

ANNUAL REPORT

2016

AKCENTA CZ a.s.

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ANNUAL REPORT AKCENTA CZ a.s.

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FOREWORD BY THE CEO



Dear Ladies and Gentlemen,

If I am to summarize the evaluation of the year 2016 into a single sentence I would use a proverb: Every cloud has a silver lining. The continuing intervention regime of the Czech National Bank has been a negative reality for our business on the Czech market with which we had to cope for the second year in a row. Minimum volatility of the currency pair Czech Crown / Euro led to a smaller need for companies to trade in foreign exchange. Because of this persistent situation, we have focused our energy even more on the neighbouring markets and decided to quickly use the business potential they offer. This decision proved to be correct and contributed to a very good economic result of our Company. Net profit, which reached 29 million crowns, significantly exceeded our plan despite the fact that we have invested heavily into preparation for entry to further European markets, especially the German market.

Our business success in neighbouring markets is therefore the main reason why we have been successful this year, for example, we have grown in Poland by 47%, in Hungary by 76% and in Romania by incredible 250% in the volume of client transactions. However, we also grew on the Czech market despite its "conservatism" given by the CNB interventions, mainly due to the increased interest of our clients in futures transactions, mainly in the second half of the year. This came hand in hand with education of our clients precisely in the direction of minimizing exchange rate risk with regard to the possible end of the CNB intervention regime.

In 2016, we have made progress in automating of trade settlements, expanded our offer by Avízo product and completed the reconstruction of new, modern corporate premises. However, we are aware that there is still a lot of work ahead of us. In 2017, the year in which we celebrate our 20th anniversary, we intend to keep growing significantly in European markets and successfully enter the German market. The end of the CNB's exchange rate commitment is going to open a way for further growth on the Czech market. We also want to complete the work on our backbone internal system and the thing that will be most visible to our clients is going to be our new website that we are launching in the first half of the year.

I am aware of the fact that our 2017 goals are ambitious but I believe we can handle them. My belief is supported by the excellent work of our entire team to which I would like to thank. And it also comes from the trust of our clients which I very much appreciate. The trust that in 2017 will have accompanied us for 20 years and thanks to which AKCENTA CZ has proved to be among the largest non-bank players in the foreign exchange market not only on the Czech but also on the European level.

A handwritten signature in black ink, appearing to read 'Milan Cerman', written over a faint background map of Europe.

Milan Cerman
*Chairman of the Board of Directors,
Sales Director*

KEY PERFORMANCE INDICATORS

Development of profit after taxation in thousands of CZK

2009	12 491
2010	-5 632
2011	5 038
2012	8 154
2013	6 685
2014	6 609
2015	26 421
2016	29 502

Balance sheet development in thousands of CZK

2009	342 584
2010	387 654 (growth by 13,2%)
2011	496 047 (growth by 27,9%)
2012	531 643 (growth by 7,2%)
2013	696 566 (growth by 31,0%)
2014	657 523 (decrease by 5,6%)
2015	913 018 (growth by 38,9%)
2016	1 105 777 (growth by 21,11%)

The development of financial profit in thousands of CZK

2009	92 197
2010	76 715 (decrease by 16,8%)
2011	98 832 (growth by 28,8%)
2012	103 199 (growth by 4,4%)
2013	114 035 (growth by 10,5%)
2014	111 038 (decrease by 2,6%)
2015	155 290 (growth by 39,9%)
2016	184 867 (growth by 19,0%)

MAJOR EVENTS

Major events of 2016

- Reconstruction of new premises
- Continuing development of the new trading system

Significant events occurring after the balance sheet date

- On April 24, 2017 the Company changed its address to Salvátorská 931/8, Staré Město, 110 00 Praha 1.

Development of the Company in 2017

- Further development of the Company on the German market
- Further development and consolidation of the Company's position in the markets of Visegrad countries
- Completion of the development and deployment of a new trading system
- Moving to renovated premises in April 2017

COMPANY PROFILE

Characteristics of the consolidating company (state to 31.12.2016)

Company name:	AKCENTA CZ a.s.
Registered office:	Ovocný trh 575/11 110 00 Praha 1
Branch:	Gočárova třída 312 500 02 Hradec Králové 2 Czech Republic
ID number:	251 63 680
VAT number:	CZ 251 63 680
Registration court:	Municipal Court in Prague, Section B, Insert 9662
Date of establishment:	16th June 1997
Registered capital:	CZK 24 030 000
Shares:	not publicly traded
Statutory body:	Board of Directors
Number of employees:	75 employees, 3 members of the Board of Directors

Definition of the consolidation unit

AKCENTA CZ a.s. is the parent Company for the following Company:

Company name	Registered office	Share in registered capital in %	
		31.12.2016	31.12.2015
NERUDOVA property s.r.o.	Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové	100	100

PRODUCT PORTFOLIO AND SERVICES

AKCENTA CZ a.s. provides its clients with services in the following core areas:

Payment transactions with currency exchange (foreign exchange transactions)

Spot foreign exchange transactions involving purchase or sale of foreign currency with settlement within two working days.

Payment services (domestic and foreign payments)

These include sending and receiving of domestic and foreign payments according to the requirements of our clients. Particular advantages for our clients are cost-effectiveness of services, processing speed and reliability.

Exchange rate hedging through forward transactions

Forward, swap and FX option transactions – transactions with longer maturities than the FX spot transactions for hedging risks arising from future movements in exchange rates.

Additional services:

- **Internet platform for online trading On-line Broker (OLB):**

Offers clients the option to convert the funds at online exchange rates, enter and modify fixed orders for guarding exchange rates and their nonstop automatic executions, enables our clients to send and receive payments to and from foreign countries on favourable terms, to enter permanent and mass payment orders, to manage trading partners, to generate ongoing listings, etc.

- **Dealing limit:**

Based on the evaluation of financial statements, it is possible to establish a framework of zero security, partial or complete collateral pledging substitution needed to close forward transactions.

- **Order execution:**

Tentative (call orders) or automated trading after reaching a fixed rate (fix orders).

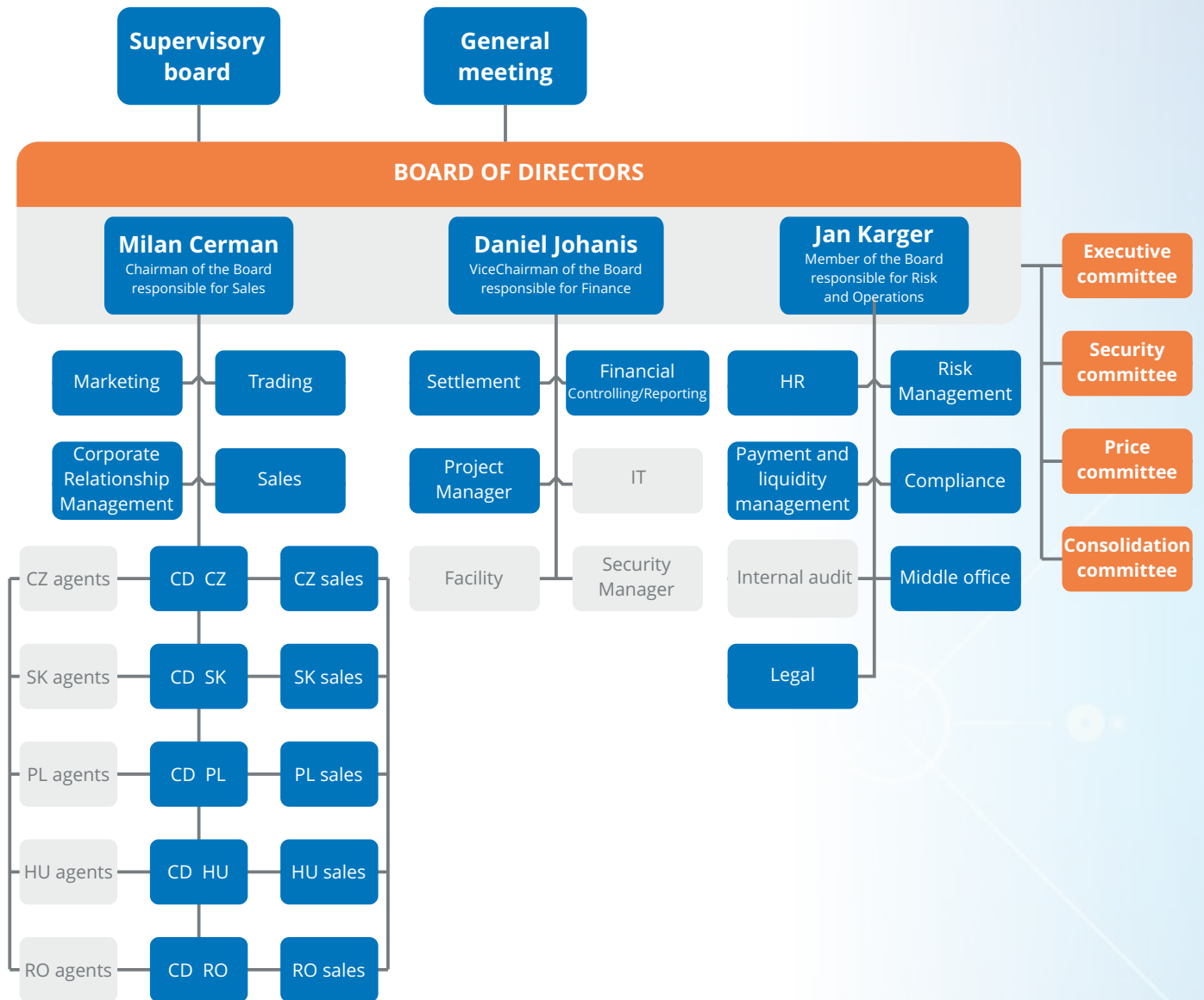
- **Avízo:**

AKCENTA CZ has extended its offer of services by introducing a new product AVÍZO which significantly speeds up the settlement of payments even in the case of a client's bank where AKCENTA has no open bank accounts.

Other services include a free information service to clients (Research) – sending daily and weekly reports, sending current exchange rates of more significant movements on the market.

ORGANIZATIONAL STRUCTURE

AKCENTA CZ a.s. Validity 31. 12. 2016



CD = Country Director

Outsourced activities

Committee

OPINION OF THE RISK UNDERTAKEN AND INDICATORS

1) Opinion of the risk undertaken

AKCENTA CZ a.s. (hereinafter the "Company") is a hybrid institution as defined by CNB Decree no. 141/2011 Coll. thus has been entrusted with the license of a payment institution and also the license of an Investment firm in compliance with Act no. 256/2004 Coll. On the basis of this authorization, the Company is obliged to manage all the risks associated with doing business in the environment in which the Company operates. The Company diligently complies with all applicable regulatory requirements for hybrid institutions based on relevant legal and regulatory requirements for risk management. The Company maintains its capital adequacy ratio well above regulatory limits.

The Company constantly compares the risk management system with the newly received relevant laws of the Czech Republic as well as all new legislation and recommendations of the CNB. It ensures its topicality and ensures its further development and improving the risk management system in connection with the development of business activities, the state of the legal and economic environment and the development of information technologies and analytical tools. According to the amendments for Investment firm institutions (Decree no. 141/2011 Coll.), the Company uses regulated access C to calculate the capital requirement.

According to CNB Decree no. 163/2014 Coll. the Company uses the following methods and ways of determining capital requirements:

Credit risk

The Company is not exposed to any significant credit risk arising from its activities because the Company is not exposed to the settlement risk as the settlement of foreign exchange transactions agreed with clients occurs always only after crediting funds from clients to the Company's accounts. An exception is the provision of credit under the bank line. In the second half of 2016 (based on the extension of the payment institution's license), the Company introduced a bank line for the implementation of a short-term loan on the basis of a notice from selected clients in connection with the provision of a payment service. The goal of providing a bank line is to accelerate the payment service for selected clients. The purpose of this product is to bridge the time lag that arises when sending funds, especially with clients who do not have open accounts in the same banks as the Company.

For credit risk, the Company opted for a standardized approach to the capital requirement for the investment portfolio, for the counterparty's capital requirement the Company chose the market valuation method.

The aforementioned counterparty risk arises from forward transactions, in most cases the Company requires financial collateral from the clients, in particular in the form of cash which significantly reduces this risk. High credit standing clients may not be required this reassurance to a limited extent. The Company evaluates its clients based on an internal scoring model.

At the beginning of 2016, the Company received a positive opinion on the application for recognition of the financial collateral agreement by the CNB. Based on this statement, the Company reduces credit risk by recognizing a financial collateral arrangement and recognizing a final settlement agreement under Regulation 575/2013 of the European Parliament and of the Council.

The credit risk of the Company is also, to a certain extent, associated with the depositing of its own or client's funds with banks. If the Company undergoes any such credit risk, limits are set. Credit risk limits are always approved by the Company's Board of Directors.

Market risk

In a corporate environment of the Company the most important market risk is currency risk arising from open positions in foreign currencies. The Company does not trade with instruments that generate equity, commodity and other market risks. The Company does not acquire instruments with a view to their short-term subsequent sales or with a view to using actual or expected short-term price differences between the purchase and sale price or other fluctuations in price or interest rate. For market risk management the Company has chosen the standardized approach.

Currency risk is managed in the following ways:

- a) prudent and efficient management of open foreign exchange positions,
- b) determining the so called stop loss limits,
- c) establishment and control of internal limits for the maximum amount of open foreign exchange positions.

The following limits and limitations are set for currency risk

- a) setting and checking internal limits for maximum FEP
- b) setting the daily limit of operational risk - the Stop Loss Limit

Operational risk

The Company defines operational risk as the risk of loss arising from inadequate or failed internal processes, human factor, or systems and the risk of loss due to external factors, including risks arising from the breach or non-fulfilment of requirements of the legislation.

The Company uses the following methods for operational risk reduction:

- a) risk reduction through improved procedures, process changes, organization, the introduction of limits and controls, the use of technology;
- b) avoiding risk by eliminating activities that give rise to it;
- c) risk transfer through outsourcing or insurance;

The Company determines capital requirement based on overhead expenses.

Liquidity risk

The Company defines liquidity risk as its ability to timely and properly fulfil the commitments to clients in terms of the realization of currency conversions and the associated payment transactions. The Company has established mechanisms that separate client funds from the operating funds of the Company.

The Company is not much exposed to liquidity risk since most of the trades that the Company has entered into with its clients are fully covered by client funds at the time of settlement. This applies to all of the Company's products except providing credit under the granted bank line. In this case, the Company is exposed to a short-term liquidity risk.

2) Indicators of capital adequacy and other financial ratios

According to effective regulations the Company has a duty to inform the regulator. The Company has to record information regarding management, client assets, qualified participation and other additional information on a monthly or quarterly basis.

The Company also quantifies its capital adequacy ratio, which it regularly presents to the CNB, by regular comparisons of aggregate amount of capital requirements with the capital. The capital adequacy ratio of the Company indicates sufficient capital to ensure the Company's business.

Summary of information on conditions and main characteristics of capital and its components

31. 12. 2016

Capital information (in thousands of CZK)	
Total original capital (Tier 1)	81 187
Share capital	24 030
Share premium	140
Reserve funds, Sunday funds and other funds from profit	28 002
Retained profit/loss from previous periods – audited	41 008
Intangible assets (except goodwill) reduces the tier 1	11 952
Total additional capital (tier 2)	-
Total capital to cover market risk (tier 3)	-
The aggregate amount of deductible items from original and additional capital	-
AVA – prudential filters	41
Total capital after deductible items	81 187

All items of regulatory capital are part of the audited financial statement and the prudential filter shows adjustment value of fair value of instruments.

Data on capital requirements (in thousands of CZK)	
Sum of the capital requirements for credit risk	24 118
exposures to institutions	18 288
corporate exposures	5 230
retail exposures	-
other exposures	599
Sum of the capital requirements for settlement risk	-
Sum of the capital requirements for position, currency and commodity risk	142
Sum of the capital requirements for operational risk	-
Sum of the capital requirements based on overhead costs	28 551
Sum of the capital requirements for valuation adjustments for credit risk	409
Sum of the capital requirements for exposure risk in the trading portfolio	-
Sum of the capital requirements for other instruments in the trading portfolio	-
Sum of the capital requirements – other and transition	-
Aggregate amount of capital requirements	53 220

31. 12. 2016

Capital ratios	%
Capital ratio of common equity tier 1 (CET1)	12, 20
Capital ratio of tier 1 (T1)	12, 20
Capital ratio of total capital	12, 20

31. 12. 2016

Ratio indicators OCP	
Indebtedness I (total debt without client assets/ assets without client property)	5, 37
Indebtedness II (total debt without client assets/equity)	7, 74
Return on average assets (ROAA, assets without client assets)	18, 69
Return on average equity tier 1 (ROAE)	36, 08
Return on sales (profit after tax/ income from investment services)	14, 89
Administrative costs per employee	CZK 1 855

THE COMPANY AS AN EMPLOYER

AKCENTA CZ builds its business success on professional services and an individual approach to all its clients. These clients expect superior service and solutions tailored specifically to their needs. Fulfilling those expectations requires a high quality, well-motivated team of employees at all positions throughout the Company. We are obviously aware of this therefore, we consistently work on building our team.

Our employees enhance their expertise through regular training sessions, they are regularly informed about the Company's goals and are motivated not only to achieve them but also to participate in setting them. The philosophy of our Company is to build long-term relationships with our clients, this would not be possible without loyal employees that think positively. Therefore, employees are for us the most precious human capital.



STATEMENT ON THE DETERMINATION OF CONTRIBUTIONS OF THE GUARANTEE FUND OF SECURITIES DEALERS

In the framework of the provision of investment services AKCENTA CZ a.s. (hereinafter "AKCENTA CZ") offers its customers exclusive services of trading currency forwards, swaps and options. When concluding these contracts AKCENTA CZ acts as the counterparty of the customer. We believe that customer property under Section 128 paragraph 12 of Act no. 256/2004 Coll., on Business Activities on the Capital Market, as amended (the "Act", "the CMA") is money deposited as collateral to cover market risk ("Collateral") and the principal forward paid by the customer to the appropriate bank account during the settlement forward.

In connection with entering into forward contracts with customers AKCENTA CZ does not collect any fees or commissions from its customers. Revenues, which AKCENTA CZ realizes in connection with the arrangement forwards to customers, are derived from the margin (spread) between the exchange rate, which is agreed with the customer within the agreed forward with and the exchange rate, which AKCENTA CZ manages to receive on the interbank market pursuant to transactions which are entered into positions opened during the negotiation of forward contracts with customers.

Under Section 129 paragraph 1 of the CMA the securities dealer is obliged to pay to the Guarantee Fund an annual contribution of 2% of the proceeds of fees and commissions received for providing investment services for the last calendar year. Given the above facts that AKCENTA CZ does not collect any fees or commissions received for providing investment services from its customers nor are fees for providing investment services recorded in the accounting, the basis for determining the amount of contribution under Section 129 paragraph 1 shall be zero. AKCENTA CZ therefore pays an annual contribution of CZK 10 thousand in accordance with Section 129 paragraph 2 of the CMA.

Due to the nature of forwards as derivative transactions, the volumes deposited by customers as collateral to the customers' bank account are very small and the period for which they are deposited to the account for the settlement of forward contracts is also minimal. For these reasons, we believe that the risk of failure of a particular dealer within the sense of Section 130 of the CMA and the impossibility of restitution of customers' property is relatively low - especially compared to trading in securities and portfolio management. For this reason the amount of contribution to the Guarantee Fund established in the minimum amount allowable under Section 129 paragraph 2 of the CMA matches the low risk of the inability to release client's assets within the sense of Section 130 of the CMA.

AKCENTA CZ duly pays contributions to the Guarantee Fund of Securities Dealers under Section 129 paragraph 2 of Act no. 256/2004 Coll.

REPORT ON RELATIONS BETWEEN CONTROLLING AND CONTROLLED ENTITIES AND BETWEEN THE CONTROLLED ENTITY AND OTHER ENTITIES CONTROLLED BY THE SAME ENTITY FOR THE ACCOUNTING PERIOD 2016

The Board of Directors of **AKCENTA CZ a.s.** draws up in accordance with the requirement of Section 82 par. 1) of Act No. 90/2012 Coll., On Commercial Companies and Cooperatives, as amended this Report on relations between the controlling entity, **Mr. Milan Lacina**, born on 3 June 1956, residing at Čekanická 325, 391 56 Tábor (hereinafter the "Controlling Entity") and

controlled Entity, AKCENTA CZ a.s., registered office in Praha 1, Ovocný trh 572/11, post code 110 00, ID No. 25163680, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 9662 (hereinafter the "Controlled Entity" or "ACZ") for the financial year 2016. Related Parties as to 31 December 2016 are the Controlled Entity, the Controlling Entity and the following entities:

AKCENTA, spořitelní a úvěrní družstvo, (savings and credit cooperative) ID number: 649 46 851, with the registered office at Gočárova třída 312/52, 500 02 Hradec Králové – Pražské předměstí (hereinafter the „ASUD”).

AKCENTA finanční a investiční a.s., (financial and investment Inc.) ID number 273 81 471, with the registered office at Gočárova třída 312/52, 500 02 Hradec Králové – Pražské předměstí (dále též „AFI”).

AKCENTA GROUP SE, ID number: 282 52 900, with the registered office at Gočárova třída 312/52, 500 02 Hradec Králové – Pražské předměstí (hereinafter the „AG”).

AKCENTA LOGISTIC a. s., ID number Č: 288 07 588, with the registered office at Gočárova třída 312/52, 500 02 Hradec Králové – Pražské předměstí (hereinafter the „AL”).

METROPOL SERVICES s.r.o. ID number 024 04 958 with the registered office at Gočárova třída 227/50, 500 02 Hradec Králové – Pražské předměstí (hereinafter the „MS”).

NERUDOVA property s.r.o., ID number 041 51 640, with the registered office at Gočárova třída 227/50, 500 02 Hradec Králové (hereinafter the „NP”).

PROAKCENT a.s., ID number: 288 07 596, with the registered office at Gočárova třída 312/52, 500 02 Hradec Králové – Pražské předměstí (hereinafter the „P”).

The amount of business share of the Controlling Entity as to 31 December 2016 in the companies listed above is as follows: ASUD 51,52% (indirect interest), AFI 51,54% (indirect interest), AG 90,42%, AL 100 %, MS 90,42% (indirect interest), NP 90,42% (indirect interest), P 100 %.

The report contains information on what contracts were concluded between the Controlled Entity and the Related Parties in the reporting period of 2016, what other legal acts were made between the Related Parties in their interest, and information on all other measures taken or implemented in the interest or at the instigation of these entities by the Controlled Entity.

The report is issued in writing and is part of the annual report under special legislation.

Concluded contracts and agreements

Trade relations between the Controlled Entity and the Related Parties for year 2016 were set by the following agreements:

AKCENTA CZ X ASUD	Lease of commercial premises as amended by Appendix number 8, 9
AKCENTA CZ X ASUD	Framework Agreement for forward foreign exchange business no. 25087
AKCENTA CZ X ASUD	Agency Contract (16 November 2015)
AKCENTA CZ X ASUD	Agency Contract of (1 April 2015)
AKCENTA CZ X ASUD	Agency Contract of (22 December 2016).
AKCENTA CZ X ASUD	Framework Agreement for the provision of selected services, current account management
AKCENTA CZ X ASUD	Contract on the provision of information about actual owners of funds, as amended by App. 1
AKCENTA CZ X ASUD	Framework Agreement on Financial Market Trading, as amended by Appendix 1
AKCENTA CZ x AG	Contract to Borrow, as amended by Appendix 1
AKCENTA CZ x AG	Framework Agreement, foreign currency exchange no. 23560
AKCENTA CZ x AL	Contract for the Provision of (Outsourcing) Services, as amended by Appendix 2
AKCENTA CZ x AL	Lease agreement for a passenger car (Subaru Outback)
AKCENTA CZ x AL	Framework Agreement, foreign currency exchange no. 41147
AKCENTA CZ x AL	Contract on Personal Data Processing
AKCENTA CZ X Milan Lacina	Contract on Entrusting (Subaru Outback) Passenger Car for Usage to an employee for Business and Private Purposes
AKCENTA CZ X Milan Lacina	Framework Agreement, foreign currency exchange no. 42444
AKCENTA CZ X NP	Lease agreement, as amended by Appendix 1
AKCENTA CZ X NP	Contract to Borrow (8. 7. 2015), as amended by Appendix 1
AKCENTA CZ X NP	Contract to Borrow (3. 11. 2015), as amended by Appendix 1, 2, 3
AKCENTA CZ X P	Lease agreement number 4, as amended by Appendix 1
AKCENTA CZ X P	Lease agreement number 10

Performance and consideration

Performance and consideration of the above mentioned contracts were made at prices customary in trade relations as well as in relations with other non-related parties.

Legal actions and other measures

No legal actions other than the abovementioned contracts were performed in the interest of the Controlling Entity, nor has the Controlled Entity at the instigation of the Controlling Entity taken any significant measures.

The Board of Directors of the Controlled Entity declares that the Controlled Entity has not suffered any damages from the above mentioned contracts, other measures and actions taken, or from provided services.

In Hradec Králové on 10 March 2017



Milan Cerman
Chairman of the Board of Directors



Daniel Johanis
Vice-Chairman of the Board of Directors

SUPERVISORY BOARD REPORT

Supervisory Board

Throughout the year 2016 the Supervisory Board consisted of the following members: Milan Lacina – Chairman of the Supervisory Board and a member Bc. Jiří Macek. The Board met regularly at quarterly intervals and also at extraordinary meetings, all in accordance with the company's Articles of Association.

The Supervisory Board's activities

The Supervisory Board participated in meetings of the Board of Directors, the Board of Directors regularly provided the Supervisory Board with information on the Company management, the Supervisory Board verified information on setting financial and strategic plans and carried out controls of its performance, including indicators set by current legislation. Furthermore, it focused on examining the management and control system, particularly through the internal audit findings and the remuneration system in the Company. Further inspections were focused on fulfilling resolutions of the Board of Directors, compliance with the Articles of Association and compliance checks of indicators established by the legislation on the basis of documents supplied by the Compliance unit.

Identified shortcomings and their elimination

The Board did not find any facts that would contradict the approved Articles of Association or applicable legal standards.

Financial statements, management and proposal of profit distribution

The Board discussed the financial statements for 2016 and familiarized itself with the report and the auditor's statement on these Financial Statements delivered by KPMG Česká republika Audit, s.r.o. On the basis of these documents, the committee states that it does not have any objections on the submitted financial statements.

The Supervisory Board recommends that the General Meeting of AKCENTA CZ a.s. approves the regular annual financial statements of AKCENTA CZ a.s. for the year 2016.

In Prague on 27 April 2017



Milan Lacina
Chairman of the Supervisory Board

OTHER PROVISIONS

The activities of AKCENTA CZ a.s. have no influence on the environment. The Company is not active in the field of environment or in research and development.

As part of our strategy, we meet the obligations imposed by legislation. The Company complies with all legal standards in accordance with Czech law in all labour relations.

KPMG Česká republika Audit, s.r.o.

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Czech Republic
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Independent Auditor's Report to the Shareholders of AKCENTA CZ a.s.**The auditor's opinion**

We have audited the attached financial statement of AKCENTA CZ a.s. and its subsidiary (together referred to as "Group") drawn up based on the Czech accounting regulations, which consists of the balance sheet as of 31 December 2016, the consolidated profit and loss statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ending 31 December 2016 and notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about AKCENTA CZ a.s. is presented in Note 1 to the financial statement.

In our opinion the financial statements give a true and fair view of the assets and liabilities of the Group as to 31 December 2016 and its expenses, revenues and financial performance and cash flow for the year ending 31 December 2016 in accordance with the Czech accounting regulations.

Basis for the statement

We conducted the audit in accordance with the Act on Auditors and the Standards of the Chamber of Auditors of the Czech Republic for Auditing, which are the International Standards on Auditing (ISAs), possibly supplemented and amended by the related application clauses. Our responsibility as set out in these regulations is more prominently described in the Auditor's Responsibility for Audit of Consolidated Financial Statement. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Group and have fulfilled other ethical obligations arising from these regulations. We believe that the evidence we have gathered provide a sufficient and appropriate basis for our statement.

Other Information

Other information is in accordance with § 2 par. b) of the Act on Auditors the information contained in the consolidated annual report outside the consolidated financial statement and our auditor's report. The statutory body of the Company is responsible for the other information.

Our opinion on the financial statement does not apply to other information. It is, however, a part of our obligation relating to the audit of financial statement to acquaint ourselves with the other information and to consider whether the other information is not in significant (material) inconsistency with the consolidated financial statements or our knowledge of the entity acquired during the audit of the consolidated financial statements, or whether this information does not appear to be significantly (materially) inaccurate. We also assess whether other (material) information has been prepared in all material respects in accordance with the applicable legislation. This assessment means whether the other information meets the requirements of the regulatory requirements and the procedure for producing other information in the context of materiality, i.e. whether non-compliance would be likely to affect judgment based on other information.

Based on the implementation of the procedures, to the extent that we are able to judge, it is clear that:

- other information describing the facts that are presented in the consolidated financial statement as such, are in all material respects consistent with the consolidated financial statement and
- other information has been prepared in accordance with the legislation.

Further, we are required to state whether, on the basis of knowledge and awareness about the Group that we have found out during the course of the audit, other information does not contain material inaccuracies. In the course of the above procedures, we have not discovered any material inaccuracies in the other information received.

Responsibility of the statutory organ and the Board Supervisors for the consolidated financial statement

The statutory body of AKCENTA CZ a.s. is responsible for preparation of the financial consolidated statement reflecting true and honest picture in accordance with the Czech law and the internal control system which it considers necessary for the preparation of a consolidated financial statement to exclude significant material misconduct caused by fraud or error.

When preparing consolidated financial statement, the Statutory body is required to assess whether the Group is capable of continuous operation and, if relevant, describe in the notes of the consolidated financial statement matters regarding its continuous operation and using the assumption of continuous operation in the preparation of the consolidated financial statement, except the cases when the Statutory body plans to terminate the Group or terminate its activities, respectively when it does not have any other real option than to do so.

The Supervisory Board is responsible for overseeing the reporting process in the Group.

Responsibility of the auditor for the audit of the consolidated financial statement

The underlying objective is to obtain reasonable assurance that the consolidated financial statement as a whole does not contain gross material inaccuracy resulting from fraud or error and issue a report of the auditor containing our report. A reasonable portion of certainty is a great deal of certainty, however, it is not guaranteed that the audit of the consolidated financial statement carried out in accordance with the above mentioned principles in all cases will not reveal the existence of significant (material) negligence. Misconduct may arise as a result of fraud or misconduct and is considered to be a significant material fraud or misconduct, if it can be reasonably assumed that it could influence individually or in aggregate the economic decisions that can be made by the users of the consolidated financial statement of their basis.

When carrying out the audit in accordance with the above rules, it is our duty to apply professional judgment during the whole process and to maintain professional scepticism. It is also our duty to:

- Identify and evaluate the risks of significant material misconduct of a consolidated financial statement caused by fraud or error, to propose and carry out audit procedures to react to these risks and to obtain sufficient and appropriate audit evidence so that we can make a statement based on this information. The risk of not revealing the material inaccuracy that has been caused by fraud is more than the risk of uncovering material misconduct caused by an error because part of the fraud may also be caused by collusion, deliberate omissions, false declarations, or circumvention of internal controls.
- To get acquainted with the internal control systems of the Group relevant for the audit in the extent so that we can design audit procedures appropriately with respect to the given circumstances, but not for the reason to express a view on the effectiveness of its internal control system,
- To assess the suitability of the used accounting rules, adequacy of the used accounting estimates and information provided by the Statutory body in that context in the annex of the consolidated financial statements.

- Assess suitability of assumption of continuous duration when preparing consolidated financial statement by statutory auditors and the fact whether or not in the light of the audit evidence gathered there is significant material uncertainty arising from events or conditions that may confuse the Group's ability to sustain continually. If we come to the conclusion that there is such significant uncertainty it is our duty to draw attention to the information found in this connection in our report in the annex to the consolidated financial statement and if this information is insufficient, to express a modified statement. Our conclusions regarding the Group's ability to continue without interruption rely on the evidence we received until the date of our report. However, future events or conditions may imply that the Group may lose its ability to sustain its continuity.
- Evaluate the overall presentation, division, and content of the consolidated financial statement, including annex, plus whether the consolidated financial statement shows the underlying transactions and events in a way that it lead to true view.
- Get adequate and appropriate substantiated evidence on the financial information concerning accounting units or business activities of the Group in order to express opinion on the consolidated financial statement. We are responsible for management, supervision and audit of the Group. The disclosure of the auditor's report remains our sole responsibility.

It is our duty to inform persons mandated by the administration and management of the planned scope and timing of the audit and of the significant findings that we have carried out during the course of the audit, including the findings of significant internal control system deficiencies.

Responsible Statutory auditor

Ing. Vladimír Dvořáček is the statutory auditor responsible for auditing the consolidated financial statement of AKCENTA CZ a.s. as to 31 December 2016, on the basis of which this independent auditor's report was prepared.

In Prague on 27 April 2017

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration no. 71



Ing. Vladimír Dvořáček
Partner
Registration no. 2332

CONSOLIDATED

FINANCIAL STATEMENT

FOR THE YEAR
ENDING
31 DECEMBER

2016

AKCENTA CZ a.s.

BALANCE SHEET

as to 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Note	31/12/2016	31/12/2015
ASSETS			
1		64	100
Cash in hand and balances with central banks			
3	12	1 036 867	866 563
Receivables from banks and credit unions			
		1 004 516	843 509
<i>Of which: a) repayable on demand</i>			
		32 351	23 054
<i>b) other receivables</i>			
4	13	11 051	12 461
Receivables from non-bank entities			
		11 051	12 461
<i>b) other receivables</i>			
9	14	12 310	10 353
Long-term intangible assets			
10	15	27 245	14 844
Tangible fixed assets			
		14 032	14 451
<i>Of which: land and buildings for operating activities</i>			
11	16	27 169	18 134
Other assets			
13		883	805
Prepayments and accrued income			
Total assets		1 115 589	923 260

TCZK		Note	31/12/2016	31/12/2015
LIABILITIES				
1	Payables to banks	17	8 947	10 000
	<i>Of which: a) repayable on demand</i>		8 947	10 000
2	Payables to non-bank entities	18	928 904	769 186
	<i>Of which: a) repayable on demand</i>		928 904	769 186
4	Other liabilities	19	40 425	33 926
5	Accruals and deferred income		899	539
6	Reserves	21	14 264	2 490
	<i>b) taxes</i>		2 845	-
	<i>c) other</i>		11 419	2 490
8	Share capital	16	27 169	18 134
	<i>Of which: a) paid-up share capital</i>		24 030	24 030
9	Share Premium		140	140
10	Reserve funds and other funds from profits	22	28 002	28 002
	<i>c) other funds from profit</i>		28 002	28 002
14	Retained earnings or unpaid losses from prior periods	22	40 947	28 587
15	Profit or loss for the accounting period	22	29 031	26 360
Liabilities total			1 115 589	923 260

TCZK	Note	2016	2015	
OFF-BALANCE SHEET ITEMS				
Off-balance sheet assets				
2	Collaterals provided	23	32 351	23 054
3	Receivables from spot transactions	23	603 126	92 531
4	Receivables from fixed term operations	23	4 364 172	3 558 790
Off balance sheet liabilities				
9	Assurances and guarantees accepted	23	20 000	20 000
11	Liabilities from spot operations	23	603 586	92 318
12	Liabilities from fixed term operations	23	4 359 528	3 554 501

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Note	2016	2015
1 Interest income and similar income	5	352	541
2 Interest expense and similar costs	5	(480)	(196)
4 Fee and commission income	6	12 835	12 073
5 Cost of fees and commissions	6	(12 881)	(11 179)
6 Profit or loss on financial operations	7	184 867	155 290
7 Other operating income	8	3 081	1 827
8 Other operating expenses	8	(1 054)	(1 530)
9 Administrative expenses	9	(138 619)	(117 718)
<i>Of which: a) employee costs</i>		<i>(57 211)</i>	<i>(49 770)</i>
<i>Of which: aa) wages and salaries</i>		<i>(42 668)</i>	<i>(36 787)</i>
<i>ab) social and health insurance</i>		<i>(14 543)</i>	<i>(12 983)</i>
<i>b) other administrative costs</i>		<i>(81 408)</i>	<i>(67 948)</i>
11 Depreciation, establishment and use of provisions and adjustments of tangible and intangible fixed assets		(2 500)	(2 890)
12 Release of allowances and provisions for receivables and guarantees, revenues from previously written-off receivables	20	-	54
13 Write-offs, establishment and use of adjustments	20	(1 593)	(177)
16 Release of other provisions	20	-	537
17 Creation and use of other reserves	20	(8 929)	(2 027)
19 Profit or loss for the accounting period from ordinary activities before tax		35 079	34 605
23 Income tax	22	(6 048)	(8 245)
24 Profit or loss for the period after tax		29 031	26 360

CONSOLIDATED CASH FLOW STATEMENT

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the accounting period from ordinary and extraordinary pre-tax activities		35 079	34 605
Adjustment for non-cash transactions:			
<i>Depreciation and changes in provisions for long-term tangible and intangible assets</i>		2 500	2 890
<i>Change in reserve status</i>		8 929	1 490
<i>Change in adjustments to receivables and write-offs of receivables</i>		1 593	123
<i>Net interest income</i>		128	(345)
<i>Any adjustments to other non-cash transactions</i>		(2 539)	(262)
		45 690	38 501
Changes in :			
Liabilities for derivative trades		(9 297)	(11 054)
Receivables from non-bank entities		1 410	(4 710)
Other assets, costs and accrued income		4 797	(1 217)
Liabilities to banks		(1 053)	10 000
Payables to non-bank entities		159 718	225 330
Other liabilities, income and deferred expenses		2 069	8 116
		203 334	264 966

TCZK	Note	2016	2015
Interests received		335	508
Interests paid		(45)	(52)
Income tax paid		(9 479)	(5 528)
Net cash flow related to operating activities		194 145	259 894
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Loans to a related company		-	(2 580)
Expenses related to the acquisition of tangible and intangible fixed assets		(19 247)	(20 300)
Income from sale of tangible and intangible fixed assets		73	-
Net cash flow related to investment activity		(19 174)	(22 880)
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Paid earnings shares		(14 000)	(6 600)
Net cash flow related to financial activity		(14 000)	(6 600)
Net increase or decrease in cash and cash equivalents		160 971	230 414
Net cash flow related to investment activity		(19 174)	(22 880)
State of cash and cash equivalents as to 1 January		843 609	613 195
State of cash and cash equivalents as to 31 December		1 004 580	843 609
Cash and cash equivalents include:			
Cash on hand and deposits with central banks		64	100
Receivables from banks and cooperative credit institutions payable upon demand		1 004 516	843 509
State of cash and cash equivalents as to 31 December		1 004 580	843 609

CONSOLIDATED OVERVIEW OF CHANGES IN EQUITY

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Registered capital	Share premium	Other Funds from profit	Profit (loss)	Total
Balance to 1/1/2015	24 030	140	28 002	35 187	87 359
Dividends	-	-	-	(6 600)	(6 600)
Net profit/loss for the accounting period	-	-	-	26 360	26 360
Balance to 31/12/2015	24 030	140	28 002	54 947	107 119
Balance to 1/1/2016	24 030	140	28 002	35 187	87 359
Dividends	-	-	-	(14 000)	(14 000)
Net profit/loss for the accounting period	-	-	-	29 031	29 031
Balance to 31/12/2016	24 030	140	28 002	69 978	122 150

1. GENERAL INFORMATION

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Characteristics of the consolidating entity

AKCENTA CZ a.s. was established on 16 June 1997.

Name and address of the Company:

AKCENTA CZ a.s.
Ovocný trh 572/11
110 00 Praha 1 – Staré Město
Czech Republic

ID number: 25163680
VAT number: Cz25163680

Hereinafter only („company“ or „Company“)

Members of the Board of Directors and the Supervisory Board as to 31 December 2016

Members of the Board of Directors:

- Milan Cerman (Chairman)
- Bc. Daniel Johanis, MBA (Vice-Chairman)
- Jan Karger

Members of the Supervisory Board

- Milan Lacina, born 3 June 1956 (Chairman)
- Bc. Jiří Macek

Changes in the Companies Register

During 2016 the following changes were made in the Companies Register:

- The Supervisory Board member's Bc. Jiří Macek address has changed to Nerudova 837/14, 500 02 Hradec Králové

This change was registered on 15 July 2016.

Scope of business:

AKCENTA CZ a.s. on the basis of its certificate of incorporation is authorized within its normal business activities to provide the following services:

a) Production, trade and services not listed in Annexes 1 to 3 of Trade Licensing Act.

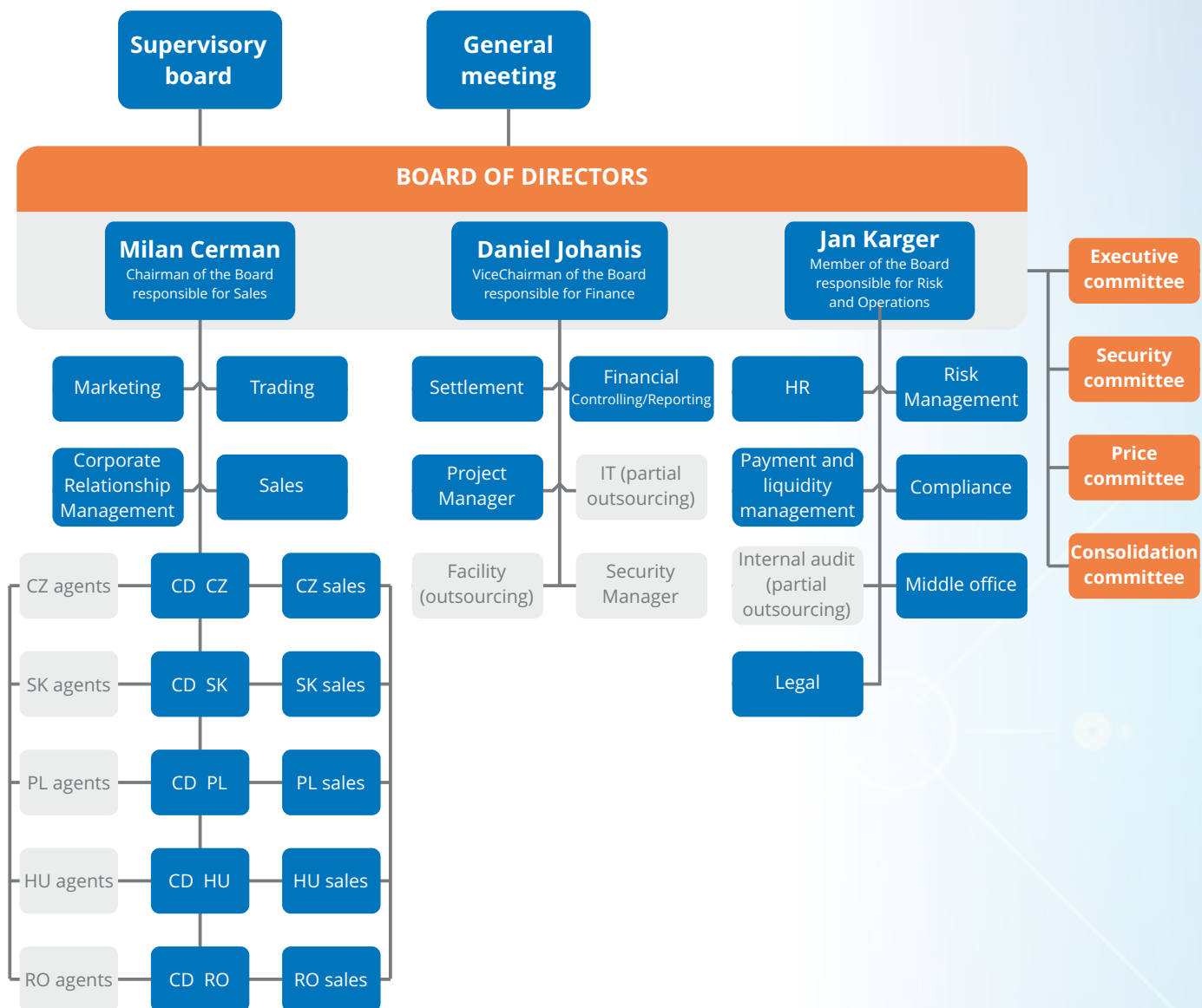
AKCENTA CZ a.s. is listed in the registry kept by the Czech National Bank (ČNB) in the following sectors:

- Payment institutions and branches of foreign payment institutions,
- Securities dealer and branches of a foreign securities dealer.

AKCENTA CZ a.s. based on a decision of the CNB to grant permission to carry out the activities of a payment institution dated 22 February 2011 and the license for securities trading dated 15 July 2011, is authorized to provide:

- payment services under Act No. 284/09 Coll.:
 - cash deposits into a payment account maintained by the Company under Section 3, par. 1a) of the said Act;
- money transfers under Section 3, par. 1c) of the said Act;
- issuance and management of the means of payment and facilities to accept means of payment under Section 3, par. 1e) of the said Act;
- performing transfers of means of payment under Section 3, par. 1f) of the said Act
- activities of a securities trader under Act No. 256/2004 Coll., in the extent of principal investment services, i.e.:
 - accepting and providing instructions of investment instruments;
 - performing instructions of investment instruments on the customer's account;
 - trading investment instruments for its own account;
 - supplementary investment services: depositing and managing investment instruments including related services, all in respect of the provision of investment instruments under Section 3, par. 1d) of the said Act

Organizational structure valid as to 31 December 2016



CD = Country Director Outsourced activities Committee

b) Basis for preparation of the consolidated financial statement

The consolidated financial statement was prepared on the basis of accounting kept in accordance with Act No. 563/1991 Coll. Accounting act and the relevant regulations and decrees applicable in the Czech Republic. The Financial statement was based on the principles of accruals of cost and income and historical prices, except for selected financial instruments at fair value.

This consolidated financial statement is prepared in accordance with Decree No. 501 of the Ministry of Finance of the Czech Republic, dated November 6, 2002, as amended by subsequent regulations, which provides for the classification and identification of the items of the financial statements and the content definition of the items of this statement and the accounting methods and their use for banks and other financial institutions.

The consolidated financial statements are compiled for the consolidated whole which forms the Company, i.e. the parent company and its 100% subsidiary NERUDOVA property s.r.o., with its registered office at Gočárova třída 227/50, Pražské Předměstí, 500 02 Hradec Králové. The subsidiary is consolidated using the full consolidation method from the date of its commencement on June 10, 2015, when the Company acquired control and will be consolidated until the audit expires. All intragroup balances, transactions and unrealized gains and losses from intragroup transactions are fully excluded.

The consolidated financial statements are based on the assumption that the Group will continue to operate continuously and that there is no material evidence that would limit it or prevent it from continuing in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES

Annex to the consolidated financial statement for the year ending 31 December 2016

The Group's consolidated financial statements have been prepared in accordance with the following important accounting policies:

a) Transaction date:

Depending on the type of transaction, the transaction time is set to the date of payment or receipt of cash, the date of purchase or sale of currency, foreign currency, securities, the day of payment or debits from the client's account, the day of the correspondence payment order, the date of crediting the (foreign) funds according to a statement received from the correspondent of the company (statement means a statement in the SWIFT system, a bank notice, an account statement or other documents), the day of the trade and the day of settlement of foreign exchange transactions, other derivatives, the date of issue or acceptance of the guarantee, the date of service provision.

In the case of incoming invoices in foreign currency, the day of the performance of the taxable transaction is the day of provision of service or the date of issue of the invoice, unless the date of the provision of the service is clearly determined, or, the date of payment in the case of advance overhead invoices from the European Community countries. In the case of invoices received from commercial agents, the day of the taxable transaction is the last day of the month for which the service is provided.

Accounting transactions for the purchase and sale of financial assets with usual delivery date (spot transactions) are recognized directly under the corresponding item in the relevant asset or liability on the day of transaction. Unsettled spot transactions at the balance sheet date are reported on the off-balance sheet.

Fixed-term forward transactions are recorded in the off-balance-sheet accounts from the trade date to the trade settlement date and the fair value of the unsettled derivatives is recorded on the balance sheet and the income and loss statement.

(b) Debt securities, shares, share certificates and other equities

The Company does not perform any operations debt securities, shares, unit certificates and other equity transactions.

(c) Securities transactions for clients

The Group does not perform securities transactions for clients.

(d) Receivables from clients from financial operations

Receivables from financial operations are recognized at purchase prices and, in the case of foreign currency receivables, they are converted at the contractual rate agreed on the trade date (the exchange rate is determined based on the current supply and demand situation of the currency pair on the interbank foreign exchange market). Unsettled trades on the last day of the month are revalued at the CNB exchange rate valid on the last day of the relevant month. At the balance sheet date, receivables are recalculated at the CNB exchange rate valid at the balance sheet date. Receivables and payables from unrealized transactions at the balance sheet date are recognized in off-balance sheet items and are not a part of the balance sheet at the balance sheet date.

The Group forms accounting adjustments and depreciates the receivables. Adjustments and depreciation of receivables are recognized under "Write-offs, creation and use of adjustments and provisions for receivables and guarantees".

Adjustments to receivables that were reimbursed were disposed of in favour of costs. Adjustments to receivables that were written off were used.

The Group creates adjustments for outstanding claims on the basis of an individual assessment.

(e) Forming reserves

Reserve represents probable performance, with uncertain timing and amount. The reserve is calculated at the expense of the best estimate of the expenses necessary to settle the existing debt.

The reserve is formed if the following criteria are met:

- a) there is an obligation (legal or material) to perform as a result of past events,
- b) it is probable or certain that the transaction will occur and will require an outflow of funds representing economic benefits, where "probable" means a probability of more than 50%;
- c) it is possible to perform a reasonably reliable estimate of performance.

The Group creates a non-tax reserve for annual bonuses that are paid in the following year, the reserve is formed including related social and health insurance.

(f) Tangible and intangible fixed assets

The depreciation periods for each category of tangible and intangible fixed assets are as follows:

Software	60 months
Royalties	72 months
Computers	3 years
Inventory	3 to 10 years
Others	3 years
Vehicles	5 years
Building	30 years

For intangible fixed assets and "TZ Software" items, tax and accounting depreciation is different. TZ Software is depreciated for 60 months (for tax purposes 36 months) from each change in the TZ. Accounting and tax depreciation is not the same for tangible fixed assets.

Minor assets

Intangible assets with an acquisition cost lower than CZK 60 thousand and minor tangible fixed assets with acquisition cost lower than CZK 40 thousand is accounted to the cost for the period in which it was acquired while the service life is longer than 1 year. At the same time minor tangible assets worth more than CZK 1000 is kept in the operational register of small property, according to its location.

(g) Valuation of assets and liabilities

The accounting unit uses the following for valuation of assets and liabilities:

- **Purchase price** – i.e. the price at which the property was acquired, the purchase price includes the costs associated with its acquisition,
- **Par value** – for the valuation of cash and securities, receivables and payables incurred.
- For the conversion of foreign currencies to CZK, exchange rates were used according to the CNB exchange rate sheet at the balance sheet date.

(h) Financial derivatives and spot transactions

As part of its activity, the Company concludes spot, forward, swap and option transactions.

Currency spot

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in the second currency at a fixed exchange rate, while the exchange rate is being determined on the basis of the current supply and demand situation of the currency pair on the interbank foreign exchange market (contractual rate).

When concluding a trade, the CNB exchange rate on the settlement date is used. Recognition of gains or losses on currency operations occurs at the time the trade is settled, i.e. at the time of settlement of the liability or receivable. Gain and loss on settlement of foreign exchange currency transactions are recognized in the income statement in "Profit or loss on financial operations".

Currency forward

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in the second currency at a fixed exchange rate, the exchange rate being determined by the current supply and demand situation on the foreign exchange market and the interest rates of the participating currencies.

The settlement of currency forwards occurs in the future, at the earliest on the sixth business day and at the latest one year after the trade is closed.

Both the forward rate and the settlement date are binding, they cannot be changed after entering the trade.

Currency swap

Exchange of funds in one currency for another currency for a fixed period of time. If this period begins in the future, it is referred to as Forward FX swap option.

Settlement will take place as with two independent conversions, i.e. the initial sale of funds by the client to the Group for the current Spot (or Forward Rate in the case of Forward FX Swap) exchange rate and in the future for their buyback by the client from the Company for the Forward Rate.

Options

The right (not the obligation) to buy / sell one currency for another at a pre-arranged exchange rate - the Strike Price and the agreed date in the future - Expiration Date. For this right, the buyer pays the seller for the option Premium.

The market price of an option (Premium) is payable immediately or the second working day, based on the prior approval of the Risk Management department, based on the current supply and demand on the market.

If the option is exercised by the client or the Company, the settlement will take place as a "spot trade" in the system.

Unsettled derivatives are recognized at fair value in the balance sheet. Positive fair values of unsettled derivatives are recognized in assets under "Other assets". Negative fair values of unsettled derivatives are recognized in liabilities under "Other liabilities".

The fair value of financial derivatives is determined as the present value of the expected cash flows arising from those transactions. To determine the present value, the market as exchange rates, interest rates for a given maturity based on the yield curve, etc. are used.

Unsettled derivatives are recorded among off-balance sheet items in the undiscounted contractual value of the underlying instrument under "Receivables from fixed term operations", "Liabilities from fixed term operations".

Unrealized gains and losses arising from changes in fair values of unsettled derivatives and realized gains and losses on settled derivatives are recognized in profit or loss in "Profit or loss on financial operations".

(i) Taxation

The tax base for income tax is calculated from the profit or loss for the current period by adding non-deductible expenses and deducting income that is not subject to income tax and further adjusted for tax rebates and any relevant tax credits paid abroad.

Deferred tax is based on any temporary differences between the accounting and tax value of assets and liabilities using the expected tax rate applicable for the subsequent period. A deferred tax asset is accounted for only if there is no doubt about its continued application in subsequent accounting periods.

3. CHANGES IN ACCOUNTING METHODS

Annex to the consolidated financial statement for the year ending 31 December 2016

No significant change in accounting methods was made in 2016.

4. CORRECTIONS TO PREVIOUS PERIODS

Annex to the consolidated financial statement for the year ending 31 December 2016

There were no corrections to previous periods and there were no additional corporate income tax returns.

5. NET INTEREST INCOME

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Interest income and similar income Interest income from bank accounts	352	541
Total	352	541
Interest and similar expense / Other	480	196
Total	480	196
Net interest income	(128)	345

6. INCOME AND EXPENSES FROM FEES AND COMMISSION

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Income from fees and commission, from spot transactions, derivative transactions and transfers	12 835	12 073
Total	12 835	12 073
Expenses on fees and commission, from spot transactions, derivative transactions and transfers	12 881	11 179
Total	12 881	11 179
Net fee and commission income	(46)	894

7. PROFIT OR LOSS ON FINANCIAL OPERATIONS

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Profit / (loss) on derivative transactions	30 333	12 874
Profit / (loss) from spot transactions	150 667	115 029
Other exchange rate differences	3 867	27 387
Total	184 867	155 290

8. OTHER OPERATING INCOME AND EXPENSES

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Income from sales of services	1 896	1 005
Income - Other operating income	1 185	822
Total	3 081	1 827
Costs - Other operating costs	1 054	1 530
Total	1 054	1 530

The item "Income - Other operating income" includes, in particular, contractual penalties, penalties and compensation received and other operating income.

The item "Costs - Other operating costs" consists mainly of items - not applied VAT deduction and other operating expenses.

9. ADMINISTRATIVE EXPENSES

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Wages and salaries to employees	37 313	31 904
Social and health insurance	14 543	12 983
Wages and salaries paid to members of the Board of Directors	5 355	4 883
Employee expenses	57 211	49 770
Other administrative costs	81 408	67 948
<i>Of which: commissions to business advisers</i>	37 795	28 908
<i>Of which: outsourcing costs</i>	4 699	3 434
<i>Of which: audit, legal and tax advice</i>	3 018	2 398
Total	138 619	117 718

Average headcount was as follows:	2016	2015
Employees	75	64
Board members	3	3
Members of the Supervisory Board	2	2

10. INCOME AND COSTS BY AREA OF ACTIVITY

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Geographic area	Czech Republic		Central and Eastern Europe	
	2016	2015	2016	2015
Interest income and similar income	35	301	317	240
Interest and similar costs	480	196	0	0
Fee and commission income	5 279	5 499	7 556	6 574
Cost of fees and commissions	8 378	7 476	4 503	3 703
Profit or loss on financial operations	134 095	115 963	50 772	39 327

11. TRANSACTIONS WITH RELATED PARTIES

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Receivables	8 437	7 668
Liabilities	187	4 224
Revenues	4 450	7 357
Expenses	13 854	17 234

Receivables from related parties consist of paid advances for services related to the rent of a building, a loan to AKCENTA GROUP SE amounting to CZK 5,775 thousand and the fair value of unsettled derivatives as to 31 December 2016 of CZK 2,380 thousand (2015: CZK 1,696 thousand).

Payables to related parties are liabilities for unpaid invoices for purchased services from related parties that are due on maturity.

Revenues from related parties include interest on borrowings, exchange rate differences on business transactions and sales of tangible fixed assets from 2016.

In particular, costs related to related parties represent the costs of outsourcing services amounting to CZK 4,969 thousand (2015: CZK 7,793 thousand), costs resulting from the lease of premises amounting to CZK 805 thousand (2015: CZK 1,279 thousand) and related services, costs related to the rental of passenger vehicles in the amount of CZK 466 thousand (2015: CZK 396 thousand).

12. RECEIVABLES FROM BANKS

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Receivables from banks

TCZK	31.12. 2016	31.12. 2015
Current Accounts (nostro accounts)	1 004 516	843 509
Pledge for derivative trades	32 351	23 054
Receivables from banks in gross amount	1 036 867	866 563
Allowances for possible losses on receivables	-	-
Receivables from banks in net amount	1 036 867	866 563

(b) Classification of receivables from banks

The Group recognizes all receivables from banks as standard.

Under the entry "Bank Claims", AKCENTA CZ a.s. as to 31 December 2016, shows the balance of TCZK 21 172 thousand (i.e. EUR 783,000) with which it had a limited disposal option at the balance sheet date. The management of the Company is convinced that the reasons for the limitation of the disposition are not legitimate and are in the process of negotiating for their release.

(c) Receivables from banks due to residual maturity

All receivables from banks are due within one month.

(d) Analysis of receivables from banks by type of collateral

Bank receivables recognized in the balance sheet (note 3 a) represent the funds deposited in individual bank accounts and the time discrepancy between the payment sent from a foreign bank and the payment credited to the account of the Group. These are standard receivables and as such are not specifically provided for.

13. RECEIVABLES FOR NON-BANK ENTITIES

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Valuation of receivables from non-bank entities

TCZK	31.12. 2016	31.12. 2015
Receivables from clients	6 499	5 064
Deposit - trades	28	1 689
Deposit - operational	334	119
Receivables from related parties	5 775	5 793
Adjustments	(1 585)	12 461
Total	11 051	866 563

The Group has no obligation to categorize the receivables from clients and these receivables are not interest bearing.

(b) Classification of receivables from banks

Receivables from clients consist of receivables from invoiced fees for trades.

(c) Analysis of receivables from non-bank entities by sector and by type of collateral

Receivables from non-bank entities were mainly receivables from non-financial organizations which are not specifically secured.

(d) Receivables from persons with a special relationship to the Group

The Group records a receivable of CZK 5,775 thousand in AKCENTA GROUP SE on the basis of a loan agreement, the maturity of the claim is 31 December 2018 and is remunerated at a fixed interest rate.

14. LONG-TERM INTANGIBLE ASSETS

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Changes in intangible fixed assets

TCZK	Software	Quantifiable rights	Unclassified property	Total
Purchase price				
As to 1 January 2015	13 242	32 540	1 634	47 416
Additions	0	0	5 800	5 800
Other changes	734	0	(734)	0
As to 31 December 2015	13 976	32 540	6 700	53 216
As to 1 January 2016	13 976	32 540	6 700	53 216
Additions	2 230	0	3 887	6 117
Other changes	(275)	0	(2 230)	(2 505)
As to 31 December 2016	15 931	32 540	8 357	56 828
Amortization and provisions				
As to 1 January 2015	7 723	32 540	0	40 263
Annual depreciation	2 600	0	0	2 600
As to 31 December 2015	10 323	32 540	0	42 863
As to 1 January 2016	10 323	32 540	0	42 863
Annual depreciation	1 930	0	0	1 930
Other changes	(275)	0	0	(275)
As to 31 December 2016	11 978	32 540	0	44 518

Net book value				
As to 31 December 2015	3 653	0	6 700	10 353
As to 31 December 2016	3 953	0	8 357	12 310

(b) Establishment expenses

There are no establishment expenses in the Group's accounts.

15. TANGIBLE FIXED ASSETS

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Changes in the tangible fixed assets

TCZK	Land and buildings	Machinery	Vehicles	Prepayments for tangible fixed assets	Total
Purchase price					
As to 1 January 2015	20	8 187	536	0	8 743
Additions	14 602	0	0	0	14 602
As to 31 December 2015	14 622	8 187	536	0	23 345
As to 1 January 2016	14 622	8 187	536	0	23 345
Additions	0	1 084	1 091	10 955	13 130
Other changes	(5)	(1 389)	0	0	(1 394)
As to 31 December 2016	14 617	7 882	1 627	10 955	35 081
Depreciation and provisions					
As to 1 January 2015	0	8 158	53	0	8 211
Annual depreciation	171	12	107	0	290
Disposals	0	0	0	0	0
As to 31 December 2015	171	8 170	160	0	8 501

TCZK	Land and buildings	Machinery	Vehicles	Prepayments for tangible fixed assets	Total
As to 1 January 2016	171	8 170	160	0	8 501
Annual depreciation	414	12	144	0	570
Other changes	0	(1 235)	0	0	(1 235)
As to 31 December 2016	585	6 947	304	0	7 836

Net book value					
As to 31 December 2015	14 451	17	376	0	14 844
As to 31 December 2016	14 032	935	1 323	10 955	27 245

(b) Tangible fixed assets purchased under finance leases

In 2016 no tangible fixed assets were acquired on the basis of a finance lease (2015: CZK 901 000). Assets are recorded on an off-balance sheet account.

c) Tangible fixed assets

On June 26, 2015, the Group bought a building in Nerudova Street No. 1361, Hradec Králové in the amount of CZK 14,500 thousand of which land CZK 2,417 thousand. The purchase price of the building included property related fees and loan interest. In 2016, the Group carried out a reconstruction of the building of CZK 10,955 thousand.

16. OTHER ASSETS

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Positive fair value of derivatives	24 654	12 907
Deferred tax asset	2 085	0
Other assets	430	5 227
Total	27 169	18 134

Positive fair value of derivatives

Derivatives are secured by a cash collateral in the initial value of 10% of the transaction nominal value. From the conclusion of the trade until its maturity, the fair value of the transaction is monitored using the Marked to Market (MTM) method. If the MTM trade value reaches 80% of the composite collateral value, the client is invited to complete the collateral so that the MTM falls below 60% of the collateral value.

Other assets

The "Other assets" item represents the operating advances of CZK 305,000 (2015: CZK 644 thousand), employee receivables of CZK 117 thousand, (2015: CZK 165 thousand), receivables to the state budget due to advances paid for income tax in 2016 amounting to CZK 0 thousand (2014: CZK 4,410 thousand) and other receivables of CZK 8 thousand (2015: CZK 8 thousand)

17. COMMITMENTS TO BANKS / RECEIVED COMMITMENTS AND GUARANTEES

Annex to the consolidated financial statement for the year ending 31 December 2016

In July 2016, NERUDOVA property s.r.o. Company signed a loan agreement with Komerční banka in the amount of CZK 10,000 thousand to buy real estate in Nerudova Street, No. 1391 Hradec Králové. The loan balance as to 31 December 2016 was CZK 8,947 thousand.

18. COMMITMENTS TO NON-BANK ENTITIES

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Analysis of liabilities to non-bank entities, by maturity

TCZK	2016	2015
Repayable on demand	928 904	769 186
Total	928 904	769 186

(b) Commitments to persons with a special relationship

The Group has no payables to persons with a special relationship.

19. OTHER LIABILITIES

Annex to the consolidated financial statement for the year ending 31 December 2016

TCZK	2016	2015
Negative fair value of derivatives	16 198	7 872
Suppliers	8 256	6 994
Payables to employees	5 131	3 952
Payables to health and social insurance funds	2 943	2 329
Payables to the state budget	1 158	4 180
Payables to members of the VAT group	276	4 496
Payables from trades	3 589	1 654
Estimated receivables	2 874	1 680
Deferred tax liability	0	2 329
Total	40 425	33 926

20. SHARE CAPITAL

Annex to the consolidated financial statement for the year ending 31 December 2016

The registered capital of CZK 24,030 thousand consists of 21 ordinary registered shares in nominal value CZK 450 thousand and 162 ordinary registered shares with a nominal value of CZK 90 000.

The composition of the Company's Shareholders as of 31 December 2016 and 31 December 2015:

Name	Registered office	Number of shares (pcs)	Share in registered capital (in %)
AKCENTA GROUP SE, ID number 28252900	Gočárova třída 312/52, Pražské Předměstí, 500 02 Hradec Králové	183	100%
Total		183	100%

21. ADJUSTMENTS FOR RECEIVABLES AND RESERVES

Annex to the consolidated financial statement for the year ending 31 December 2016

Development of adjustments for receivables from non-bank entities:			
TCZK	Tax deductible adjustments	Tax non-deductible adjustments	Total
Balance as to 1 January 2015	21	140	161
Creation	2	104	106
Release	0	0	0
Use	(7)	(56)	(63)
Balance adjustments as to 31 December 2015	16	188	204
Balance as to 1 January 2016	16	188	204
Creation	9	1 520	1 529
Release	(11)	(127)	(138)
Use	(1)	(9)	(10)
Balance adjustments as to 31 December 2016	13	1 572	1 585

In 2016 adjustments in the amount of CZK 1,529 thousand were created.

In 2016 receivables totalling CZK 212 thousand were written off (2015: CZK 80 thousand) and at the same time utilization of adjustments established for such receivables was accounted for in the amount of CZK 10 thousand (2015: CZK 63 thousand).

Development of reserves			
TCZK	Reserve for bonuses	Income tax reserve	Total
Balance as to 1 January 2015	1 000	0	1 000
Creation	2 490	0	2 490
Dissolving unnecessary reserves	(537)	0	(537)
Use	(463)	0	(463)
Balance of reserves as to 31 December 2015	2 490	0	2 490
Balance as to 1 January 2016	2 490	0	2 490
Creation	11 419	9 922	21 341
Dissolving unnecessary reserves	0	(1 030)	(1 030)
Use	(2 490)	(6 047)	(8 537)
Balance of provisions as to 31 December 2016	11 419	2 845	14 264

In 2016, the Group created a provision reserve of CZK 11,419 thousand (2015: CZK 2,490 thousand) and a reserve for income tax of CZK 2,845 thousand (2015: CZK 0).

Reserve for an income tax of CZK 3,205 thousand for the year 2015 was recognized under Other liabilities as to 31 December 2015.

22. INCOME TAX AND DEFERRED TAX LIABILITY / RECEIPT

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Current income tax

TCZK	2016	2015
Profit or loss for the period before tax	35 079	34 605
Tax non-deductible costs increasing the tax base	15 042	3 967
Other items reducing the tax base	(3 320)	(1 602)
Subtotal	46 801	36 970

TCZK	2016	2015
Tax calculated at the rate of 19%	8 892	7 024
Tax paid abroad	2 380	1 740
Credit of tax paid abroad	(2 380)	(1 479)
Adjusted tax for the prior period	10	0
Total tax liability	8 902	7 285

The total cost of current income tax payable in 2016 was CZK 8,892 thousand. (2015: CZK 7,285 thousand).

(b) Deferred tax liability

As to 31 December 2016, the Company reported deferred tax assets in other assets in the amount of CZK 2,085 thousand (31 December 2015: deferred tax liability of CZK 769 thousand), calculated at a 19% income tax rate. Impact of deferred tax on the profit and loss statement income tax income in 2016 amounted to CZK 2,854 thousand (2015: CZK -960 thousand).

23. OFF-BALANCE SHEET ITEMS

Annex to the consolidated financial statement for the year ending 31 December 2016

Receivables / payables from spot and fixed forward transactions

On off-balance sheet items, the Group accounts for forward and swap transactions with clients and records them up to the point of settlement.

Additionally, off-balance sheet items are converted into spot transactions that are not settled on the asset or the liability side.

Off-balance sheet receivables and payables are nominal (contractual) undiscounted values.

Pledges granted

The amount of granted pledges represents amounts that serve as collateral for derivative transactions.

Commitments and guarantees accepted

In the item of received commitments and guarantees, the overdraft credit facility is recognized at a nominal value of CZK 20,000 thousand which was not used as to 31 December 2016 and was recognized as an off-balance sheet liability under "Liabilities and guarantees".

TCZK	2016	2015
Credit type	overflow	overflow
Nominal value	20 000	20 000
Maturity	January 2017	January 2016
Repayment schedule	one-time recovery	one-time recovery
Drawdown balance	0	0
Maturity up to 1 year	0	0
Maturity from 1-5 years	0	0

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Annex to the consolidated financial statement for the year ending 31 December 2016

(a) Credit risk

In the course of its activities, the Group does not substantially undertake credit risk.

The settlement of a large majority of payment transactions and futures contracts with foreign currencies agreed with clients always occurs after receiving funds from the client to the accounts maintained by the Group. In addition, the Group requires most clients with whom forward and swap transactions are concluded to block client assets to cover potential future cash-collateral losses. In the event of negative developments over the duration of the trade, the Group requires this provision to be replenished.

The Group's credit risk is also associated with depositing the Group's available funds and the entrusting client funds on bank accounts. This risk is limited and controlled by the Group in particular by the fact that only those banks - counterparties with ratings assigned by international rating agencies, in particular Moody's Investors Service and Standard & Poor's Corporation, reflect the fact that these institutions are sufficiently able to meet their financial Commitments.

(b) Market risk

Currency risk is the most significant market risk that the Company is exposed to as a result of its core business.

Currency risk is controlled:

- by prudent and effective management of open foreign exchange positions,
- by setting stop / loss limits,
- by setting and checking of internal limits for the maximum amount of the total open foreign exchange position.

The foreign exchange position of the balance sheet and off-balance sheet items by major currencies is as follows:

TCZK	EUR	USD	PLN	HUF	CZK	Others	Total
As to 31 December 2016							
Cash on hand and deposits with central banks	6	-	14	5	36	3	64
Receivables from banks	432 714	113 406	75 341	51 354	251 138	112 914	1 036 867
Receivables from non-bank entities	56	4 324	321	100	6 243	7	11 051
Tangible and intangible fixed assets	-	-	-	-	39 555	-	39 555
Other assets	-	-	-	-	27 108	61	27 169
Prepayments and accrued income	-	-	-	-	883	-	883
Total	432 776	117 730	75 676	51 459	322 878	112 985	1 115 589

TCZK	EUR	USD	PLN	HUF	CZK	Others	Total
Liabilities to banks and cooperative savings banks	-	-	-	-	8 947	-	8 947
Payables to non-bank entities	441 299	124 056	141 879	53 527	83 899	84 244	928 904
Other liabilities	2 354	822	1 081	897	38 950	660	40 425
Accruals and deferred income	-	-	-	-	899	-	899
Reserves	-	-	-	-	14 264	-	14 264
Equity	-	-	-	-	117 811	-	117 811
Total	443 653	124 878	142 960	54 424	262 685	84 904	1 115 589
Long positions in FX spots and derivatives	2 132 392	323 394	499 142	102 177	1 848 566	61 627	4 967 298
Short positions in FX spots and derivatives	2 119 997	322 150	431 478	100 873	1 899 201	89 414	4 963 114
Net foreign currency position	1 518	-5 904	380	-1 661	9 558	292	4 183
As to 31 December 2015							
Cash on hand and deposits with central banks	9	-	1	7	80	3	100
Receivables from banks	319 942	145 258	48 117	66 917	231 952	54 377	866 563
Receivables from non-bank entities	1 750	-	161	43	10 501	6	12 461
Tangible and intangible fixed assets	-	-	-	-	25 197	-	25 197
Other assets	-	-	-	-	18 134	-	18 134
Prepayments and accrued income	-	-	-	15	585	205	805
Total	321 701	145 258	48 279	66 982	286 449	54 591	923 260

TCZK	EUR	USD	PLN	HUF	CZK	Others	Total
Liabilities to banks and cooperative savings banks	-	-	-	-	10 000	-	10 000
Payables to non-bank entities	459 125	126 482	60 434	26 223	60 740	36 182	769 186
Other liabilities	2 382	133	916	372	30 114	9	33 926
Accruals and deferred income	-	-	-	-	539	-	539
Reserves	-	-	-	-	2 490	-	2 490
Equity	-	-	-	-	107 119	-	107 119
Total	461 507	126 615	61 350	26 595	201 002	36 191	923 260
Long positions in FX spots and derivatives	1 591 709	196 598	176 654	43 050	1 402 025	241 285	3 651 321
Short positions in FX spots and derivatives	440 236	213 425	162 024	84 216	1 485 372	261 546	3 646 819
Net foreign currency position	11 667	1 816	1 559	(779)	(7 900)	(1 861)	4 502

Column Other includes the following currencies GBP, CHF, SEK, AUD, JPY, CAD, DKK, RUB, NOK, CNY, RON and TRY.

The Group does not regard interest rate risk as significant risk, mainly due to the fact that around 95% of the total number of closed client transactions are spot transactions. Forward transactions are usually payable within three months.

(c) Liquidity risk

Liquidity is defined in case of the Company as the ability to meet client's commitments arising from the realization of currency conversions and their associated payment transactions.

The Group has established mechanisms that separate clients' funds from the Company's operating resources.

The vast majority of closed spot / forward transactions are settled by the Group only after the Group receives the financial coverage of the transaction by the client. This means that no trade is settled unless it is covered, which in fact prevents the emergence of liquidity risk in the Group. The exception are trades with clients who draw a bank line (AKCENTA CZ a.s. provides payment services for credit within the scope of its payment institution's licence payable within 1-2 business days) since from 1 December 2016 the Group offers eligible clients the possibility to draw a bank line.

(d) Operational risk


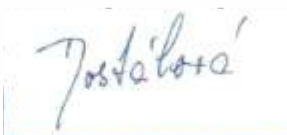
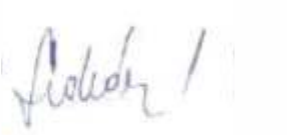
Operational risk of the Group is defined as the risk of loss as a result of deficiencies or failures of internal processes, human factors or systems and the risk of loss due to external factors, including the risk arising from breach or non-compliance with legal requirements.

The operational risk management process in the Company's terms is presented by a summary of activities performed on quarterly basis, in particular identification, evaluation and monitoring of risks, including controls of the implementation of preventive and other measures to mitigate individual types of risks. Outputs from these activities are recorded in an internal Risk Matrix document. Operational risks linked to the Group's operations are mitigated under the Group's terms of reference:

- system support for all processes,
- consistent separation of roles of business negotiation, trade settlement and trade accounting,
- setting user rights on all systems,
- standardized work practices,
- multiple controls on processes with a quantitatively high impact on the profit and loss account,
- applying a four-eye principle control,
- professional supervision of Compliance, Internal Audit and Risk Management,
- backup plans for dealing with emergencies.

25. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Annex to the consolidated financial statement for the year ending 31 December 2016

Submitted on: 27 April 2017	Stamp and signature of the statutory body:  Milan Cerman	Person responsible for accounting Name and signature:  Eva Dostálová Phone: +420 498 777 823	Person responsible for financial statement Name and signature:  Dana Sedláková Phone: +420 498 777 766
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Independent Auditor's Report to the Shareholders of AKCENTA CZ a.s.

The auditor's opinion

We have audited the attached financial statements of AKCENTA CZ a.s. (hereinafter referred to as the "Company") drawn up based on the Czech accounting regulations, which consists of the balance sheet as of 31 December 2016, the consolidated profit and loss statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ended 31 December 2016 and notes to these financial statements including a of significant accounting policies and other explanatory notes. Information about the Company is presented in Note 1 to this individual financial statement.

In our opinion the financial statements give a true and fair view of the assets and liabilities of the Company as of 31 December 2016 and its expenses, revenues and financial performance and cash flow for the year ending 31 December 2016 in accordance with the Czech accounting regulations.

Basis for the statement

We conducted the audit in accordance with the Act on Auditors and the Standards of the Chamber of Auditors of the Czech Republic for Auditing, which are the International Standards on Auditing (ISAs), and eventually supplemented and amended by the related application clauses. Our responsibility as set out in these regulations is more prominently described in the Auditor's Responsibility for Audit of Consolidated Financial Statements. In accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, we are independent of the Group and have fulfilled other ethical obligations arising from these regulations. We believe that the evidence we have gathered provide a sufficient and appropriate basis for our statement.

Other Information

Other information is in accordance with § 2 par. b) of the Act on Auditors the information contained in the consolidated annual report outside the consolidated financial statement and our auditor's report. The statutory body of the Company is responsible for the other information.

As described in Note 1 of the individual financial statements, the Company does not prepare an individual annual report because it intends to include the relevant information in the consolidated annual report. For this reason, our comments on other information are not part of this auditor's report.

Responsibility of the statutory body and the Board Supervisors of the Company for the consolidated financial statement

The statutory body of the Company is responsible for preparation of the financial consolidated statement reflecting true and honest picture in accordance with the Czech law and the internal control system which it considers necessary for the preparation of a consolidated financial statement to exclude significant material misconduct caused by fraud or error.

When preparing consolidated financial statement, the statutory body of the Company is required to assess whether the Company is capable of continuous operation and, if relevant, describe it in the notes of the consolidated financial statement matters regarding its continuous operation and using the assumption of uninterrupted duration in the preparation of the consolidated financial statement,

except the cases when the statutory body plans to terminate the Company or terminate its activities, respectively when it does not have any other real option than to do so.

The Supervisory Board is responsible for overseeing the reporting process in the Company.

Responsibility of the auditor for the audit of the consolidated financial statement

The underlying objective is to obtain reasonable assurance that the consolidated financial statement as a whole does not contain gross material inaccuracy resulting from fraud or error and issue a report of the auditor containing our report. A reasonable portion of certainty is a great deal of certainty, however, it is not guaranteed that the audit of the consolidated financial statement carried out in accordance with the above mentioned principles in all cases will not reveal the existence of significant (material) negligence. Misconduct may arise as a result of fraud or misconduct and is considered to be a significant material fraud or misconduct, if it can be reasonably assumed that it could influence individually or in aggregate the economic decisions that can be made by the users based on the consolidated financial statement.

When carrying out the audit in accordance with the above rules, it is our duty to apply professional judgment during the whole process and to maintain professional scepticism.

It is also our duty to:

- Identify and evaluate the risks of significant material misstatement of a consolidated financial statement caused by fraud or error, to propose and carry out audit procedures to react to these risks and to obtain sufficient and appropriate audit evidence so that we can make a statement based on this information. The risk of not revealing the material inaccuracy that has been caused by fraud is more than the risk of uncovering material misconduct caused by an error because part of the fraud may also be caused by falsified, neglected, untrue, or can be circumvented by internal controls.
- To get acquainted with the internal control systems of the Company relevant for the audit in the extent so that we can design audit procedures appropriately with respect to the given circumstances, but not to express a view on the effectiveness of its internal control system.
- To assess the suitability of the used accounting rules, adequacy of the used accounting estimates and information provided by the Statutory body of the Company in that context in the annex of the consolidated financial statements.
- Assess suitability of assumption of uninterrupted duration when preparing consolidated financial statement by statutory auditors and the fact whether or not in the light of the audit evidence gathered there is a significant material uncertainty arising from events or conditions that may confuse the Company's ability to sustain continually. If we come to the conclusion that there is such significant uncertainty it is our duty to draw attention to the information found in this connection in our report in the annex to the consolidated financial statement and if this information is insufficient, to express a modified statement. Our conclusions regarding the Company's ability to continue without interruption rely on the evidence we received until the date of our report. However, future events or conditions may imply that the Company may lose its ability to sustain its continuity.
- Evaluate the overall presentation, membership, and content of the consolidated financial statement, including Annex, plus whether the consolidated financial statement shows the underlying transactions and events that lead to true view.

It is our duty to inform persons mandated by the administration and management of the planned scope and timing of the audit and of the significant findings that we have carried out during the course of the audit, including the findings of significant internal control system deficiencies.

Responsible Statutory auditor

Ing. Vladimír Dvořáček is the statutory auditor responsible for auditing the consolidated financial statement of AKCENTA CZ a.s. as to 31 December 2016, on the basis of which this independent auditor's report was prepared.

In Prague on 27 April 2017

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration no. 71



Ing. Vladimír Dvořáček
Partner
Registration no. 2332

INDIVIDUAL

FINANCIAL STATEMENT

FOR THE YEAR
ENDING
31 DECEMBER

2016

AKCENTA CZ a.s.

INDIVIDUAL BALANCE SHEET

as to 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK		Note	31. 12. 2016	31. 12. 2015
ASSETS				
1	Cash in hand and balances with central banks		47	82
3	Receivables from banks and credit unions	13	1 036 627	865 191
	<i>Of which: a) repayable on demand</i>		1 004 276	842 137
	<i>b) other receivables</i>		32 351	23 054
4	Receivables from non-banks	14	21 270	12 843
	<i>b) other receivables</i>		21 270	12 843
8	Participating interests with decisive influence	15	4 700	4 700
9	Long-term intangible assets	16	12 310	10 353
10	Tangible fixed assets	17	2 273	413
	<i>Of which: land and buildings for operating activities</i>		15	20
11	Other assets	18	27 668	18 633
13	Prepayments and accrued income		882	803
Total assets			1 105 777	913 018

TCZK		Note	31. 12. 2016	31. 12. 2015
LIABILITIES				
1	Payables to non-bank entities	19	928 904	769 186
	<i>Of which: a) repayable on demand</i>		928 904	769 186
4	Other liabilities	20	39 231	33 633
5	Accruals and deferred income		696	529
6	Reserves	22	14 264	2 490
	<i>b) taxes</i>		2 845	-
	<i>c) other</i>		11 419	2 490
8	Share capital	21	24 030	24 030
	<i>Of which: a) paid-up share capital</i>		24 030	24 030
9	Share Premium		140	140
10	Reserve funds and other funds from profits	22	28 002	28 002
	<i>c) other funds from profit</i>		28 002	28 002
14	Retained earnings or unpaid losses from prior periods	23	41 008	28 587
15	Profit or loss for the accounting period	23	29 502	26 421
Liabilities total			1 105 777	913 018

TCZK		Note	31.12. 2016	31.12. 2015
OFF-BALANCE SHEET ITEMS				
Off-balance sheet assets				
1	Assurances and guarantees provided	25	-	4 500
2	Secured pledges	25	32 351	23 054
3	Receivables from spot transactions	25	603 126	92 531
4	Receivables from fixed term operations	25	4 364 172	3 558 790
Off balance sheet liabilities				
9	Assurances and guarantees accepted	25	20 000	20 000
11	Liabilities from spot operations	25	603 586	92 318
12	Liabilities from fixed term operations	25	4 359 528	3 554 501

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Note	2016	2015
1 Interest income and similar income	5	394	583
2 Interest expense and similar costs	5	(45)	(114)
4 Fee and commission income	6	12 835	12 073
5 Cost of fees and commissions	6	(12 881)	(11 179)
6 Profit or loss on financial operations	7	184 867	155 290
7 Other operating income	8	1 272	969
8 Other operating expenses	8	(1 049)	(1 518)
9 Administrative expenses	9	(137 280)	(117 113)
<i>Of which: a) employee costs</i>		<i>(57 211)</i>	<i>(49 770)</i>
<i>Of which: aa) wages and salaries</i>		<i>32 351</i>	<i>23 054</i>
<i>ab) social and health insurance</i>		<i>(14 543)</i>	<i>(12 983)</i>
<i>b) other administrative costs</i>		<i>(80 069)</i>	<i>(67 343)</i>
11 Depreciation, establishment and use of provisions and adjustments of tangible and intangible fixed assets		(2 086)	(2 719)
12 Release of allowances and provisions for receivables and guarantees, revenues from previously written-off receivables		-	54
13 Depreciation, creation and use of adjustments and reserves for receivables and guarantees	22	(1 593)	(177)
16 Release of other provisions	22	-	537
17 Creation and use of other reserves	22	(8 929)	(2 027)
19 Profit or loss for the period from ordinary activities before tax		35 550	34 666
23 Income tax	24	(6 048)	(8 245)
24 Profit or loss for the period after tax		29 502	26 421

INDIVIDUAL CASH FLOW STATEMENT

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Note	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit or loss for the accounting period from ordinary and extraordinary pre-tax activities		35 550	34 666
Adjustment for non-cash transactions:			
<i>Depreciation and changes in provisions for long-term tangible and intangible assets</i>		2 086	2 719
<i>Change in reserve status</i>		8 929	1 490
<i>Change in adjustments to receivables and write-offs of receivables</i>		1 593	123
<i>Net interest income</i>		(349)	(469)
<i>Any adjustments to other non-cash transactions</i>		(4 652)	(135)
		43 157	38 394
Changes in :			
Liabilities for derivative trades		(9 297)	(11 054)
Receivables from non-bank entities		1 573	(5 092)
Other assets, costs and accrued income		4 718	(1 615)
Payables to non-bank entities		159 718	225 330
Other liabilities, income and deferred expenses		1 413	7 813
		201 282	253 776

TCZK	Note	2016	2015
Interests received		335	508
Interests paid		(45)	(52)
Income tax paid		(9 479)	(5 528)
Net cash flow related to operating activities		192 093	248 704
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Loans to a related Company		-	(4 700)
Expenses related to the acquisition of tangible and intangible fixed assets		(10 000)	(2 580)
Income from sale of tangible and intangible fixed assets		73	-
Net cash flow related to investment activity		(15 989)	(13 080)
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Paid earnings shares		(14 000)	(6 600)
Net cash flow related to financial activity		(14 000)	(6 600)
Net increase or decrease in cash and cash equivalents		162 104	229 024
State of cash and cash equivalents as to 1 January		842 219	613 195
State of cash and cash equivalents as to 31 December		1 004 323	842 219
Cash and cash equivalents include:			
Cash on hand and deposits with central banks		47	82
Receivables from banks and cooperative credit institutions payable upon demand		1 004 276	842 137
State of cash and cash equivalents as to 31 December		1 004 323	842 219

INDIVIDUAL OVERVIEW OF CHANGES IN OWN CAPITAL

for the year ending 31 December 2016

Company name: AKCENTA CZ a.s.

Registered office: Ovocný trh 572/11

ID number: 25163680

Business activity: Securities dealer

Date of preparation of the financial statement: 27 April 2017

TCZK	Registered capital	Share premium	Other Funds from profit	Profit (loss)	Total
Balance on 1/1/2015	24 030	140	28 002	35 187	87 359
Dividends	-	-	-	(6 600)	(6 600)
Net profit/loss for the accounting period	-	-	-	26 421	26 421
Balance on 31/12/2015	24 030	140	28 002	55 008	107 180
Balance on 1/1/2016	24 030	140	28 002	55 008	107 180
Dividends	-	-	-	(14 000)	(14 000)
Net profit/loss for the accounting period	-	-	-	29 502	29 502
Balance on 31/12/2016	24 030	140	28 002	70 510	122 682

1. GENERAL INFORMATION

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Company description

AKCENTA CZ a.s. was established on 16 June 1997.

Name and address of the Company

AKCENTA CZ a.s.
Ovocný trh 572/11
110 00 Praha 1 – Staré Město
Czech Republic

ID number: 25163680
VAT number: Cz25163680

Hereinafter only („company“ or „Company“)

Members of the Board of Directors and the Supervisory Board as to 31 December 2016

Members of the Board of Directors:

- Milan Cerman (Chairman)
- Bc. Daniel Johanis, MBA (Vice-Chairman)
- Jan Karger

Members of the Supervisory Board:

- Milan Lacina, nar. 3. června 1956 (Chairman)
- Bc. Jiří Macek

Changes in the Companies Register

During 2016 the following changes were made in the Companies Register:

- The Supervisory Board member's Bc. Jiří Macek address has changed to Nerudova 837/14, 500 02 Hradec Králové

This change was registered on 15 July 2016.

Scope of business:

AKCENTA CZ a.s. on the basis of its certificate of incorporation is authorized within its normal business activities to provide the following services:

a) Production, trade and services not listed in Annexes 1 to 3 of Trade Licensing Act.

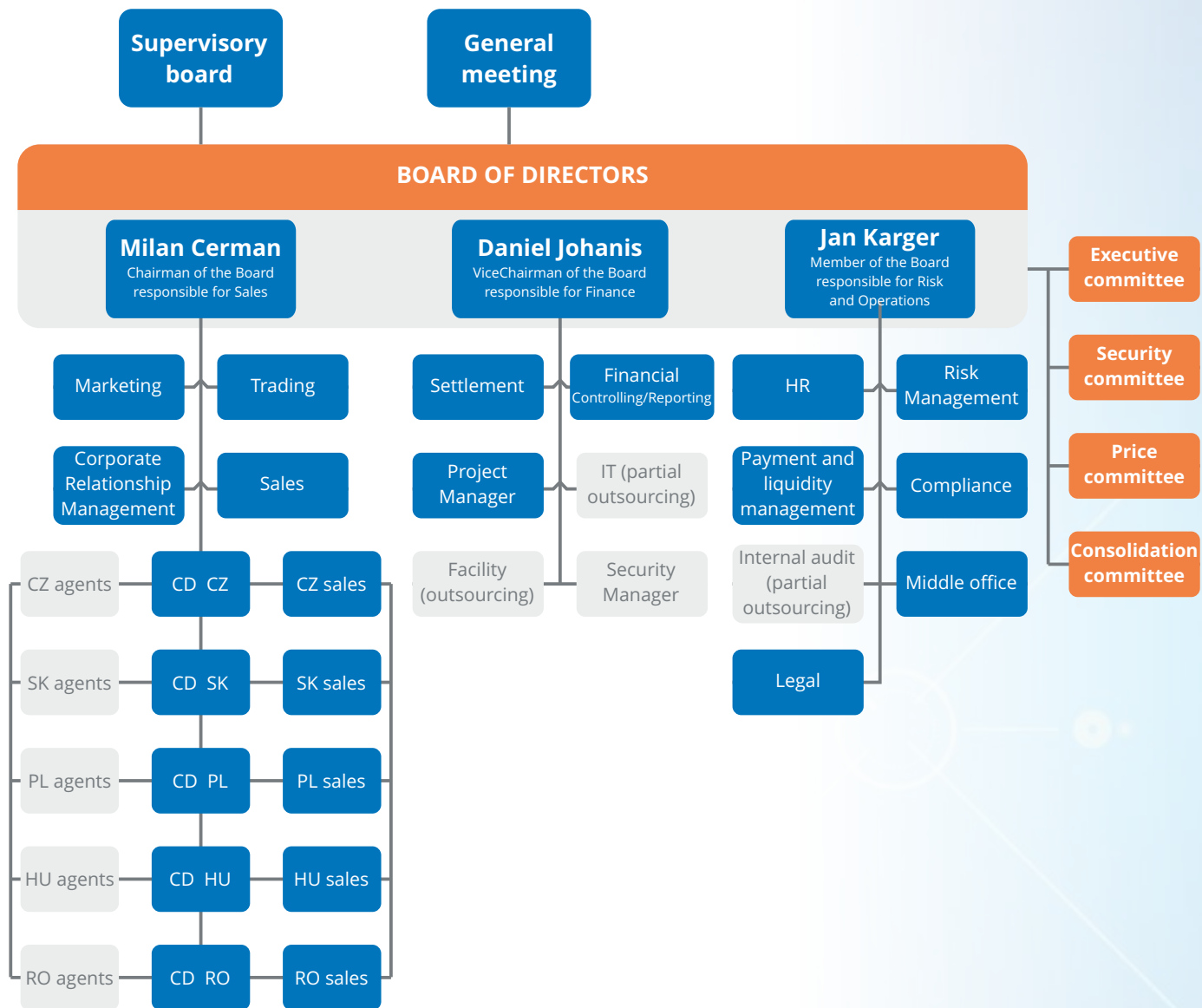
AKCENTA CZ a.s. is listed in the registry kept by the Czech National Bank (ČNB) in the following sectors:

- Payment institutions and branches of foreign payment institutions,
- Securities dealer and branches of a foreign securities dealer.

AKCENTA CZ a.s. based on a decision of the CNB to grant permission to carry out the activities of a payment institution dated 22 February 2011 and the license for securities trading dated 15 July 2011, is authorized to provide:

- payment services under Act No. 284/09 Coll.:
 - cash deposits into a payment account maintained by the Company under Section 3, par. 1a) of the said Act;
- cash withdrawals from a payment account maintained by the Company under Section 3, par. 1b) of the said Act;
- money transfers under Section 3, par. 1c) of the said Act;
- issuance and management of the means of payment and facilities to accept means of payment under Section 3, par. 1e) of the said Act;
- performing transfers of means of payment under Section 3, par. 1f) of the said Act
- activities of a securities trader under Act No. 256/2004 Coll., in the extent of principal investment services, i.e.:
 - accepting and providing instructions of investment instruments;
 - performing instructions of investment instruments on the customer's account;
 - trading investment instruments for its own account;
 - supplementary investment services: depositing and managing investment instruments including related services, all in respect of the provision of investment instruments under Section 3, par. 1d) of the said Act

Organizational structure valid as to 31 December 2016



CD = Country Director Outsourced activities Committee

b) Basis for preparation of the consolidated financial statement

The consolidated financial statement was prepared on the basis of accounting kept in accordance with Act No. 563/1991 Coll. Accounting act and the relevant regulations and decrees applicable in the Czech Republic. The Financial statement was based on the principles of accruals of cost and income and historical prices, except for selected financial instruments at fair value.

This consolidated financial statement is prepared in accordance with Decree No. 501 of the Ministry of Finance of the Czech Republic, dated November 6, 2002, as amended by subsequent regulations, which provides for the classification and identification of the items of the financial statements and the content definition of the items of this statement and the accounting methods and their use for banks and other financial institutions.

The Company does not prepare an individual annual report, as the relevant information is included in the consolidated annual report.

2. SIGNIFICANT ACCOUNTING POLICIES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

The Company's consolidated financial statements have been prepared in accordance with the following important accounting policies:

a) Transaction date:

Depending on the type of transaction, the transaction time is set to the date of payment or receipt of cash, the date of purchase or sale of currency, foreign currency, securities, the day of payment or debits from the client's account, the day of the correspondence payment order, the date of crediting the (foreign) funds according to a statement received from the correspondent of the company (statement means a SWIFT statement, a bank notice, an account statement or other documents), the day of the trade and the day of settlement of foreign exchange transactions, other derivatives, the date of issue or acceptance of the guarantee, the date of service provision.

In the case of incoming invoices in foreign currency, the day of the performance of the taxable transaction is the day of provision of service or the date of issue of the invoice, unless the date of the provision of the service is clearly determined, specifically, the date of payment in the case of advance overhead invoices from the European Community countries. In the case of invoices received from commercial agents, the day of the taxable transaction is the last day of the month for which the service is provided.

Accounting transactions for the purchase and sale of financial assets with usual delivery date (spot transactions) are recognized directly under the corresponding item in the relevant asset or liability. Unsettled spot transactions at the balance sheet date are reported in off-balance sheet.

Fixed-term forward transactions are recorded in the off-balance-sheet accounts from the trade date to the trade settlement date and at the same time the fair value of the unsettled derivatives is recorded on the balance sheet and the income statement.

(b) Debt securities, shares, share certificates and other equities

AKCENTA CZ Company does not perform debt securities, shares, unit certificates and other equity transactions.

(c) Securities transactions for clients

AKCENTA CZ does not perform securities transactions for clients.

(d) Participating interests with decisive influence

Participation with decisive influence is a participation in a subsidiary in which AKCENTA CZ a.s. effectively or by law, directly or indirectly exercises decisive influence (control) on its management or operation.

The decisive influence is the ability to manage the financial and operational policies of this Company and thus benefit from its activities.

AKCENTA CZ a.s. performs the decisive influence every time, provided at least one of the following conditions is met:

- a) is a majority shareholder, or
- b) has a majority of voting rights on the basis of an agreement with another member or partners, or
- c) may enforce appointment or election or dismissal of a majority of the persons who are either the statutory body or members thereof or a majority of the persons who are members of the supervisory body of the legal entity of which it is a member.

Valuation

Participations with decisive influence are measured by purchase price which is reduced by any adjustments as a result of the temporary impairment of these participations, on an individual basis for each participating interest.

The creation, dissolution and use of related allowances are recognized in the profit and loss statement in the items "Release of adjustments for participating interests with controlling and significant influence" and "Losses from the transfer of controlling interests, creation and use of adjustments to participations with decisive and substantial influence".

(e) Receivables from clients from financial operations

Receivables from financial operations are recognized at purchase prices and, in the case of foreign currency receivables, they are converted at the contractual rate agreed on the trade date (the exchange rate is determined based on the current supply and demand situation of the currency pair on the interbank foreign exchange market). Unsettled trades on the last day of the month are revalued at the CNB exchange rate valid on the last day of the month. At the balance sheet date, receivables are recalculated at the CNB exchange rate valid at the balance sheet date. Receivables and payables from unrealized transactions at the balance sheet date are recognized in off-balance sheet items and are not a part of the balance sheet at the balance sheet date.

The Company forms accounting adjustments and depreciates the receivables. Adjustments and depreciation of receivables are recognized under "Write-offs, creation and use of adjustments and provisions for receivables and guarantees".

Adjustments to receivables that were reimbursed were disposed of in favour of costs. Adjustments to receivables that were written off were used.

The Company creates adjustments for outstanding claims on the basis of an individual assessment.

(f) Forming reserves

Reserve represents probable performance, with uncertain timing and amount. The provision is calculated at the expense of the best estimate of the expenses necessary to settle the existing debt.

The reserve is formed if the following criteria is met:

- a) there is an obligation (legal or material) to perform as a result of past events,
- b) it is probable or certain that the transaction will occur and will require an outflow of funds representing economic benefits, where "probable" means a probability of more than 50%,
- c) it is possible to perform a reasonably reliable estimate of performance.

AKCENTA CZ a.s. creates a non-tax reserve for annual bonuses that are paid in the following year, the reserve is formed including related social and health insurance.

(g) Tangible and intangible fixed assets

The depreciation periods for each category of tangible and intangible fixed assets are as follows:

Software	60 months
Royalties	72 months
Computers	3 years
Inventory	3 to 10 years
Others	3 years
Vehicles	5 years

For intangible fixed assets and "TZ Software" items, tax and accounting depreciation is different. TZ Software is depreciated for 60 months (for tax purposes 36 months) from each change in the TZ.

Accounting and tax depreciation is not the same for tangible fixed assets.

Minor assets

Intangible assets with an acquisition cost lower than CZK 60 thousand and minor tangible fixed assets with acquisition cost lower than CZK 40 thousand is accounted to the cost of the period in which it was acquired while the service life is longer than 1 year. At the same time minor tangible assets worth more than CZK 1000 is kept in the operational register of small property, according to its location.

(h) Valuation of assets and liabilities

The accounting unit uses the following for valuation of assets and liabilities:

- **Purchase price** – i.e. the price at which the property was acquired, the purchase price includes the costs associated with its acquisition,
- **Par value** – for the valuation of cash and securities, receivables and payables incurred.
- For the conversion of foreign currencies to CZK, exchange rates were used according to the CNB exchange rate sheet at the balance sheet date.

(i) Financial derivatives and spot transactions

As part of its activity, the Company concludes spot, forward, swap and option transactions.

Currency spot

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in the second currency at a fixed exchange rate, the exchange rate being determined on the basis of the current supply and demand situation of the currency pair on the interbank foreign exchange market (contractual rate).

When concluding a trade, the CNB exchange rate on the settlement date is used. Recognition of gains or losses on currency operations occurs at the time the trade is settled, i.e. at the time of settlement of the liability or receivable. Gain and loss on settlement of foreign exchange currency transactions are recognized in the income statement in "Profit or loss on financial operations".

Currency forward

Purchase or sale of a certain amount of funds in one currency for a certain amount of funds in the second currency at a fixed exchange rate, the exchange rate being determined by the current supply and demand situation on the foreign exchange market and the interest rates of the participating currencies.

The settlement of currency forwards occurs in the future, at the earliest on the sixth business day and at the latest one year after the trade is closed.

Both the forward rate and the settlement date are binding, they cannot be changed after closing.

Currency swap

Exchange of funds in one currency for another currency for a fixed period of time. If this period begins in the future, it is referred to as Forward FX swap option.

Settlement will take place as with two independent conversions, i.e. the initial sale of funds by the client to the Company for the current Spot (or Forward Rate in the case of Forward FX Swap) exchange rate and in the future for their buyback by the client from the Company for the Forward Rate.

Options

The right (not the obligation) to buy / sell one currency for another at a pre-arranged exchange rate - the Strike Price and the agreed date in the future - Expiration Date. For this right, the buyer pays the seller for the option Premium.

The market price of an option (Premium) is payable immediately or the second working day, based on the prior approval of the Risk Management department, based on the current supply and demand on the market.

If the option is exercised by the client or the Company, the settlement will take place as a "spot trade" in the system.

Unsettled derivatives are recognized at fair value in the balance sheet. Positive fair values of unsettled derivatives are recognized in assets under "Other assets". Negative fair values of unsettled derivatives are recognized in liabilities under "Other liabilities".

The fair value of financial derivatives is determined as the present value of the expected cash flows arising from those transactions. To determine the present value, the market as exchange rates, interest rates for a given maturity based on the yield curve, etc. are used.

Unsettled derivatives are recorded among off-balance sheet items in the undiscounted contractual value of the underlying instrument under "Receivables from fixed term operations", "Liabilities from fixed term operations".

Unrealized gains and losses arising from changes in fair values of unsettled derivatives and realized gains and losses on settled derivatives are recognized in profit or loss in "Profit or loss on financial operations".

(j) Taxation

The tax base for income tax is calculated from the profit or loss for the current period by adding non-deductible expenses and deducting income that is not subject to income tax and further adjusted for tax rebates and any relevant tax credits paid abroad.

Deferred tax is based on any temporary differences between the accounting and tax value of assets and liabilities using the expected tax rate applicable for the subsequent period. A deferred tax asset is accounted for only if there is no doubt about its continued application in subsequent accounting periods.

3. CHANGES IN ACCOUNTING METHODS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

No significant change in accounting methods was made in 2016.

4. CORRECTIONS TO PREVIOUS PERIODS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

In 2016 there were no corrections to previous periods and there were no additional corporate income tax returns.

5. NET INTEREST INCOME

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Interest income and similar income Interest income from bank accounts	394	583
Total	394	583
Interest and similar expense / Other	45	114
Total	45	114
Net interest income	349	469

6. INCOME AND EXPENSES FROM FEES AND COMMISSION

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Income from fees and commission From spot transactions, derivative transactions and transfers	12 835	12 073
Total	12 835	12 073
Expenses from fees and commission From spot transactions, derivative transactions and transfers	12 836	11 172
Total	12 836	11 172
Net income from fees and commissions	(1)	901

7. PROFIT OR LOSS ON FINANCIAL OPERATIONS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Profit / (loss) on derivative transactions	30 333	12 874
Profit / (loss) from spot transactions	150 667	115 029
Other exchange rate differences	3 867	27 387
Total	184 867	155 290

8. OTHER OPERATING INCOME AND EXPENSES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Income from sales of services	112	165
Income - Other operating revenues	(1 160)	804
Total	1 272	969
Costs - Other operating costs	(1 049)	1 518
Total	1 049	1 518

The item "Income - Other operating revenues" includes, in particular, contractual penalties, penalties and compensation received and other operating income.

The item "Costs - Other operating costs" consists mainly of - not applied VAT deduction.

9. ADMINISTRATIVE EXPENSES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Wages and salaries to employees	37 313	31 904
Social and health insurance	14 543	12 983
Wages and salaries paid to members of the Board of Directors	5 355	4 883
Employee expenses	57 211	49 770
Other administrative costs	80 069	67 343
<i>Of which: commissions to business advisers</i>	37 795	28 908
<i>Of which: outsourcing costs</i>	4 699	3 434
<i>Of which: audit, legal and tax advice costs</i>	3 018	2 398
Total	137 280	117 113

Average headcount was as follows:	2016	2015
Employees	75	64
Board members	3	3
Members of the Supervisory Board	2	2

10. REVENUE AND COST FROM OPERATIONS WITH DECISION-MAKING PARTICIPATION

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

AKCENTA CZ a.s. reports an income from a loan to NERUDOVA property s.r.o. Company, ID number 04151640 amounting to CZK 152 thousand (2015: CZK 11).

11. INCOME AND COSTS BY AREA OF ACTIVITY

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Geographic areas	Czech Republic			
	2016	2015	2016	2015
TCZK				
Interest income and similar income	77	343	317	240
Interest and similar costs	45	114	0	0
Fee and commission income	5 279	5 499	7 556	6 574
Cost of fees and commissions	8 378	7 469	4 503	3 703
Profit or loss on financial operations	134 095	115 963	50 772	39 327

12. TRANSACTIONS WITH RELATED PARTIES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Receivables	19 429	8 678
Liabilities	187	4 224
Revenues	4 450	7 357
Expenses	13 854	17 234

Receivables from related parties consist of paid advances for services related to the rent of a building amounting to CZK 500 thousand (2015: CZK 500 thousand), a loan to AKCENTA GROUP SE amounting to CZK 5,775 thousand and NERUDOVA property s.r.o. amounting to CZK 10 553 thousand. The fair value of unsettled derivatives as to 31 December 2016 of CZK 2,380 thousand (2015: CZK 1,696 thousand).

Payables to related parties are liabilities for unpaid invoices for purchased services from related parties that are due on maturity.

Revenues from related parties include interest on borrowings, exchange rate differences on business transactions and sales of tangible fixed assets from 2016.

In particular, costs related to related parties represent the costs of outsourcing services amounting to CZK 4,969 thousand (2015: CZK 7,793 thousand), costs resulting from the lease of premises amounting to CZK 805 thousand (2015: CZK 1,279 thousand) and related services, costs related to the rental of passenger vehicles in the amount of CZK 466 thousand (2015: CZK 396 thousand).

13. RECEIVABLES FROM BANKS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Receivables from banks

TCZK	31.12. 2016	31.12. 2015
Current Accounts (nostro accounts)	1 004 276	842 137
Pledge for derivative trades	32 351	23 054
Receivables from banks in gross amount	1 036 627	865 191
Allowances for possible losses on receivables	-	-
Receivables from banks in net amount	1 036 627	865 191

(b) Classification of receivables from banks

AKCENTA CZ a.s. recognizes all receivables from banks as standard.

Under the entry "Bank Claims", AKCENTA CZ a.s. as to 31 December 2016, shows the balance of TCZK 21 172 (i.e. EUR 783,000) with which it had a limited disposal option at the balance sheet date. The management of the Company is convinced that the reasons for the limitation of the disposition are not legitimate and are in the process of negotiating for their release.

(c) Receivables from banks due to residual maturity

All receivables from banks are due within one month.

(d) Analysis of receivables from banks by type of collateral

Bank receivables recognized in the balance sheet (note 14 a) represent the funds deposited in individual bank accounts and the time discrepancy between the payment sent from a foreign bank and the payment credited to the account AKCENTA CZ a.s.. These are standard receivables and as such are not specifically provided for.

14. RECEIVABLES FROM NON-BANK ENTITIES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Valuation of receivables from non-bank entities

TCZK	2016	2015
Receivables from clients	6 499	5 064
Deposit - trades	28	1 689
Receivables from related parties	16 328	6 294
Adjustments	(1 585)	(204)
Total	21 270	12 843

AKCENTA CZ a.s. has no obligation to categorize the receivables from clients and these receivables are not interest bearing.

Receivables from clients consist of receivables from invoiced fees for trades.

(b) Analysis of receivables from non-bank entities by sector and by type of collateral

Receivables from non-bank entities were mainly receivables from non-financial organizations, which are not specifically secured.

(c) Receivables from persons with a special relationship to the Company and receivables from participating interests with controlling influence

AKCENTA CZ a.s. records a receivable of CZK 5,775 thousand for the company AKCENTA GROUP SE group on the basis of a loan agreement, the maturity of the receivable is 31 December 2018. This receivable is remunerated at a fixed interest rate. AKCENTA CZ a.s. also records a receivable of CZK 10,553 thousand for NERUDOVA property s.r.o. on the basis of a loan agreement, the maturity of the claim is 9 July 2025. This receivable is also interest bearing with fixed interest.

15. PARTICIPATION WITH DECISION-MAKING INFLUENCE

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

Since 10 June 2015, AKCENTA CZ a.s. has a 100% participation in NERUDOVA property s.r.o., ID number 04151640.

Basic information

TCZK Business name	Registered address	Subject of business	Share capital	Other components of VK	Share at VK	Share of voting rights	Book value
As to 31 December 2016							
Nerudova property s.r.o.	Gočárova třída 227/50, Hradec Králové	Rentals of property, residential and non-residential premises	200	4 500	100%	100%	4 700
Total			200	4 500			4 700

TCZK Business name	Registered address	Subject of business	Share capital	Other components of VK	Share at VK	Share of voting rights	Book value
As to 31 December 2015							
Nerudova property s.r.o.	Gočárova třída 227/50, Hradec Králové	Rentals of property, residential and non-residential premises	200	4 500	100%	100%	4 700
Total			200	4 500			4 700

16. LONG-TERM INTANGIBLE ASSETS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Changes in intangible fixed assets

TCZK	Software	Quantifiable rights	Unclassified property	Total
Purchase price				
As to 1 January 2015	13 242	32 540	1 634	47 416
Additions	0	0	5 800	5 800
Other changes	734	0	(734)	0
As to 31 December 2015	13 976	32 540	6 700	53 216
As to 1 January 2016	13 976	32 540	6 700	53 216
Additions	2 230	0	3 887	6 117
Other changes	(275)	0	(2 230)	(2 505)
As to 31 December 2016	15 931	32 540	8 357	56 828
Amortization and provisions				
As to 1 January 2015	7 723	32 540	0	40 263
Annual depreciation	2 600	0	0	2 600
As to 31 December 2015	10 323	32 540	0	42 863
As to 1 January 2016	10 323	32 540	0	42 863
Annual depreciation	1 930	0	0	1 930
Other changes	(275)	0	0	(275)
As to 31 December 2016	11 978	32 540	0	44 518
Net book value				
As to 31 December 2015	3 653	0	6 700	10 353
As to 31 December 2016	3 953	0	8 357	12 310

(b) Establishment expenses

There are no establishment expenses in the accounts of AKCENTA CZ.

17. TANGIBLE FIXED ASSETS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Changes in the tangible fixed assets

TCZK	Land and buildings	Machinery	Vehicles	Total
Purchase price				
As to 1 January 2015	20	8 187	536	8 743
Additions	0	0	0	0
As to 31 December 2015	20	8 187	536	8 743
As to 1 January 2016	20	8 187	536	8 743
Additions	0	1 084	1 091	2 175
Other changes	(5)	(1 389)	0	(1 394)
As to 31 December 2016	15	7 882	1 627	9 524
Depreciation and provisions				
As to 1 January 2015	0	8 158	53	8 211
Annual depreciation	0	12	107	119
Disposals	0	0	0	0
As to 31 December 2015	0	8 170	160	8 330
As to 1 January 2016	0	8 170	160	8 330
Annual depreciation	0	12	144	156
Other changes	0	(1 235)	0	(1 235)
As to 31 December 2016	0	6 947	304	7 251

Net book value

As to 31 December 2015	20	17	376	413
As to 31 December 2016	15	935	1 323	2 273

(b) Tangible fixed assets purchased under finance leases

In 2016 no tangible fixed assets were acquired on the basis of a finance lease (2015: CZK 901 thousand). Assets are recorded on an off-balance sheet account.

18. OTHER ASSETS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Positive fair value of derivatives	24 654	12 907
Deferred tax asset	2 085	0
Other assets	929	5 726
Total	27 668	18 633

Positive fair value of derivatives

Derivatives are secured by a cash collateral in the initial value of 10% of the transaction nominal value. From the conclusion of the trade until its maturity, the fair value of the transaction is monitored using the Marked to Market (MTM) method. If the MTM trade value reaches 80% of the composite collateral value, the client is invited to complete the collateral so that the MTM falls below 60% of the collateral value.

Other assets

The "Other assets" item represents the operating advances of CZK 804 thousand (2015: CZK 1 143 thousand), employee receivables of CZK 117 thousand (2015: CZK 165 thousand) and other receivables of CZK 8 thousand (2015: CZK 8 thousand).

19. COMMITMENTS TO NON-BANK ENTITIES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Analysis of liabilities to non-bank entities, by maturity

TCZK	2016	2015
Repayable on demand	928 904	769 186
Total	928 904	769 186

(b) Liabilities to persons with special relationship and liabilities to controlling interests

AKCENTA CZ a.s. does not have liabilities to special partners or to any controlling interests.

20. OTHER LIABILITIES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

TCZK	2016	2015
Negative fair value of derivatives	16 198	7 872
Suppliers	7 025	6 736
Payables to employees	5 131	3 952
Payables to health and social insurance funds	2 943	2 329
Liabilities to the state budget	1 723	4 233
Payables to members of the VAT group	0	4 496
Payables from trades	3 589	1 654
Estimated receivables	2 622	1 592
Deferred tax liability	0	769
Total	39 231	33 633

21. SHARE CAPITAL

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

The registered capital of CZK 24,030 thousand consists of 21 ordinary registered shares in nominal value CZK 450 thousand and 162 ordinary registered shares with a nominal value of CZK 90 000.

Name	Registered office	Number of shares (pcs)	Share in registered capital (in %)
AKCENTA GROUP SE, ID number 28252900	Gočárova třída 312/52, Pražské Předměstí, 500 02 Hradec Králové	183	100%
Total		183	100%

22. ADJUSTMENTS FOR RECEIVABLES AND RESERVES

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

Development of adjustments for receivables from non-bank entities:			
TCZK	Tax deductible adjustments	Tax non-deductible adjustments	Total
Balance as to 1 January 2015	21	140	161
Creation	2	104	106
Release	0	0	0
Use	(7)	(56)	(63)
Balance adjustments as to 31 December 2015	16	188	204
Balance as to 1 January 2016	16	188	204
Creation	9	1 520	1 529
Release	(11)	(127)	(138)
Use	(1)	(9)	(10)
Balance adjustments as to 31 December 2016	13	1 572	1 585

In 2016 adjustments in the amount of CZK 1,529 thousand were created.

In 2016 receivables totalling CZK 212 thousand were written off (2015: CZK 80 thousand) and at the same time utilization of adjustments established for such receivables was accounted for in the amount of CZK 10 thousand (2015: CZK 63 thousand).

Development of reserves			
TCZK	Provision for bonuses	Income tax reserve	Total
Balance as to 1 January 2015	1 000	0	1 000
Creation	2 490	0	2 490
Dissolving unnecessary reserves	(537)	0	(537)
Use	(463)	0	(463)
Balance of provisions as to 31 December 2015	2 490	0	2 490
Balance as to 1 January 2016	2 490	0	2 490
Creation	11 419	9 922	21 341
Dissolving unnecessary reserves	0	(1 030)	(1 030)
Use	(2 490)	(6 047)	(8 537)
Balance of provisions as to 31 December 2016	11 419	2 845	14 264

In 2016, AKCENTA CZ created a provision reserve of CZK 11,419 thousand (2015: CZK 2,490 thousand) and a reserve for income tax of CZK 2,845 thousand (2015: CZK 0).

Provision for an income tax of CZK 3,205 thousand for the year 2015 was recognized under Other liabilities as at 31 December 2015.

23. PROPOSAL FOR THE DISTRIBUTION OF PROFIT FOR THE CURRENT PERIOD

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

The Company proposes a profit distribution in 2016 as follows:

TCZK	Profit / Loss	Retained earnings or unpaid losses from previous periods	Other Profit from Funds
Balance as to 31 December 2016 before the expected distribution of profit for 2016		41 008	28 002
Profit for the year 2016	29 502	-	-
Proposal for profit distribution for year 2016	(29 502)	29 502	-
Balance as of 31 December 2016 after the expected profit distribution for 2016	-	70 510	28 002

24. INCOME TAX AND DEFERRED TAX LIABILITY / RECEIPT

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Current income tax payable

TCZK	2016	2015
Profit or loss for the period before tax	35 550	34 666
Tax non-deductible costs increasing the tax base	15 042	3 967
Other items reducing the tax base	(3 791)	(1 663)
Subtotal	46 801	36 970
Tax calculated at the rate of 19%	8 892	7 024
Tax paid abroad	2 380	1 740
Credit of tax paid abroad	(2 380)	(1 479)
Adjusted tax for the prior period	10	0
Total tax liability	8 902	7 285

The total cost of current income tax payable in 2016 was CZK 8,892 thousand. (2015: CZK 7,285 thousand).

(b) Deferred tax liability / receivables

As to 31 December 2016, the Company has a deferred tax asset in other assets of CZK 2,085 thousand. (31 December 2015: deferred tax liability of CZK 769 thousand), calculated at 19% income tax rate. Effect of deferred tax on the item income and loss statement Income tax in 2016 amounted to CZK 2,854 thousand. (2015: CZK 960 thousand).

25. OFF-BALANCE SHEET ITEMS

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

Receivables / payables from spot and fixed forward transactions

On off-balance sheet items, AKCENTA CZ a.s. accounts for forward and swap transactions with clients and records them up to the point of settlement.

Additionally, off-balance sheet items are converted into spot transactions that are not settled on the asset or the liability side.

Off-balance sheet receivables and payables are nominal (contractual) undiscounted values.

Assurances and guarantees provided

In the item of assurances and guarantees provided, in 2015 the unused loan was recognized by NERUDOVA property s.r.o. in the amount of CZK 4,500 thousand which was exhausted in 2016.

Pledges granted

The amount of collateral represents amounts that serve as collateral for derivative transactions.

Commitments and guarantees accepted

In the item of received commitments and guarantees, the overdraft credit facility is recognized at a nominal value of CZK 20,000 thousand which was not used as to 31 December 2016 and was recognized as an off-balance sheet liability under "Liabilities and guarantees".

TCZK	2016	2015
Credit type	overflow	overflow
Nominal value	20 000	20 000
Maturity	January 2017	January 2016
Repayment schedule	one-time recovery	one-time recovery
Repayment schedule	0	0
Drawdown balance	0	0
Maturity from 1-5 years	0	0

26. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

(a) Credit risk

In the course of its activities, AKCENTA CZ a.s. does not substantially undertake credit risk.

The settlement of a large majority of payment transactions and futures contracts with foreign currencies agreed with clients always occurs after receiving funds from the client to the accounts maintained by AKCENTA CZ a.s. In addition, AKCENTA CZ a.s. requires most clients with whom forward and swap transactions are concluded to block client assets to cover potential future cash-collateral losses. In the event of negative development over the duration of the trade, AKCENTA CZ a.s. requires this provision to be replenished.

The Company's credit risk is also associated with depositing the Company's available funds and the entrusting client funds on bank accounts. This risk is limited and controlled by the Group in particular by the fact that only those banks are chosen – counterparties, with ratings assigned by international rating agencies, in particular Moody's Investors Service and Standard & Poor's Corporation, that reflect the fact that these institutions are sufficiently able to meet their own financial Commitments.

(b) Market risk

Currency risk is the most significant market risk that AKCENTA CZ a.s. is exposed to as a result of its core business.

Currency risk is controlled:

- by prudent and effective management of open foreign exchange positions,
- by setting stop / loss limits,
- by setting and checking of internal limits for the maximum amount of the total open foreign exchange position.

The foreign exchange position of the balance sheet and off-balance sheet items by major currencies is as follows:

TCZK	EUR	USD	PLN	HUF	CZK	Others	Total
As to 31 December 2016							
Cash on hand and deposits	6	-	14	5	19	3	47
Receivables from banks	432 714	113 406	75 341	51 354	250 898	112 914	1 036 627
Receivables from non-bank entities	56	4 324	321	100	16 463	6	21 270
Participating interests with decisive influence	-	-	-	-	4 700	-	4 700
Tangible and intangible fixed assets	-	-	-	-	14 583	-	14 583
Other assets	-	-	-	-	27 607	61	27 668
Prepayments and accrued income	-	-	-	-	882	-	882
Total	432 776	117 730	75 676	51 459	315 152	112 986	1 105 777
Payables to Non-Banking Entities	441 299	124 056	141 879	53 527	83 899	84 244	928 904
Other liabilities	2 354	822	1 081	897	33 417	660	39 231
Accruals and deferred income	-	-	-	-	696	-	696
Reserves	-	-	-	-	14 264	-	14 264
Equity	-	-	-	-	122 682	61	122 682
Total	443 653	124 878	142 960	54 424	254 958	84 904	1 105 777
Long positions of FX spots and derivatives	2 132 392	323 394	499 142	102 177	1 848 566	61 627	4 967 298
Short positions of FX spots and derivatives	2 119 997	322 150	431 478	100 873	1 899 201	89 414	4 963 114
Net foreign currency position	1 518	-5 904	380	-1 661	9 559	292	4 184

TCZK	EUR	USD	PLN	HUF	CZK	Others	Total
As to 31 December 2015							
Cash on hand and deposits with central banks	9	-	1	7	62	3	82
Receivables from banks	319 942	145 258	48 117	66 917	230 580	54 377	865 191
Receivables from non-bank entities	1 750	-	161	43	10 883	6	12 843
Participating interests with decisive influence	-	-	-	-	4 700		4 700
Tangible and intangible fixed assets	-	-	-	-	10 766	-	10 766
Other assets		-		15	18 413	205	18 413
Prepayments and accrued income					803		803
Total	321 701	145 258	48 279	66 982	276 207	54 591	913 018
Payables to non-bank entities	459 125	126 482	60 434	26 223	60 740	36 182	769 186
Other liabilities	2 382	133	916	372	29 821	9	33 633
Accruals and deferred income	-	-	-	-	529	-	529
Reserves	-	-	-	-	2 490	-	2 490
Equity	-	-	-	-	107 180	-	107 180
Total	461 507	126 615	61 350	26 595	200 760	36 191	913 018
Long positions of FX spots and derivatives	1 591 709	196 598	176 654	43 050	1 402 025	241 285	3 651 321
Short positions of FX spots and derivatives	440 236	213 425	162 024	84 216	1 485 372	261 546	3 646 819
Net foreign currency position	11 667	1 816	1 559	(779)	(7 900)	(1 861)	4 502

Column Other includes the following currencies GBP, CHF, SEK, AUD, JPY, CAD, DKK, RUB, NOK, CNY, RON and TRY.

AKCENTA CZ a.s. does not regard interest rate risk as significant risk, mainly due to the fact that around 95% of the total number of closed client transactions are spot transactions. Forward transactions are usually payable within three months.

(c) Liquidity risk

Liquidity is defined in case of the Company as the ability of to meet client's commitments arising from the realization of currency conversions and their associated payment transactions.

AKCENTA CZ a.s. has established mechanisms that separate clients' funds from the Company's operating resources.

The vast majority of closed spot / forward transactions are settled by AKCENTA CZ a.s. only after AKCENTA CZ a.s. receives the financial coverage of the transaction by the client. This means that no trade is settled unless it is covered, which in fact prevents the emergence of liquidity risk in AKCENTA CZ a.s. The exception are trades with clients who draw a bank line (AKCENTA CZ a.s. provides payment services for credit within the scope of its payment institution's licence payable within 1-2 business days) since from 1 December 2016 AKCENTA CZ a.s. offers eligible clients the possibility to draw a bank line.

(d) Operational risk

Operational risk of AKCENTA CZ a.s. is defined as the risk of loss as a result of deficiencies or failures of internal processes, human factors or systems and the risk of loss due to external factors, including the risk arising from breach or non-compliance with legal requirements.

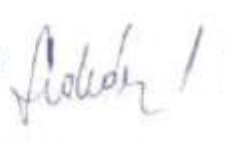
The operational risk management process in the Company's terms is presented by a summary of activities performed on quarterly basis, in particular identification, evaluation and monitoring of risks, including controls of the implementation of preventive and other measures to mitigate individual types of risks. Outputs from these activities are recorded in an internal Risk Matrix document. Operational risks linked to the Company's operations are mitigated under the AKCENTA CZ a.s. terms of reference:

- system support for all processes,
- consistent separation of roles of business negotiation, trade settlement and trade accounting,
- setting user rights on all systems,
- standardized work practices,
- multiple controls on processes with a quantitatively high impact on the profit and loss account,
- applying a four-eye principle control,
- professional supervision of Compliance, Internal Audit and Risk Management,
- backup plans for dealing with emergencies.

27. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

AKCENTA CZ a.s., Annex to the financial statement Year ending 31 December 2016

On April 24, 2017, AKCENTA CZ a.s. changed its registered address to Salvátorská 931/8, Staré Město, 11000 Praha 1.

<p>Submitted on: 27 April 2017</p>	<p>Stamp and signature of the statutory body:</p>  <p>Milan German</p>	<p>Person responsible for accounting</p> <p>Name and signature:</p>  <p>Eva Dostálová</p> <p>Phone: +420 498 777 823</p>	<p>Person responsible for financial statement</p> <p>Name and signature:</p>  <p>Dana Sedláková</p> <p>Phone: +420 498 777 766</p>
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