreement no. PCT/PG/11/2011 dated 16 November 2011, as amended by later amendments

Agreement on remuneration for guarantee Solarex dated 30 September 2010

Remuneration agreement for the guarantee Dairewa I. dated 23 June 2011, as amended by later amendments

Remuneration agreement for the guarantee Dairewa II. dated 16 September 2013

Remuneration agreement for the guarantee Dairewa III. dated 24 October 2014

Remuneration agreement for the guarantee Dairewa IV dated 18 February 2016

The following agreements were concluded or performed by the Company and other parties controlled by the controlling entity until 31 December 2017:

with PROFI CREDIT Slovakia, s.r.o.

General agreement for consultancy services dated 15. January 2006

General agreement for consultancy services dated 31 December 2014

General agreement for services related to the operation and development of MIS dated 1 February 2010, as amended by later amendments

Licence agreement for use of a trademark dated 9 February 2009, as amended by later amendments

with PROFI CREDIT Sp. z o.o., whose legal successor is Profi Credit Polska S.A. as of 26 February 2015

Licence agreement for use of a trademark dated 18 December 2008, as amended by later amendments

General agreement for consultancy services dated 15 January 2006, as amended by later amendments

General agreement for services related to the operation and development of MIS dated 1 August 2010 as amended by later amendments

with PROFIT CREDIT Bulgaria EOOD

Licence agreement for use of a trademark dated 22 December 2008, as amended by later amendments

General agreement for consultancy services dated 15 January 2006, as amended by later amendments

General agreement for services related to the operation and development of MIS dated 26 May 2010 as amended by later amendments

with PROFIT FUNDING B.V.

The loan contract dated 12 September 2001 was transferred on 7 November 2017 from Netherlands Mezzanine Fund B.V. to PROFIT FUNDING B.V.

with PROFIT Consulting, s.r.o.

Agreement of lease non-residential premises dated 4 September 2001

Agreement for services dated 4 September 2001, as amended by later amendments

Agreement for services dated 1 September 2006

with LLC MCC PROFIREAL

IT service agreement dated 31 March 2013

Master service agreement dated 1 January 2014

with Strongwest, a.s.

Agreement of lease non-residential premises dated 1 January 2009

with Silversouth, a.s.

Agreement of lease non-residential premises dated 1 January 2009

General credit agreement no. 06/08/2009 dated 6 August 2009

with Southstream, a.s.

Agreement of lease non-residential premises dated 1 January 2009

with TH Real, a. s.

Agreement of lease of a transport vehicle dated 13 November 2013

The above-mentioned agreements were concluded in compliance with the applicable legal regulations. The agreements were concluded for prices and under conditions customary in business relations in the given place and time. The Company suffered no detriment as a result of the conclusion of the aforesaid agreements.

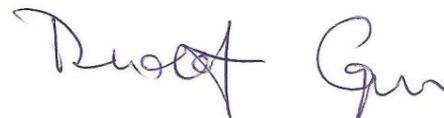
The Company has assumed a key role in PROFIREAL Group SE chiefly as a result of providing the other companies with the trademark PROFI CREDIT and consultancy services, along with the effective management of cash flows within the whole group.

In the relations between the aforesaid parties, advantages prevail owing to the membership in the internationally operating PROFIREAL Group SE. The most important advantages include: unified conceptual management and unified policy designed for business activities, shared know-how, methodology, control mechanisms and collaboration between individual member companies. The long-term collaboration, thorough knowledge of the given sphere and quality of services provided by PROFIREAL Group SE all contribute to reaffirming the trust in the market of consumer credits. The Company suffered no detriment from the above relations.

In Prague on 1 March 2018

Ing. Marek Štejnár

Member of the Board of Directors



Ing. Rudolf Cejnár

Member of the Board of Directors

9. CONTACTS

Trade name of the Company:

PROFI CREDIT Czech, a.s.

Registered office:

Klimentská 1216/46

Nové Město

110 00 Prague 1

Mailing address:

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530 02, Pardubice

Legal form:

joint-stock company [akciová společnost]

Company Identification Number:

61860069

Tax Identification Number:

CZ61860069

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