RPC

ANNUAL REPORT

2018

Sharing the best for your cards success

STATEMENT OF EXECUTIVE DIRECTOR AND GENERAL MANAGER

Dear Business Partner and Clients,

RPC, the Regional Card Processing Centre, can look back at a very satisfying performance in the financial year 2018.

The CEO/COO split in 2017 has shown immediate effect and created sustainable success, especially in the field of new projects and delivery capabilities.

Despite of the challenging conditions, the growth path of the RPC continues to rise constantly. Currently, the RPC is processing more than 4.8 million cards, resulting in about 562 million processed transactions, showing a peak on 21st of December 2018 with 2.14 million transactions on both card management platforms, PayWare and W4. The POS acquiring business continues to be a significant contributor to our overall results with 184 million transactions on more than 30,500 terminals, which is also an all-time high. The number of HCE customers exceeded 100,000 users in the last year, which shows the increasing digital demand of European credit card users.

Due to its significant growth, the RPC was able to invest substantially in the new W4 infrastructure and decommission parts of the old systems already by mid-2018. This has improved not only the stability but also the performance of the target platform W4. The quality and high availability will remain a priority for our business therefore investments and activities in this area will continue in 2019 to remain a reliable and stable partner for the next customers and volumes to be migrated to the new platform.

The steady growing amount of new and 100% satisfied customers and increasing trend in processed volumes show that the RPC's performance level remains high and we are looking forward to continue performing on this exceptional level.

In terms of service Levels the RPC continues the 2017 success and closes the year with 100% systems availability for all online authorization services.

The 2020 Migration Strategy is well on track due to the successful finalization of the TatraBanka project.

We continued successfully with the strategic migration program for both issuing and acquiring business of the following networking banks: Raiffeisenbank Serbia, Romania and Croatia started in 2018 (all of them for both issuing and AQU migration).

In 2018 we further invested in the set-up of a dedicated digital team supporting the whole RBI Group in the implementation of their Digital Strategy for Cards Business.

An additional investment which we are very proud of and which is making the RPC "fit" for the future while providing the right environment for our employees to perform their high quality tasks is our new open space premises at Blumental.

The RPC's quality leadership guarantees that partners and customers can always rely on the profound expertise and professional team. Financial results and customer feedback show clearly that RPC is "fit" for a challenging and prosperous future.

We would like to thank all our customers and partners for their co-operation and trust as well as our employees for their hard work and commitment. Only with their dedication the RPC is able to generate its outstanding performance.

Birgit Rohrhofer
Director General

ANNUAL REPORT 2018

CONTENT

01 COMPANY'S PROFILE

The RPC is a company rendering services in the field of issuing and acquiring of payment cards by the banks that are members of the Reiffeisen Bank International AG Group (hereinafter referred to as "the RBI"). The Company was established as a Shared Service Centre to carry out card operations of the Group aiming to achieve high efficiency and competitiveness of prices.

The RPC was incorporated in 2000 as a division of Tatra banka, a. s., Slovensko. Its gradual provision of services to other banks as well as the extension of its portfolio has resulted in the origination of an independent RPC Company.

The sole owner of the RPC is Raiffeisen Bank International AG having its registered office at Am Stadtpark 9, 1030 Wien, Austria.

The RPC provides its services to the clients on two card platforms – PayWare and Way4 that are considered as good starting grounds to provide good-quality card services, but also to extend the volumes processed and to render innovative services considering while taking into account the economic benefits within the RBI Group.

Basic identification data of the Company

Name of Company:
Regional Card Processing Centre, s. r. o.

Company recorded in:
Business Register of the District Court of Bratislava I, Section Sro, Insert No. 55989/B

Legal form:
private limited liability company

CRN:
44 548 605
Registered capital:
EUR 539,464.78
Number of employees:
157 (as of 31 December 2018)

Contact details

Company's registered office:
Nám. Mateja Korvína 1,
811 07 Bratislava,
the Slovak Republic

Telephone: +421 2 59 19 3 601
Fax: +421 2 59 19 3 614

Company's bodies

Supervisory Board

Markus Stanek
Chairman of the Supervisory Board
Raiffeisen Bank International,
AG, Wien

Reinhold Schuster
Vice-Chairman of the Supervisory Board
Raiffeisen Bank International,
AG, Wien

Anton Romanchuk
Member of the Supervisory Board
Ukrainian Processing Centre, Kiev

Gijsbert Van Der Poel
Member of the Supervisory Board
Raiffeisen Bank International,
AG, Wien

Directors

Gerald Kubu
Director General until 31 December 2018

Birgit Rohrhofer
Vice-Director General until 31 December 2018,
Director General as from 1 January 2019

02

RPC CLIENTS

UPGRADE OUR SUCCESS TO CREATE SUSTAINABLE PROSPERITY FOR OUR CUSTOMERS AND TEAMS

The RPC as shared service centre provide services in the field of issuing and acquiring of payment cards and processing of card transactions for a stable clients' portfolio consisting of 9 banks within the Group.

Services related to the issuing of payment cards are provided for all of the banks listed below:

- **Albania** – Raiffeisen Bank Sh. A.
- **Austria** – RBI
- **Bulgaria** – Raiffeisenbank (Bulgaria) E.A.D
- **Croatia** – Raiffeisenbank Austria d. d.
- **Czech Republic** – Raiffeisenbank, a. s.
- **Kosovo** – Raiffeisen Bank Kosovo JSC
- **Romania** – Raiffeisen Bank S.A.
- **Serbia** – Raiffeisen banka a.d.
- **Slovakia** – Tatra banka, a. s.

In the Merchant Acquiring Segment, the RPC is gradually extending the number of its clients. Currently, this service is rendered to three banks - Raiffeisen Bank Kosovo JSC, Raiffeisenbank (Bulgaria) E.A.D and Tatra banka, a. s. on two card platforms. After the termination of the ongoing migration projects the number of banks will increase to seven.

The services of Fraud Risk Monitoring are provided to two banks - Raiffeisenbank Austria and Tatra banka, a. s.

In providing a wide range of card services it its portfolio, the RPC mainly aims to guarantee to the banks the high quality, efficiency and security of the services provided.

03

RPC BUSINESS SITUATION IN 2018

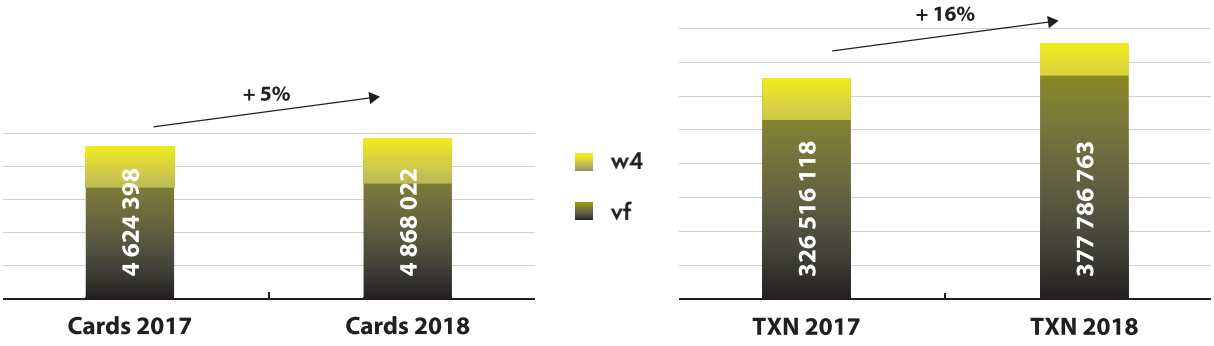
In 2018 the RPC recorded a year-on-year increase of the number of transactions processed on both card platforms by more than 16 %, and, for the first time, it exceeded the 0.5 billion threshold of transactions processed. Out of that number, 278 million transactions were performed by debit cards (+ 17.2 %) and over 100 million by credit cards (+ 11.6 %). Transactions carried out by means of POS terminals recorded a year-on-year increase by 18.5 %, which amounts to 184 million transactions processed. The growing popularity of contact-less payments is a significant element influencing the growth of the number of transactions. The increase of transactions has been endorsed by terminating the migration of POS terminals of the Raiffeisenbank Bulgaria from the external service provider to the RPC.

The increase of the number of processed cards processed in course of the year 2018 was mainly caused by a natural increase of the number of payment cards issued by respective banks. On a year-on-year basis, the number of processed cards has increased by 5 %. By the end of the year 2018 the RPC was processing 4.9 million payment

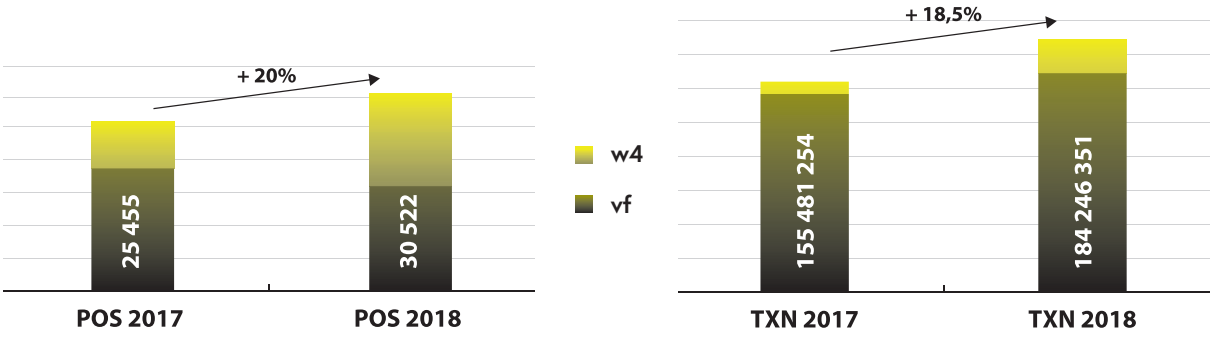
cards. Out of the total number of payment cards, 3.2 million were debit cards and 1.7 million were credit cards and the increase in the number of debit cards constantly prevails over the number of credit cards.

A favourable year-on-year increase of the number of POS terminals by 20 % was influenced by the migration of POS terminal from the external service provider as was mentioned before. The total number of POS terminals by the end of the year 2018 was more than 30 thousand.

DEVELOPMENT OF PROCESSED VOLUMES OF CARDS AND CARD TRANSACTIONS IN
in 2017 vs 2018 per card platform



DEVELOPMENT OF PROCESSED VOLUMES OF POS TERMINALS AND POS TRANSACTIONS
in 2017 vs 2018 per card platform



04

CLIENT FOCUSED ACTIVITIES

EVERYTHING WE DO, WE DO IN A CONSTRUCTIVE WAY WITH CUSTOMER NEEDS IN MIND

Migrations from the PayWare platform to the Way4 platform

Alongside business projects pursued during the year 2018 the RPC continued working on gradual migration of clients' data from the PayWare platform to a new processing platform Way4. Releasing of capacities to support the PayWare platform continued, too, aiming to start the standardized services on the target Way4 platform. This is supposed to result in significant economies-of-scale savings as well as from the operation of two parallel systems.

In 2018 migration of Bulgarian payment terminals from the local processor into the Way4 system was successfully completed. The migration of POS terminals of Tatra banka from the PayWare platform to the Way4 platform continued successfully as scheduled, and after the successful completion of the migration project, gradual migration of approximately 17 thousand terminals was commenced.

In compliance with the plan of migration of clients' portfolios, in 2018 the RCP teams were also working on the completion of the configuration of the system and preparation of migration of portfolios of RB Albania and RB Croatia.

Services and functionalities

The RPC provides for its respective banks with services associated with the issuing and acquiring of payment cards on both the original card platform PayWare as well as the newly implemented platform Way4. The Way4 platform largely covers, beside new services and a whole range of parametrization options, wide standard services provided by the PayWare platform. The RPC gradually migrates the portfolios of payment cards and POS terminals from the original platform to the new platform Way4 and it also acquires new portfolios that the banks have processed outside the Raiffeisen Group with external processors. Migrations also include new functionalities that are added to the Way4 platform which are not duplicated on the PayWare platform and their use is therefore preconditioned by the migration of the bank portfolios into the new system.

PayWare platform

In compliance with the approved migration strategy, the RCP did not develop any special software for the PayWare platform and all the activities for the new functionalities were directed to the Way4 platform. The only exception was the configuration adjustments

of the card platform so that it should comply with the requirements of respective banks and mandate requirements of the card schemes and regulators.

A separate group of implemented change requests was made up by the requirements of banks aimed at optimisation of operational costs and automation of processes. In this group the RPC developed and implemented various online interfaces to facilitate the administration of cards in the environment of the internet and mobile banking.

Regarding their strategic importance, initiatives falling with the segment of Digital Strategy were implemented on the PayWare platform, too.

Way4 platform

The RPC is continually extending both the scope and quality of the services and functionalities provided via the Way4 card platform aiming to make the costs of the bank incurred in relation to the issuing and acquiring of payment cards more efficient, and thereby to create a competitive advantage at the local markets as well as for the whole RBI Group.

Within the implementation of the electronic submission of applications for the production of cards of the Austrian RBI bank that was initiated already in 2017, there was implemented a set of changes enabling the processing not only through the dose set, but it also allowed of automated connection to the Austrian institutions engaged in the evaluation activities. Within the solution delivered, the system is capable of performing several checks of compliance with conditions in external as well as internal banking systems in the real time. Such changes allowed to complete the manual uploading of applications in course of the year 2018.

Within the completion of the project of migration of the Tatra banka acquiring into the Way4 platform, development of AIM module continued, which will allow of transition and will save the costs related to the uploading of the new service program on thousands of migrated payment terminals. This module is critical within the migrations of acquiring portfolios into the Way4 platforms and what is expected is its wide use also with migrations of the portfolios of other banks. The Tatra banka terminals will be processed after gradual migration in course of the year 2019 exclusively on the Way4 platform.

For the RB Kosovo, the RPC developed and delivered, on the Way4 platform, a module allowing of dynamic processing client's campaigns, and thereby increasing the flexibility of the system for the commercial division of the bank.

For the RB Bulgaria, in 2018 the RPC delivered, along with other partners and suppliers of physical cards, a project of cards that may be worn in the form of bracelets, necklaces or stamps allowing contactless payments. This project has successfully made the bank known at the local market and has proved the capabilities of the RPC.

Within the preparation for other migrations to the Way4 platforms, whether in the issuing or acquiring segment, in 2018 the RPC worked on the standardisation of the implementation and migration projects aimed to pursue the agreed migration strategy.

Professional services

Beside the operation of the authorisation platforms PayWare and Way4, the RPC also provides the banks with the operation services – the monitoring of card transactions from a point of view of the risk of fraudulent transactions, so called Fraud Risk Monitoring (FRM). and the management of warranty claims of holders of payment cards, known as Dispute Management.

The efficiency of the RPC FRM team is rather high. The team is working in 24x7 regime and the average reaction time necessary to evaluate the suspicious transactions reported in both of the systems is much higher than the required contractual value agreed with the clients' banks. The FRM team is analysing, improving and updating the existing risk rules on an ongoing basis and it also propose new rules in response to the fast-changing current situation and possible scenarios of payment card misuse.

In the segment of the provision of Dispute Management services, modifications were implemented in relation to the changes resulting from the migration of Visa Claims Resolution, in course of the processing of the warranty claims that were focused on the improving of the efficiency and speeding of the whole chargeback process. The team dedicated to the claim resolution is achieving a high rate of successful cases thanks to its rich experience in the chargeback resolution. Our team of dispute management specialist is sharing its know-how with other teams within the RPC, whereby it allows smooth resolution of incidents and questions received from the clients' banks.

In course of 2018, the Card Application Entry services, within which we were providing services of uploading of applications for payment cards for the RBI bank, were re-migrated from manual uploading of applications to a fully automated solution.

05

TRENDS

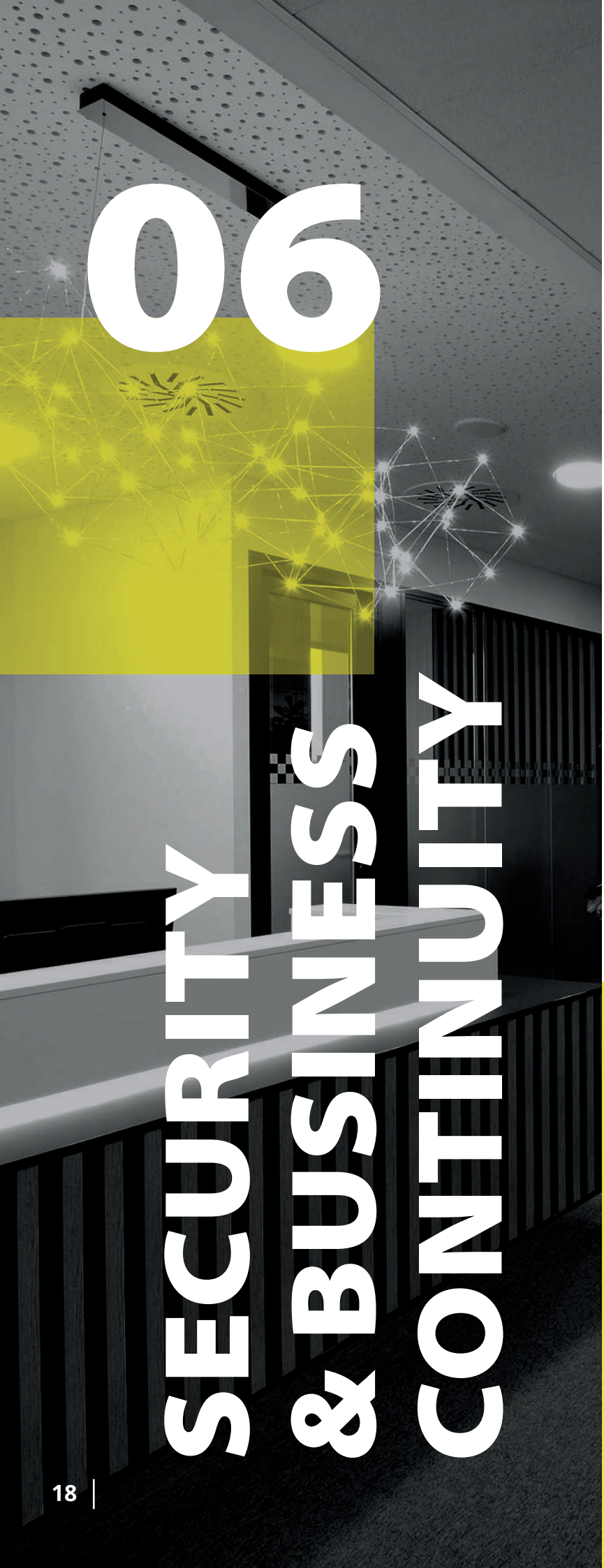
FROM PROCESSING CENTRE TO INNOVATION HUB

Digital payments

In order to achieve the success in the area of digital services is seen as an important challenge. Banks start to support this solution and the RPC also perceives this field as the crucial segment for the future. It aims to develop a solution for the RBI Group in the segment of mobile payments that will be competitive also in relation to the major players (OEM Pay type Samsung, Google). We are also building a team of professionals who will advance and promote this solution further. Due to short deadlines we are trying to apply the elements of agile methodology in the processes of development and implementation. We are cooperating with suppliers that have been duly selected for the purposes of developing applications and tokenisation toward Visa and Mastercard who are helping us to create unique and reliable solutions.

In 2018 the RPC was supporting the existing solutions it employs for TBSK, RBRS and RBHR. It also took part in developing a strategy for mobile payments within the RBI (in the beginning of the year 2018) and we were an important part of the feasibility study which has resulted in a decision on the delivery model (the primary RPC supplier), project costs, scope and time schedule. In October 2018 after the approval of the project on the side of RBI and NWBs, we launched the project and after the first eight weeks we presented its first results on the Demo day in December 2018.

It has been a busy year for our Digital Team, and the year 2019 will not be different. Ongoing discussion with various stakeholders (NWBs, colleagues from the RPC, external suppliers and others) are in progress and respective initiatives and milestones start to be defined and fulfilled.



06

SECURITY & BUSINESS CONTINUITY

WE ARE ALIGNED WITH SECURITY REQUIREMENTS AND GROUP STANDARDS

Development of new technologies brings about new challenges in the area of security of data processing and ensuring the availability of the services provided. In 2018 the RPC worked on the improvement of the measures adopted, which was also proved by the security audits:

As every year, in 2018, too, **the RPC obtained the PCI DSS Certificate** – of the highest security standard in the card segment.

The RPC become the best-ranked company within the RBI Group in the area of Information Security.

The RPC implemented 3 successful Disaster Recovery Tests on both of its platforms of which one was organized as a part of a larger test along with the RBI Head-office.

nccgroup

PCI DSS Compliance 2018

This is to certify that Regional Card Processing Centre s.r.o was assessed by NCC Group on 2nd August 2018 and on that date and in the environment in which they were tested were found to comply with the PCI Data Security Standard Version 3.2 (current at the time of testing).*

Regional Card Processing Centre s.r.o

*This certificate is issued subject to the Report on Compliance and the Attestation of Compliance and cannot guarantee that the above organisation is invulnerable to attack or breaches of security. NCC Group excludes all liability for loss or damage of any description caused by any failure or breach of the above organisation's security save as may be required by law.

Jason Cookes, NCC Group
www.nccgroup.com

07 IT SUCCESS AND THE MAIN GOALS

The current IT strategy of the RPC is built on four main goals: to provide the maximum reliability and ongoing availability of the RPC services, to ensure speedy migration of the old PayWare platform into a new target Way4 platform; to develop a new RBI Group solution for digital wallet; and to ensure the most efficient support of the card business of the RBI local banks.

In order to achieve these strategic goals, in 2018 the RPC implemented several major projects and initiatives which have brought about substantial benefits in the form of improving the performance, increasing stability of the system and higher costs-efficiency. One of the major activities for the year 2018 was the preparation of a migration roadmap for the period 2018-2022. The map will reflect the acquisition of the ACQ business within the CAPP programme until 2020, migration of the ISS portfolio from the finishing PayWare platform to the target Way4 and also for the digital program.

In 2018 the full renovation of the basic IT infrastructure for the target Way4 platform was completed, including a partial renovation of the Pay Ware infrastructure. Within the W4 platform there was performed a range of endurance tests and the first phase of the system stabilization. The process of automated archiving of data older than 13 months was launched. In 2018 the project of test automation and data validation was completed thanks to

which today we are able to save significantly both the time parameters as well as the resources necessary to ensure constantly repeated regressive tests, actually, by half the current time and costs parameters. In the first half of the year, strategic activities were launched to create a local DWH solution that is to serve as grounds for the future RPC of reporting solution. We expect the new solution, inter alia, to settle the questions of performance and capacity, to unload the transaction card system, to speed up the delivery of new reports by using the existing components on the basis of Oracle. After the successful evaluation of the proof of concept in the beginning of the year development of a new platform was launched with subsequent migration of reports from the existing, already obsolete, solution. In the beginning of 2018 the successful relocation of input points of Visa & MasterCard was successfully realized from the data centre TBSK DC into RIT DC. Last, but not least, we performed redesigning of all basic IT processes in compliance with the ITIL methodology, which had already been implemented, in compliance with the best practices at the market. We focus on the ongoing improvement and refinement of processes.

From a point of view of the IT security, the important milestone in the mid-2018 was the accomplishment of the compliance with the PCI DSS 3. 2. 1, and in this respect the upgrade of the SW infrastructure for the operational systems and Citrix - RHEL7, Windows, Citrix, Oracle and Discoverer. Last year the RPC also successfully set out and performed new Disaster Recovery tests for both of the platforms W4 and VF. On the ground of the test results we improved the business continuity processes and launched a higher level of availability for the relevant services.

Along with our major supplier – the RIT – we made a contract for a period of 5 years and consolidated the hosting/housing services provided thereunder.

Thanks to the new infrastructure we managed to achieve the reduction of costs of licenses and support while at the same time to increase the availability, reliability and security of the solution. Within the initiative we also settled the major changes on the level of architecture by separating the "middle ware" and the database layer and upgraded the operating and cluster ware systems to the currently highest version, which has resulted in better and more effective utilization of the systems tools along with the new virtualization of technology.

For the upcoming period the main strategic goals are the following – Consolidation of the infrastructure and card platforms in the next two years and the full switching-off of the original card platform after the successful completion of migration of all clients into a new platform. Regarding the expected significant increase of the volume from organic growth and new migrations, the key activity is continuous performance stabilization of the target W4 platform. We also expect the introduction of new complex products, digital products and deep integration with on-line channels of banks within the RBI.

In the first quarter of 2019 the Archiving Platform is to be completed and in the first half of 2019 there is to be introduced a new solution of the RPC DWH / Reporting. This is expected to aid in the standardisation of the current heterogenous environment around the NWB, to simplify the process of card processing and to speed up the development of reporting.

08 HUMAN RESOURCES

HR upgrades

In 2018 the RPC Company underwent several positive changes that significantly influenced the firm's culture.

The major change was the moving into new premises which met the Company's image of well-functioning and modern working space. It is not only the modern and pragmatic design that represents a substantial change. The new articulation of premises allows the employees to change the working place during the day depending on the nature of their work and it creates conditions for better collaboration on various projects.

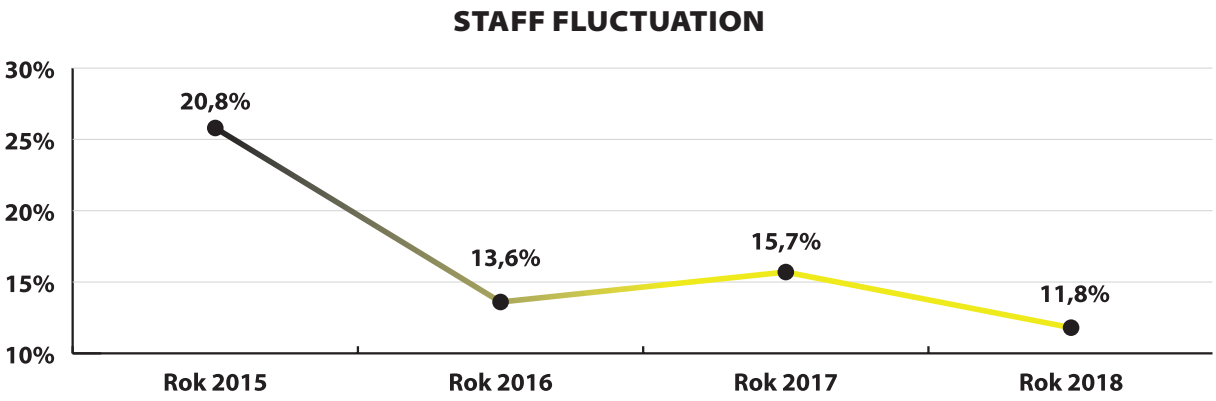
In the beginning of the year 2018, the wage processor was changed in a smooth fashion and without any impact on the employees.

The RPC laid down a marketing strategy aimed to make the brand known at the labour market, but also to promote brand awareness among general public. One of the first steps on this route was the participation in a popular students' event – the Night of the Chances.

Structure of employees

The priority of the RPC company was to create a new, inspirational environment contributing to the stabilization of the employees. The fact that this goal is being successfully accomplished is also proved by the fact that in 2018 the value of fluctuation of 11.8 % was the lowest for the last 7 years. In comparison with the value of market fluctuation which is 16%, it is obvious that the implemented changes push the Company forward in the right direction.

The year 2018 brought about an increase in new employees by 7.5 %. The fact that the RPC is still a stable and interesting company also for its current employees is also proved by the fact that the new employees are being recommended



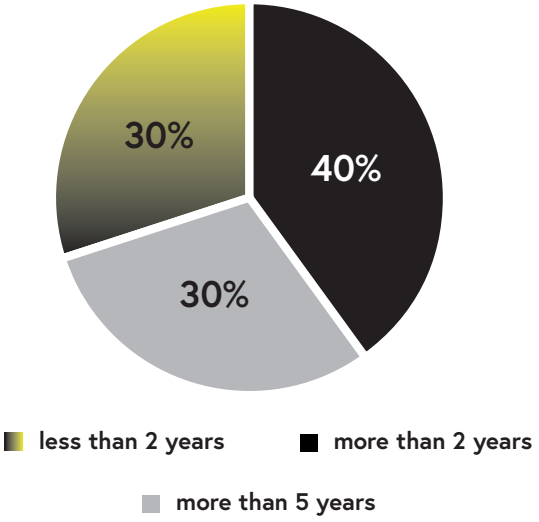
within the internal referral program with a growing frequency. Compared with the last year this number increased to 34% out of the total of the newly staffed positions. An average staffing of a new position lasted for 3.2 months from the publication of the advertisement.

The HR innovation of the year 2018 was an introduction of an online psychodiagnostics tool - CUT-e into the admission process. This tool creates positionally personalised sets of tests and questionnaires which supplement the existing recruitment of employees, support in-depth evaluation and correct choice and admission of talented staff to the company.

Junior staff made up more than half of new employees in 2018. The company supports education and training that is tailored for the purposes of the newly recruited employees in the card business. New projects in the Online and Digital segment opened the space for the searching of experts especially in this trendy area.

The combination of a feeling of stability and engagement of the employees in the company was also supplemented by the findings of the "Engagement Survey" which proved that compared to the

YEARS OF SERVICE



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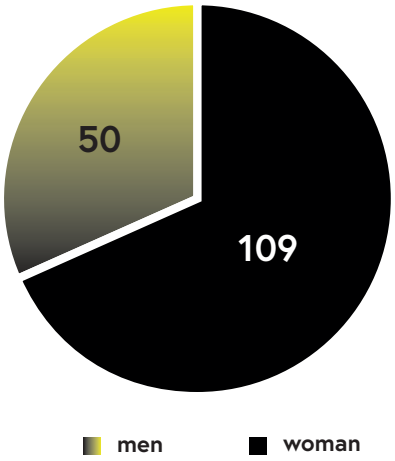


previous results a degree of engagement of the employees increased by 10%.

In general, we can conclude that the RPC has a well-balanced proportion of new employees and senior staff. Hence in our projects experience and stability are combined with new creative inspirations.

In 2018 the proportion of men and women was 69 % to 31 % in favour of men. This proportion coincides with the overall proportion of men and women on the labour market in the technical field. The selection of candidates is governed by experience and skills and the RPC company accentuates the principle of equal opportunities.

Education

In 2018 the RPC staff attended educative activities which included expert seminars, conferences and trainings specialising in the card business and certifications.

The ongoing RPC project called Academy was restructured, which resulted in new opportunities for internal lecturers to pass their knowledge and experiences to their colleagues in the firm. This year the lectures focused, in particular, on the topics from the card segments, trainings concentrated on the fostering of the knowledge about the card platform and cryptographic education. Internal classes focused on the cryptography were completed by a two-day training Cryptosession which took place at the end of the year and was conducted by a Czech expert in cryptography.

In 2018 more than 10 employees were successfully nominated for and attended the GO IT! Academy training programmes organized by the RBI. These programmes specialised in IT architecture, development, testing, but also agile leadership and business analysis. GO IT! programmes are usually divided into several series each of which takes place in a different country, which also supports communication among experts from individual RBI daughter companies.

The RPC took part in several international conferences dealing with payment, card or IT topics. From among the major ones, it was a conference for testers of HUSTEF, Java Day, or several conferences and lectures given by Visa and Mastercard academies.

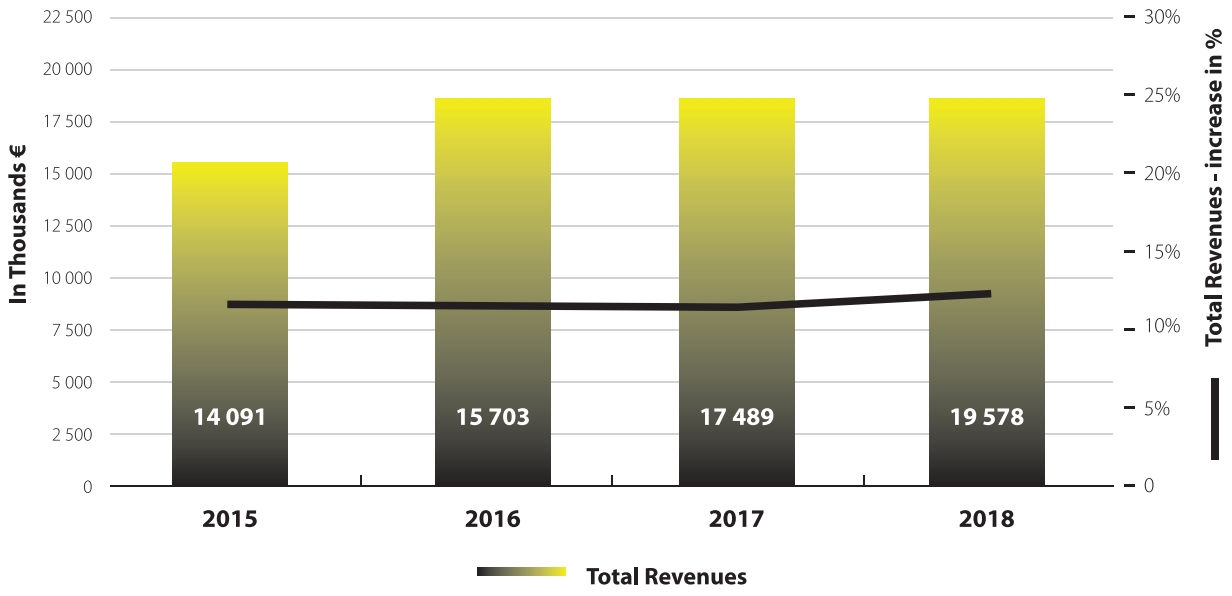
The RPC Company follows a tradition of group certification tests ISTQB, which took place at the end of the year, and continues to foster the ITIL qualification.

09

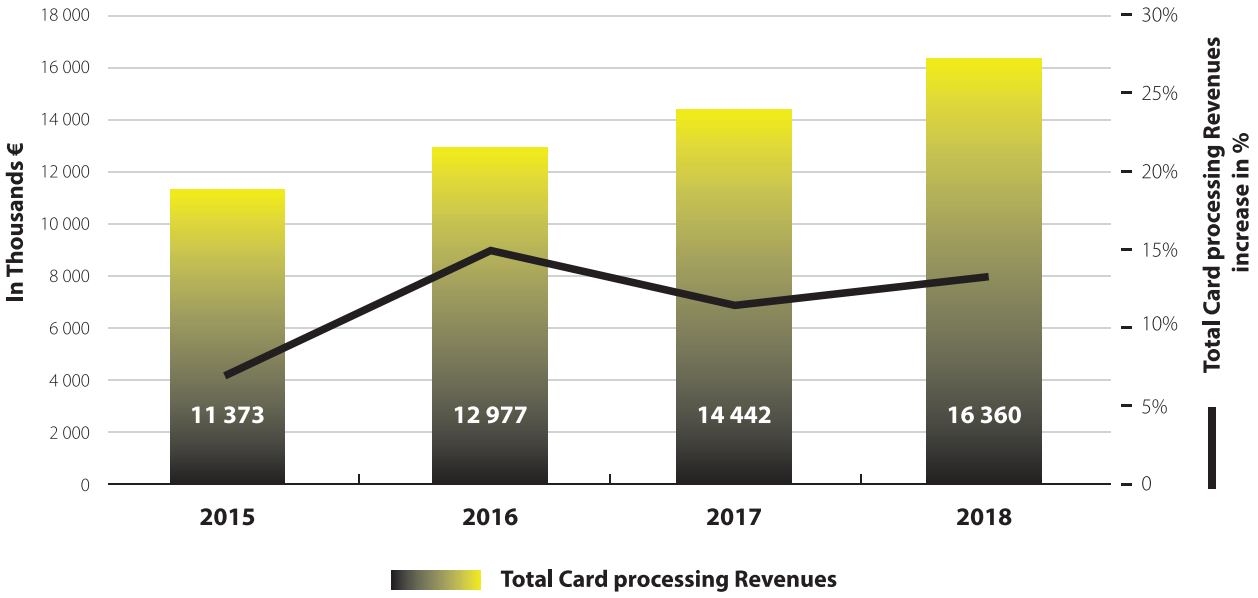
FINANCIAL RESULTS

In 2018 the **RPC Company** achieved good financial results. Total revenues for the services provided were growing attaining the level of EUR 19 578 thousand according to the structure of management reporting. Compared to the previous year 2017 it is a 11.9 % increase. This increase was caused mainly by the increase of the volume of cards and transactions and migration of projects. The most important part of total revenues is made up by the fees for transactions (49%), the fees for cards (14%) and the fees for projects (13%).

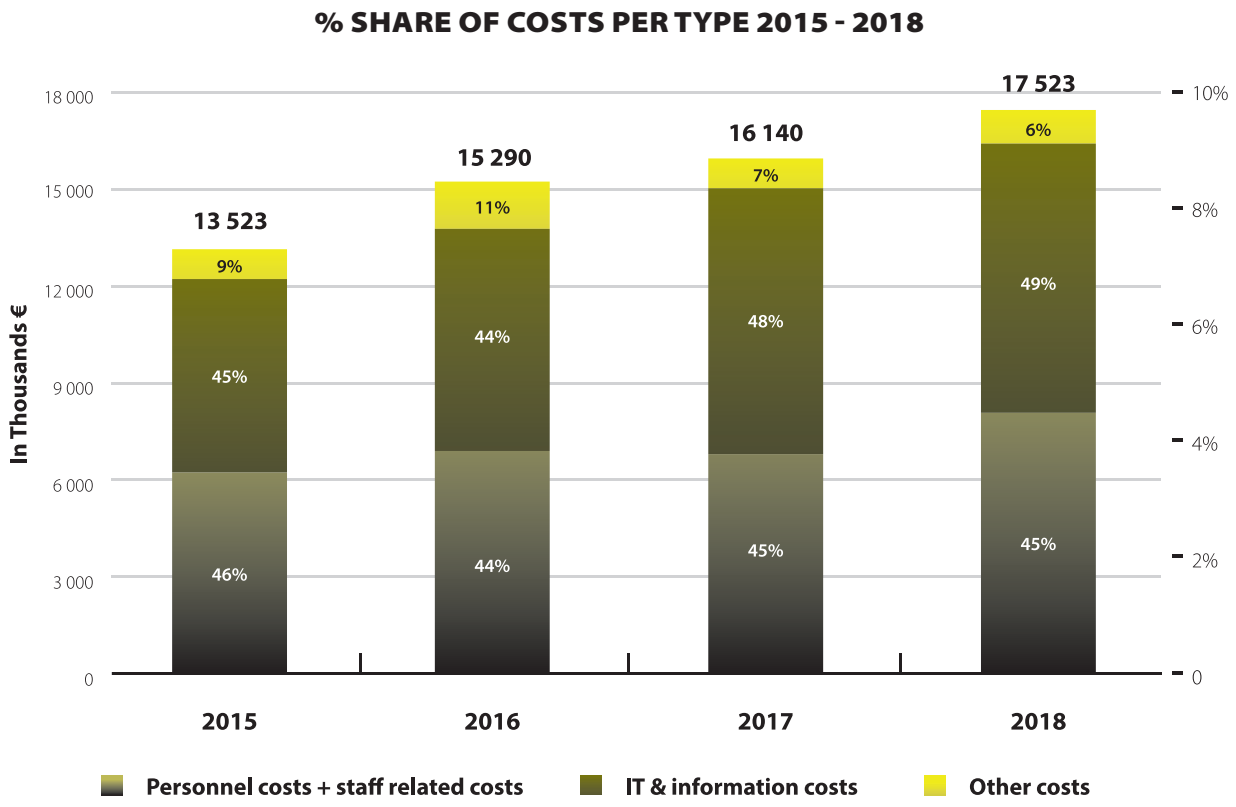
TOTAL REVENUES 2015 - 2018

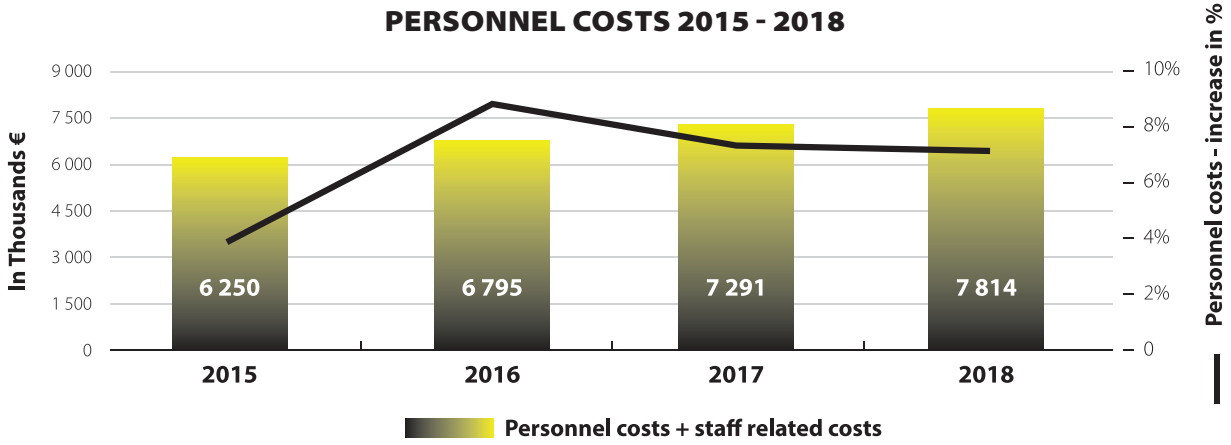


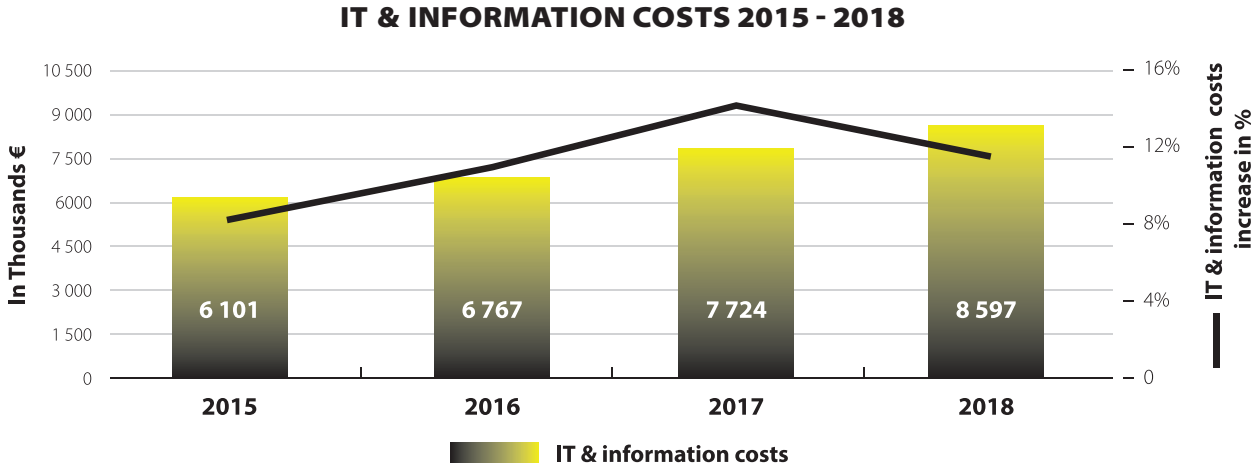
TOTAL PROCESSING REVENUES 2015 - 2018



Operative costs for the year 2018 amounted to EUR 17 523 thousand, which is a 8,6% increase compared to the previous year. The cost increase is due, in particular, to the ongoing migration projects. Beside internal migration projects between two card platforms, there were also conducted migrations from the external operator. New portfolios are more demanding in respect of the operation arrangements which has resulted in an increase of the number of employees as well as the extension of the infrastructure and its stabilisation. Personnel and IT costs are the most significant cost items of the total costs. Personnal costs (45%) involved all costs related with the employees and other staff related costs, in the sense of managerial reporting. IT costs (49%)are defined according to the structure of managerial reports as IT & information costs. A part of operational costs are other costs (6%), composed of administration, marketing, premisses and other operational costs.







The Company reported **the profit before taxes of EUR 1 219 thousand,** which is 1.6% drop as against the previous year.

In 2018 the Company **invested the total of EUR 1 962 thousand**. Compared to the year 2017 when the volume of investment was EUR 1 234 thousand, it is a significant increase. The major spending was invested to the application software. The amount of EUR 207 thousand was invested into the development of the software used for internal purposes.

The Company is funded by a loan instrument whose balance of the principal, as 31 December 2018, was EUR 604 016. It is a 58% drop compared to the previous year 2017. At the end of the year 2018 the Company received from the RBI a financial contribution to fund the project of digital payments in the amount of EUR 2.7 million.

DISTRIBUTION OF PROFIT FOR THE YEAR 2018

In the financial year 2018 (ending as of 31 December 2018), the RPC Company attained the profit after tax of **EUR 945 874**.

The General Meeting to be held on 25 April 2019 will approve the Financial Statements of the Company in accordance with the Commercial Code and it will also decide on the distribution of profit attained in the year 2018 as follows:

- to credit the amount of **EUR 945 874** into the account 428 – Retained profit for the previous years

The General Meeting will also approve the submitted Annual Report for the Financial Year 2018.

In the period between the date of issue of the Report of an Independent Auditor and the date of issue of the Annual Report for the Financial Year 2018, no changes occured in the RPC Company that would be subject to the mandatory recording in the Business Register of the District Court of Bratislava I.

We also declare that the Company is unaware of any risks or uncertainties that would have a negative impact on its economic performance and future existence. The Company's activities are in compliance with the applicable laws and local regulations and it exerts no negative impact on the environment, nor does it perform any activities in the research and development field. The RPC Company has no organization unit registered abroad. The Company has not obtained any equity shares, temporary shares, business shares nor any shares of the parent company.

Appendix to the independent Auditors' Report issued on the Annual Report

Independent Auditors' Report

Financial statements as at 31 December 2018

KPMG Slovensko spol. s r.o.
Dvořákovo nábrežie 10
P.O. Box 7
820 04 Bratislava 24
Slovakia

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Internet www.kpmg.sk

Translation of the Appendix to the independent Auditors' Report originally prepared in Slovak language

Appendix to the independent Auditors' Report issued on the Annual Report

pursuant to Article 27 (6) of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit")

To the Owner and Directors of Regional Card Processing Centre, s.r.o.:

We have audited the financial statements of Regional Card Processing Centre, s.r.o. ("the Company") as of 31 December 2018 presented in attachment of the accompanying Annual Report. We have issued an independent auditors' report on the financial statements 22 March 2019 with the following wording:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regional Card Processing Centre, s.r.o. ("the Company"), which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance for the year then ended in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2018.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company´s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.

- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

22 March 2019
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
Licencia UDVA č. 1120

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act on Accounting. Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report of the Company, we consider whether it includes the disclosures required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion:

- the information given in the Annual Report for the year 2018 is consistent with the financial statements prepared for the same financial year; and

- the Annual Report contains information according to the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of audit, we are required to report if we have identified material misstatement in the Annual Report that we have obtained prior to the date of this auditors' report. We have nothing to report in this respect.

15 April 2019
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č.licencia 96
KPMG
Slovensko spol. s r.o.

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
Licencia UDVA č. 1120

Regional Card Processing Centre, s.r.o.

Independent Auditors' Report
and Financial Statements
as at 31 December 2018

(Translation)

Contents

KPMG Slovensko spol. s r.o.
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Translation of the Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Owner and Directors of Regional Card Processing Centre, s.r.o.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regional Card Processing Centre, s.r.o. ("the Company"), which comprise the balance sheet as at 31 December 2018, the income statement for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance for the year then ended in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2018.

Responsibilities of the Statutory Body and Those Charged with Governance for the Financial Statements

The statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Act on Accounting, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.

- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The statutory body is responsible for the information in the Annual Report prepared in accordance with the Act on Accounting. Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report of the Company was not available to us as of the date of this auditors' report.

When we obtain the Annual Report, we will consider whether it includes the disclosures required by the Act on Accounting, and, based on the work undertaken in the course of the audit of the financial statements, we will express an opinion as to whether:

- the information given in the Annual Report for the year 2018 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition, we will report whether we have identified any material misstatement in the Annual Report in light of the knowledge and understanding of the Company and its environment that we have acquired during the course of the audit of the financial statements.

22 March 2019
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Petra Černáková
Licencia UDVA č. 1120

Úč POD

FINANCIAL STATEMENTS

of entrepreneurs maintaining accounts under the system of double entry bookkeeping

as of 31 Dec 2018

Tax identification number: 2022734186

Identification number (IČO): 45548605

SK NACE: 66.19.0

Financial statements (check [x]):
- [x] - ordinary
- [ ] - extraordinary
- [ ] - interim

Accounting entity:
- [ ] - small
- [x] - large

For the period

	Month	Year
from	01	2018
to	12	2018

Preceding period

	Month	Year
from	01	2017
to	12	2017

Attached parts of the financial statements

- [x] Balance Sheet (Úč POD 1-01) (in whole euros)
- [x] Income Statement (Úč POD 2-01) (in whole euros)
- [x] Notes to the Financial Statements (Úč POD 3-01) (in whole euros or eurocents)

Legal name (designation) of the accounting entity

Regional Card Processing Centre, s.r.o.

Registered office of the accounting entity, street and number

Námestie Mateja Korvína 1

Zip code: 81107

Municipality: Bratislava

Designation of the Commercial Register and company registration number

District Court Bratislava I
Section s.r.o., file 55989/B

Telephone:

Fax:

Email:

Prepared on:	Approved on:	Signature of the accounting entity's statutory body or a member of the accounting entity's statutory body or the signature of a sole trader who is the accounting entity:
28 January 2019		

DIČ: 2022734186	IČO: 44548605	Súvaha ÚČ POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period 1 Gross - Part 1	Current accounting period 1 Correction-Part 2	Current accounting period 2 Net	Preceding accounting period 3 Net
	TOTAL ASSETS line 02 + line 33 + line 74	01	21 586 690	6 000 846	15 585 844	11 716 618
A.	**Non-current assets line 03 + line 11 + line 21**	02	16 014 101	6 000 846	10 013 255	8 762 949
A.I.	**Non-current intangible assets - total (lines 04 to 10)**	03	12 992 762	3 868 053	9 124 709	8 149 264
A.I.1.	Capitalized development costs (012) - /072, 091A/	04	0	0	0	0
2.	Software (013)-/073, 091A/	05	11 210 519	3 868 053	7 342 466	7 761 692
3.	Valuable rights (014)-/074, 091A/	06	0	0	0	0
4.	Goodwill (015) - /075, 091A/	07	0	0	0	0
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08	0	0	0	0
6.	Acquisition of non-current intangible assets (041) - /093/	09	1 782 243	0	1 782 243	387 572
7.	Advance payments made for non-current intangible assets (051) - /095A/	10	0	0	0	0
A.II.	**Property, plant and equipment - total (lines 12 to 20)**	11	3 021 339	2 132 793	888 546	613 685
A.II.1.	Land (031) - /092A/	12	0	0	0	0
2.	Structures (021) - /081, 092A/	13	72 429	2 487	69 942	0
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	2 806 194	2 130 306	675 888	551 121
4.	Perennial crops (025) - /085, 092A/	15	0	0	0	0
5.	Livestock (026) - /086, 092A/	16	0	0	0	0
6.	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17	0	0	0	0
7.	Acquisition of property, plant and equipment (042) - /094/	18	142 716	0	142 716	62 564
8.	Advance payments made for property, plant and equipment (052) - /095A/	19	0	0	0	0
9.	Value adjustment to acquired assets (+/- 097) +/- 098	20	0	0	0	0
A.III.	**Non-current financial assets - total (lines 22 to 32)**	21	0	0	0	0
A.III.1.	Shares and ownership interests in affiliated accounting entities (061A, 062A, 063A) - /096A/	22	0	0	0	0
2.	Shares and ownership interests with participating interest, except for affiliated accounting entities (062A) - /096A/	23	0	0	0	0
3.	Other available-for-sale securities and ownership interests (063A) - /096A/	24	0	0	0	0
4.	Loans to affiliated accounting entities (066A) - /096A/	25	0	0	0	0
5.	Loans within participating interest, except for affiliated accounting entities (066A) - /096A/	26	0	0	0	0
6.	Other loans (067A) - /096A/	27	0	0	0	0

Designation a	ASSETS b	Line No. c	Current accounting period 1 Gross - Part 1	Current accounting period 1 Correction-Part 2	Current accounting period 2 Net	Preceding accounting period 3 Net
7.	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28	0	0	0	0
8.	Loans and other non-current financial assets with remaining maturity of up to one year (066A, 067A, 069A, 06XA) - /096A/	29	0	0	0	0
9.	Bank accounts with notice period exceeding one year (22XA)	30	0	0	0	0
10.	Acquisition of non-current financial assets(043) - /096A/	31	0	0	0	0
11.	Advance payments made for non-current financial assets (053) - /095A/	32	0	0	0	0
B.	**Current assets line 34 + line 41 + line 53 + line 66 + line 71**	**33**	4 692 008	0	4 692 008	2 762 446
B.I.	**Inventory - total (lines 35 to 40)**	**34**	88	0	88	52
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35	88	0	88	52
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36	0	0	0	0
3.	Finished goods (123) - /194/	37	0	0	0	0
4.	Animals (124) - /195/	38	0	0	0	0
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	0	0	0	0
6.	Advance payments made for inventory (314A) - /391A/	40	0	0	0	0
B.II.	**Non-current receivables - total (line 42 + lines 46 to 52)**	**41**	499 809	0	499 809	327 026
B.II.1.	**Trade receivables - total (lines 43 to 45)**	**42**	0	0	0	0
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43	0	0	0	0
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	44	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A,31XA) - /391A/	45	0	0	0	0
2.	Net value of contract (316A)	46	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	47	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	48	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/	49	0	0	0	0
6.	Receivables related to derivative transactions (373A, 376A)	50	0	0	0	0
7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51	83 927	0	83 927	0
8.	Deferred tax asset (481A)	52	415 882	0	415 882	327 026

DIČ: 2022734186	IČO: 44548605	Súvaha Úč POD 1-01

Designation a	ASSETS b	Line No. c	Current accounting period 1 Gross - Part 1	Correction-Part 2	2 Net	Preceding accounting period 3 Net
B.III.	**Current receivables - total (line 54 + lines 58 to 65)**	**53**	2 371 528	0	2 371 528	2 435 368
B.III.1.	**Trade receivables - total (lines 55 to 57)**	**54**	2 332 099	0	2 332 099	2 432 949
1.a.	Trade receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	2 331 694	0	2 331 694	2 432 309
1.b.	Trade receivables within participating interest, except for receivables from affiliated accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56	0	0	0	0
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	405	0	405	640
2.	Net value of contract (316A)	58	0	0	0	0
3.	Other receivables from affiliated accounting entities (351A) - /391A/	59	0	0	0	0
4.	Other receivables within participating interest, except for receivables from affiliated accounting entities (351A) - /391A/	60	0	0	0	0
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61	0	0	0	0
6.	Social security (336A) - /391A/	62	0	0	0	0
7.	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	28 765	0	28 765	0
8.	Receivables related to derivative transactions (373A, 376A)	64	0	0	0	0
9.	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	10 664	0	10 664	2 419
B.IV.	**Current financial assets - total (lines 67 to 70)**	**66**	0	0	0	0
B.IV.1.	Current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67	0	0	0	0
2.	Current financial assets, not including current financial assets in affiliated accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68	0	0	0	0
3.	Own shares and own ownership interests (252)	69	0	0	0	0
4.	Acquisition of current financial assets (259, 314A) - /291A/	70	0	0	0	0
B.V.	**Financial accounts line 72 + line 73**	**71**	1 820 583	0	1 820 583	0
B.V.1.	Cash (211, 213, 21X)	72	0	0	0	0
2.	Bank accounts (221A, 22X, +/- 261)	73	1 820 583	0	1 820 583	0
C.	**Accruals/deferrals - total (lines 75 to 78)**	**74**	880 581	0	880 581	191 223
C.1.	Prepaid expenses - long-term (381A, 382A)	75	57 825	0	57 825	12 774
2.	Prepaid expenses - short-term (381A, 382A)	76	287 045	0	287 045	92 890
3.	Accrued income - long-term (385A)	77	0	0	0	0
4.	Accrued income - short-term (385A)	78	535 711	0	535 711	85 559

DIČ: 2022734186	IČO: 44548605	Súvaha Úč POD 1-01

Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
	TOTAL EQUITY AND LIABILITIES line 80 + line 101 + line 141	**79**	15 585 844	11 716 618
A.	**Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100**	**80**	10 771 249	7 120 374
A.I.	**Share capital - total (lines 82 to 84)**	**81**	539 465	539 465
A.I.1.	Share capital (411 or +/- 491)	82	539 465	539 465
2.	Change in share capital +/- 419	83	0	0
3.	Unpaid share capital (/-/353)	84	0	0
A.II.	**Share premium (412)**	**85**	0	0
A.III.	**Other capital funds (413)**	**86**	2 705 000	0
A.IV.	**Legal reserve funds line 88 + line 89**	**87**	53 946	53 946
A.IV.1.	Legal reserve fund and non-distributable fund (417A, 418, 421A, 422)	88	53 946	53 946
2.	Reserve fund for own shares and own ownership interests (417A, 421A)	89	0	0
A.V.	**Other funds created from profit line 91 + line 92**	**90**	0	0
A.V.1.	Statutory funds (423, 42X)	91	0	0
2.	Other funds (427, 42X)	92	0	0
A.VI.	**Differences from revaluation - total (lines 94 to 96)**	**93**	0	0
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	94	0	0
2.	Investment revaluation reserves (+/- 415)	95	0	0
3.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger (+/- 416)	96	0	0
A.VII.	**Net profit/loss of previous years line 98 + line 99**	**97**	6 526 964	5 537 170
A.VII.1.	Retained earnings from previous years (428)	98	6 526 964	5 537 170
2.	Accumulated losses from previous years (/-/429)	99	0	0
A.VIII.	**Net profit/loss for the accounting period after tax /+-/ line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)**	**100**	945 874	989 793
B.	**Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140**	**101**	4 814 595	4 596 244
B.I.	**Non-current liabilities - total (line 103 + lines 107 to 117)**	**102**	6 088	37 138
B.I.1.	**Non-current trade liabilities - total (lines 104 to 106)**	**103**	0	0
1.a.	Trade liabilities to affiliated accounting entities (321A, 475A, 476A)	104	0	0

DIČ: 2022734186	IČO: 44548605	Súvaha ÚČ POD 1-01

Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 475A, 476A)	105	0	0
1.c.	Other trade liabilities (321A, 475A, 476A)	106	0	0
2.	Net value of contract (316A)	107	0	0
3.	Other liabilities to affiliated accounting entities (471A, 47XA)	108	0	0
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (471A, 47XA)	109	0	0
5.	Other non-current liabilities(479A, 47XA)	110	0	0
6.	Long-term advance payments received (475A)	111	0	0
7.	Long-term bills of exchange to be paid (478A)	112	0	0
8.	Bonds issued (473A/-/255A)	113	0	0
9.	Liabilities related to social fund (472)	114	6 088	37 138
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115	0	0
11.	Non-current liabilities related to derivative transactions (373A, 377A)	116	0	0
12.	Deferred tax liability (481A)	117	0	0
B.II.	**Long-term provisions line 119 + line 120**	**118**	125 000	125 000
B.II.1.	Legal provisions (451A)	119	0	0
2.	Other provisions (459A, 45XA)	120	125 000	125 000
B.III.	**Long-term bank loans (461A, 46XA)**	**121**	0	0
B.IV.	**Current liabilities - total (line 123 + lines 127 to 135)**	**122**	2 074 290	1 513 154
B.IV.1.	**Trade liabilities - total (lines124 to 126)**	**123**	1 962 058	1 188 708
1.a.	Trade liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	950 464	371 810
1.b.	Trade liabilities within participating interest, except for liabilities to affiliated accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125	0	0
1.c.	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	1 011 594	816 898
2.	Net value of contract (316A)	127	0	0
3.	Other liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	128	0	0
4.	Other liabilities within participating interest, except for liabilities to affiliated accounting entities (361A, 36XA, 471A, 47XA)	129	0	0

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Designation a	LIABILITIES AND EQUITY b	Line No. c	Current accounting period 4	Preceding accounting period 5
5.	Liabilities to partners and association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130	0	0
6.	Liabilities to employees (331, 333, 33X, 479A)	131	1 700	3 080
7.	Liabilities related to social security (336A)	132	1 878	584
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	99 521	320 782
9.	Liabilities related to derivative transactions (373A, 377A)	134	0	0
10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	9 133	0
B.V.	**Short-term provisions line 137 + line 138**	**136**	2 005 201	1 473 301
B.V.1.	Legal provisions (323A, 451A)	137	118 125	88 263
2.	Other provisions (323A, 32X, 459A, 45XA)	138	1 887 076	1 385 038
B.VI.	**Current bank loans (221A, 231, 232, 23X, 461A, 46XA)**	**139**	604 016	1 447 651
B.VII.	**Short-term financial assistance (241, 249, 24X, 473A /-/255A)**	**140**	0	0
C.	**Accruals/deferrals - total (lines 142 to 145)**	**141**	0	0
C.1.	Accrued expenses - long-term (383A)	142	0	0
2.	Accrued expenses - short-term (383A)	143	0	0
3.	Deferred income - long-term (384A)	144	0	0
4.	Deferred income - short-term (384A)	145	0	0

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Designation a	Text b	Line No. c	Actual data: Current accounting period 1	Actual data: Preceding accounting period 2
*	**Net turnover (part of account class 6 according to the Act)**	01	15 702 847	22 497 145
**	**Operating income - total (lines 03 to 09)**	02	19 787 927	17 579 179
I.	Revenue from the sale of merchandise (604, 607)	03	0	0
II.	Revenue from the sale of own products (601)	04	0	0
III.	Revenue from the sale of services (602, 606)	05	19 579 533	17 501 223
IV.	Changes in internal inventory (+/-) (account group 61)	06	0	0
V.	Own work capitalized (account group 62)	07	207 172	61 578
VI.	Revenue from the sale of non-current intangible assets, property, plant and equipment, and raw materials (641, 642)	08	309	13 485
VII.	Other operating income(644, 645, 646, 648, 655, 657)	09	913	2 893
**	**Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26**	10	18 523 641	16 293 298
A.	Cost of merchandise sold (504, 507)	11	0	0
B.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503)	12	129 714	155 577
C.	Value adjustments to inventory (+/-) (505)	13	0	0
D.	Services (account group 51)	14	8 804 382	7 471 931
E.	Personnel expenses - total (lines 16 to 19)	15	7 240 801	6 610 741
E.1.	Wages and salaries (521, 522)	16	5 223 274	4 749 690
2.	Remuneration of board members of company or cooperative (523)	17	0	0
3.	Social security expenses (524, 525, 526)	18	1 839 304	1 716 096
4.	Social expenses (527, 528)	19	178 223	144 955
F.	Taxes and fees (account group 53)	20	1 225	1 278
G.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjustments to property, plant and equipment (line 22 + line 23)	21	1 042 279	875 109
G.1.	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	1 042 279	875 109
2.	Value adjustments to non-current intangible assets and property, plant and equipment (+/-) (553)	23	0	0
H.	Carrying value of non-current assets sold and raw materials sold (541, 542)	24	0	13 675
I.	Value adjustments to receivables (+/-) (547)	25	0	0

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Designation	Text	Line No.	Actual data	
			Current accounting period	Preceding accounting period
a	b	c	1	2
J.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	26	1 305 240	1 164 987
***	**Profit/loss from operations (+/-) (line 02 - line 10)**	27	1 264 286	1 285 881
*	**Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)**	28	10 852 609	9 935 293
**	**Income from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44**	29	0	142
VIII.	Revenue from the sale of securities and shares (661)	30	0	0
IX.	Income from non-current financial assets (lines 32 to 34)	31	0	0
IX.1.	Income from securities and ownership interests in affiliated accounting entities (665A)	32	0	0
2.	Income from securities and ownership interests within participating interest, except for income of affiliated accounting entities (665A)	33	0	0
3.	Other income from securities and ownership interests (665A)	34	0	0
X.	Income from current financial assets - total (lines 36 to 38)	35	0	0
X.1.	Income from current financial assets in affiliated accounting entities (666A)	36	0	0
2.	Income from current financial assets within participating interest, except for income of affiliated accounting entities (666A)	37	0	0
3.	Other income from current financial assets (666A)	38	0	0
XI.	Interest income (line 40 + line 41)	39	0	0
XI.1.	Interest income from affiliated accounting entities (662A)	40	0	0
2.	Other interest income (662A)	41	0	0
XII.	Exchange rate gains (663)	42	0	142
XIII.	Gains on revaluation of securities and income from derivative transactions (664, 667)	43	0	0
XIV.	Other income from financial activities (668)	44	0	0
**	**Expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54**	45	44 896	47 144
K.	Securities and shares sold (561)	46	0	0
L.	Expenses related to current financial assets (566)	47	0	0
M.	Value adjustments to financial assets (+/-) (565)	48	0	0
N.	Interest expense (line 50 + line 51)	49	38 315	36 493
N.1.	Interest expenses related to affiliated accounting entities (562A)	50	38 315	36 493
2.	Other interest expenses (562A)	51	0	0

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Designation	Text	Line No.	Actual data	
			Current accounting period	Preceding accounting period
a	b	c	1	2
O.	Exchange rate losses (563)	52	199	382
P.	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	53	0	0
Q.	Other expenses related to financial activities (568, 569)	54	6 382	10 269
***	**Profit/loss from financial activities (+/-) (line 29 - line 45)**	55	-44 896	-47 002
****	**Profit/loss for the accounting period before tax (+/-) (line 27 + line 55)**	56	1 219 390	1 238 879
R.	Income tax (line 58 + line 59)	57	273 516	249 086
R.1.	Income tax - current (591, 595)	58	362 372	391 137
2.	Income tax - deferred (+/-) (592)	59	-88 856	-142 051
S.	Transfer of net profit/net loss shares to partners (+/-596)	60	0	0
*****	**Profit/loss for the accounting period after tax (+/-) (line 56 - line 57 - line 60)**	61	945 874	989 793

Prepared pursuant to Decree of the Ministry of Finance of the Slovak Republic No. MF/388/2014 Coll. and 417/2015 Coll. stipulating details of the structure, classification and content of the items of the separate financial statements and the extent of separate financial statements' disclosures for large reporting entities and public interest entities.

SECTION I
GENERAL INFORMATION

1. COMPANY DETAILS AND CORE BUSINESS ACTIVITIES

Regional Card Processing Centre, s.r.o. (hereinafter the "Company") is a limited liability company with its registered office at Námestie Mateja Korvína 1, Bratislava. The Company was established by a Memorandum of Association in the form of a notarial deed on 5 December 2008. The date of incorporation is 18 December 2008 and the Company ID (IČO) is 44548605. The Company is recorded in the Business Register of the Bratislava I District Court, Section: Sro, File No.: 55989/B.

The Company's core business activities are:

- Automated data processing;
- Computer data processing services;
- Development of customised programmes, design, implementation and updating of software in the scope of core business activities;
- Lease of movable assets;
- Installation, reconstruction, maintenance of non-restricted technical equipment;
- Extracurricular educational activities;
- Mediation activities in trade;
- Mediation activities in services;
- Printing, typography and print finishing;
- Advisory services related to core business activities – automated data processing;
- Advisory services related to core business activities – services related to computer data processing;
- Advisory services related to core business activities – development of customised programmes, design, implementation and updating of software in the scope of core business activities (under the Copyright Act).

2. UNLIMITED GUARANTEE

The Company is not an unlimited liability partner in other reporting entities.

3. APPROVAL DATE OF THE FINANCIAL STATEMENTS FOR THE PRECEDING PERIOD

The Company's financial statements as at 31 December 2017, ie for the preceding reporting period, were approved by the General Meeting on 16 April 2018.

4. LEGAL REASON FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Company's financial statements as at 31 December 2018 have been prepared as ordinary financial statements in accordance with Article 17 (6) of Act of the National Council of the SR No. 431/2002 Coll. on Accounting, as amended, for the reporting period from 1 January 2018 to 31 December 2018.

The Financial Statements are intended for users who possess adequate knowledge of business and economic activities and bookkeeping and who analyze this information with appropriate care. The Financial Statements do not, and cannot, provide all information that may be needed by existing and potential investors, providers of credits and loans, and other creditors. These users must obtain relevant information from other sources.

5. GROUP DETAILS

A. ULTIMATE CONSOLIDATING ENTITY

The ultimate consolidating entity in consolidation that prepares the consolidated financial statements for the largest group, which includes the Company as a subsidiary, is Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria.

B. PARENT COMPANY IN CONSOLIDATION

The parent company in consolidation that prepares the consolidated financial statements for the group of companies in the consolidation group, of which the Company is also a member, is Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria.

C. LOCATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Copies of the consolidated financial statements stated in Note A) and B) are available at Raiffeisen Bank International AG, Am Stadtpark 9, 1030 Vienna, Austria and at the Court of Record, Handelsgericht Wien, Marxergasse 1a, 1030 Vienna, Austria.

Group structure:

6. NUMBER OF EMPLOYEES

The number of employees for the current reporting period and for the immediately-preceding reporting period is shown in the table below:

Item	2018	2017
Average recalculated number of employees	150,41	139,62
Number of employees as at the reporting date:	157	147
Of which: managers	6	6

SECTION II
INFORMATION ON ADOPTED PROCEDURES

1. GENERAL ASSUMPTIONS FOR PREPARING THE FINANCIAL STATEMENTS

The Company's financial statements comprising the balance sheet, income statement, and notes to the financial statements as at 31 December 2018 were prepared under the going-concern assumption and in compliance with accounting regulations valid in the Slovak Republic. The disclosures in the financial statements provide a true and fair presentation of assets and liabilities, equity representing the aggregate of own funds to cover assets, the financial position, and the results of operations.

The accounting policies and general accounting principles have been consistently applied by the accounting entity.

2. APPLICATION OF AND CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS

2.1. GENERAL ACCOUNTING PRINCIPLES

1. When recognising the Company's profit/(loss), all revenues and costs related to the reporting period are used as a basis regardless of their settlement date.
2. The measurement of assets and liabilities in the accounting books and financial statements is adjusted for items expressing risks, losses and impairment known as at the reporting date (value adjustments for assets, provisions for liabilities).
3. If it is determined during the stocktake of inventories that their selling price less costs of sale is lower than their carrying amount in accounting books, the inventories are measured at such lower price in the accounting books and financial statements.
4. The Company recognises matters that are subject to accounting under the accrual basis of accounting. If the accrual principle of accounting cannot be complied with, the Company is allowed to recognise matters in the reporting period in which they were identified.
5. Assets and liabilities are recognised at historical cost, unless specified otherwise in Section III, Note 2.2 (Measurement of Individual Items).
6. As at the reporting date, the Company reconciled assets and liabilities in compliance with the Accounting Act.
7. Account balances included in the balance sheet and used to open the reporting period are linked to the account balances used to close the preceding reporting period.
8. In the classification of assets and liabilities into non-current and current, the main criterion considered is the total maturity period. However, on the balance sheet receivables and payables are disclosed based on the residual maturity period as at the reporting date, ie receivables and payables with a residual maturity of up to 12 months are recognised as current, while those with a residual maturity of over 12 months are recognised as non-current.
9. The preparation of the Financial Statements requires that the Company management make judgments, estimates, and assumptions that affect the application of the accounting policies and accounting principles and the amounts of assets, liabilities, income, and expenses. These estimates and related assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for assessing the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are not recognized retrospectively, but instead in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

10. In connection with the application of accounting policies and accounting principles of the Company no such judgments are required that would have a material impact on the amounts presented in the Financial Statements.
11. Assumptions and estimation uncertainties
    Information about assumptions and estimation uncertainties that have a significant risk in resulting in a material adjustment in the future accounting period are described in more detail in the following notes:
    - Note 2.2.1 c) - non-current intangible assets and property, plant and equipment – determination of their expected useful lives and expected wear and tear
    - Note 2.2.1 m) - value adjustments to assets (non-current assets, receivables) – key assumptions underlying an estimated decrease in future economic benefits

2.2. ACCOUNTING PRINCIPLES AND METHODS APPLIED

2.2.1. MEASUREMENT OF INDIVIDUAL ITEMS

a) Purchased Non-Current Intangible Assets

Purchased non-current intangible assets were measured at cost in the accounting books.

Low-value non-current intangible assets up to EUR 2 400 are expensed on a one-off basis in the year of acquisition.

b) Non-Current Intangible Assets Generated Internally

Non-current intangible assets generated internally are measured at own costs. Own costs are all direct costs associated with production or other activities and indirect costs attributable to production or other activities.

c) Purchased Non-Current Tangible Assets

Non-current tangible assets were measured at cost in the accounting books. The cost includes the acquisition price and the related incidental costs (such as transport, freight costs, customs duty, transport, commissions etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc.

Expenses for extension, modernisation and reconstruction leading to the improvement of the performance, capacity or efficiency in the aggregate amount of more than EUR 1 700 for individual assets for the current reporting period increase the cost of non-current tangible assets. Expenses for technical improvements totalling EUR 1 700 or less for individual assets for the current reporting period and expenses for operation, maintenance, and repairs are charged to expenses for the current reporting period.

Non-current tangible assets up to EUR 1 700 are expensed on a one-off basis in the year of acquisition.

Impairment review
Value adjustments are created based on the prudence principle if it is justified to assume that the value of an asset has decreased compared to its carrying value. A value adjustment is recognized in the amount of the justified estimate of the impairment of the asset compared to its carrying value.

Factors that are considered important for a review of asset impairment include:

- technological advances;
- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the Company assets or an overall change in the Company strategy;
- product obsolescence.

If the Company determines that, based on the existence of one or several asset impairment indicators, it can be assumed that the value of an asset has decreased compared to its carrying value, it calculates the asset impairment on the basis of estimates of projected net discounted cash flows that are expected from the asset, including its possible sale. The estimated impairment could prove insufficient if the analysis overestimated cash flows or if conditions change in the future. For more information, see Note D.10. Asset impairment and value adjustments.

d) Purchased Inventories

Inventory is valued at the lower of the following: its acquisition cost (purchased inventory) or conversion cost (own work capitalized), or its net realizable value.

Acquisition cost includes the price at which inventory has been acquired plus costs related to the acquisition (customs duty, transport, commissions, etc.) less credit notes, early payment discounts, rebates, price discounts, bonuses, etc. Interest on loans is not capitalized.

The Company has not specified rules regarding natural disposals of inventories for the reporting period by an internal regulation.

e) Receivables

Receivables are measured at their nominal value. The Company creates an adequate value adjustments for bad and doubtful receivables.

If the remaining maturity of a receivable exceeds one year, the value of this receivable is adjusted by creating a value adjustment, which represents the difference between the nominal value and the present value of the receivable. The present value of a receivable is calculated as the sum of the products of future cash receipts and the relevant discount factors.

f) Current Financial Assets

Cash, stamps and vouchers are measured at their face value.

g) Deferred Expenses and Accrued Income

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

h) Provisions for Liabilities

A provision is a liability representing the Company's existing obligation arising from past events, which is likely to reduce its economic benefits in the future. Provisions are liabilities of uncertain timing or amount and are valued on the basis of an estimate whose amount is necessary to fulfil the existing obligation as at the balance sheet date.

The Company creates provisions in accordance with the Act on accounting for anticipated risks, losses and impairment relating to liabilities of uncertain timing or amount. The Company created provisions for bonuses and employee benefits, untaken holiday and unbilled supplies.

Creation of a provision is recorded in the relevant expense or asset account to which the liability is attributable. The use of the provision is debited to the relevant account of provisions with a corresponding credit entry in the relevant liability account. Reversal of an unused provision or part thereof is accounted for by means of an accounting entry in reverse to the creation of the provision.

Creation of a provision for bonuses, rebates, discounts, and the repayment of the purchase price in the event of a complaint is recorded as a reduction in the originally earned revenue with a corresponding credit entry in the account of provisions.

i) Value adjustments

Value adjustments are created based on the prudence principle if it is justified to assume that the value of an asset has decreased compared to its carrying value. The value adjustment is accounted for in the amount of the justified estimate of the impairment of the asset compared to its carrying value.

Impairment of non-current assets and inventory
As of each balance sheet date, the carrying value of the Company's assets other than a deferred tax asset is reviewed to determine whether there are any indicators that assets may be impaired. If such indicators exist, the expected future economic benefits from the relevant asset are estimated.

Value adjustments presented in previous periods are reassessed as of each balance sheet date to determine whether any indicators exist that the asset impairment assumption has changed or ceased to exist. A value adjustment is reversed if the assumptions used for determining the expected economic benefits from the asset have changed. A value adjustment is only reversed to the extent that the carrying value of the asset does not exceed the carrying value that would have been determined, net of amortization and depreciation, if the value adjustment had not been presented.

Impairment of financial assets and receivables
As of each balance sheet date, financial assets that are not valued at their fair value are reviewed to determine whether there is any objective evidence that they are impaired.

Objective evidence of impairment of financial assets includes non-repayment of debt or an illegal conduct on the part of the debtor, the restructuring of the Company's receivables under such conditions that the Company would not consider under normal circumstances, indications that a petition for bankruptcy will be filed with respect to assets of the debtor or issuer, or if an active market has ceased to exist for the relevant security. Objective evidence of impairment of investments in shares and ownership interests also includes a significant or long-term decline in their fair value below their acquisition cost.

Expected future economic benefits from the Company's investments in shares and ownership interests and from receivables are calculated as the present value of estimated discounted future cash flows. When determining the recoverable amounts of loans and receivables, the debtor's ability and performance and the amount of collateral and third-party guarantees are also considered.

A value adjustment is reversed if the subsequent increase in the expected future economic benefits can be related objectively to an event occurring after the value adjustment was recognized.

j) Payables

Payables (including loans and assistance) are measured at their nominal value. If it is determined during the reconciliation of payables that the amount of payables is other than their carrying amount, payables are recognised at the identified amount both in the accounting books and in the financial statements.

k) Employee benefits

Salaries, wages, contributions to pension and insurance funds, paid annual leave and paid sick leave, bonuses, and other benefits in kind (for example, health care) are recorded in the accounting period to which they correspond in terms of substance and time.

l) Accrued Expenses and Deferred Income

Accrued expenses and deferred income are presented in accordance with the matching principle in terms of substance and time.

m) Leased Assets and Assets Acquired Under the Contract for Purchase of a Leased Asset

The Company recognises lease payments for leased assets (under an operating lease) relating to the current reporting period directly in expenses under the accrual basis of accounting during the agreed period of lease.

n) Income Tax

The corporate income tax is expensed in the period when the tax liability arises. In the accompanying income statement, tax expense is calculated using the tax rate stipulated in Act No. 595/2003 Coll. on Income Tax and on the basis of the profit/(loss) before taxes that has been adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and any tax losses carried forward. The tax liability is stated net of corporate income tax advances that the Company paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Company records an income tax receivable.

Deferred taxes (deferred tax assets and deferred tax liabilities) relate to the following:

a) temporary differences between the carrying value of assets and the carrying value of liabilities presented in the Balance Sheet and their tax base;
b) tax losses which are possible to carry forward to future periods, being understood as the possibility of deducting these tax losses from the tax base in the future;
c) unused tax deductions and other tax claims which are possible to carry forward to future periods.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized. To determine deferred tax, the tax rate applicable in the subsequent reporting periods is applied.

o) Leasing (Company as the lessee)

Financial leasing. Financial leasing is the acquisition of property, plant and equipment on the basis of a lease agreement with an agreed right to purchase the leased asset for agreed payments during the agreed period of lease. Assets leased through financial leasing are recognized and depreciated by the lessee, not by the owner.

The agreed payments include the purchase price for which the ownership title to the leased asset is transferred from the lessor to the lessee at the end of the agreed period of financial leasing of the asset.

The agreed period of lease is at least 60% of the depreciation period according to tax regulations. In the instance of lease of land, the period of lease is at least 60% of the depreciation period of the tangible asset included in tax depreciation group 5 or 6 (buildings and structures, the depreciation period for tax purposes is 20 and 40 years, respectively).

The asset received by the lessee is recorded in the accounting books of the lessee on the date when the asset is received, namely by means of a debit entry in the relevant asset account with a corresponding credit entry in account 474 – Liabilities related to leasing in the amount of the agreed payments less unrealized financial expenses.

Lease payment is allocated between the repayment of principal and financial expenses calculated using the effective interest rate method. Financial expenses are debited to account 562 – Interest.

Operating lease. Assets leased through operating leases are presented by the owner, not by the lessee. Assets leased in the form of operating lease are recorded against expenses on a continuous basis during the duration of the lease agreement.

p) Revenue Recognition

Revenues from the sale of services are recognised in the reporting period in which such services were provided considering the stage of completion of the service. This is determined based on the services provided as a proportion of the total contracted services.

Revenues are recognised net of VAT, discounts and deductions (rebates, bonuses, discounts, credit notes, etc). Interest income is accrued on a straight-line basis in accordance with the matching principle in terms of substance and time. Dividend income is recognized when the Company's right to receive payment arises.

The Company's revenues primarily comprise revenues from the sale of services.

q) Comparative information

If figures for the preceding accounting period in the individual sections of the Financial Statements are not comparable owing to a change in the accounting policies and accounting principles, an explanation of the incomparable figures is provided in the Notes to the Financial Statements.

2.2.2. DEPRECIATION/AMORTISATION PLAN FOR NON-CURRENT ASSETS

The Company's depreciation/amortisation plan serves as a basis for calculating accumulated depreciation of depreciated/amortised assets during their use. Accounting depreciation/amortisation charges are calculated from the cost (price) at which an asset is measured in the accounting books, ie up to this amount.

The Company amortises non-current intangible assets using the straight-line method based on the amortisation rates derived from the estimated useful life corresponding to the consumption of future economic benefits arising from such assets.

Non-Current Intangible Assets

Type of Non-Current Intangible Assets	Estimated Useful Life in Years	Amortisation Method	Annual Amortisation Rate in %
Software	3 – 15	straight-line	6,67% – 33,33%

The Company depreciates non-current tangible assets using the straight-line depreciation method over the set useful life of depreciated assets. Depreciation/amortization commences in the month in which the non-current asset was put into use.

Non-Current Tangible Assets

Type of Non-Current Tangible Assets	Estimated Useful Life in Years	Depreciation Method	Annual Depreciation Rate in %
Buildings – leasehold improvements	7	straight-line	14,29%
Machines and office equipment	4 – 5	straight-line	20% –25%
Transportation means	5	straight-line	20%

For tax purposes, the Company depreciates its non-current tangible assets pursuant to Articles 22 – 29 of Act No. 595/2003 Coll. on Income Tax. Depreciation rates differ from the accounting depreciation rates.

2.2.3. PRINCIPLES FOR CREATION OF PROVISIONS

a) Principles Related to Value Adjustments to Receivables

The Company creates value adjustments to receivables if there is a risk that the debtor will fail to repay the receivable in full or partially, in accordance with legislation (Article 26 of Act No. 431/2002 Coll. on Accounting; Article 20 of Act No. 595/2003 Coll. on Income Tax) as follows:

Criterion	Provision in %
Overdue by more than 360 days	20
Overdue by 720 to 1 080 days	50
Overdue by more than 1 080 days	100
Bad and doubtful debts	100
In bankruptcy	100

The value of receivables with a residual maturity exceeding 1 year is adjusted to their value at the time of their recognition and disclosure (present value).

2.2.4. TRANSLATION OF AMOUNTS DENOMINATED IN FOREIGN CURRENCY TO EURO

Assets and liabilities denominated in foreign currencies are translated to euro using the European Central Bank's (ECB) exchange rate valid on the date preceding the transaction date, or on another date if required by a special regulation.

As at the reporting date, the Company translates assets and liabilities denominated in foreign currencies to euro, except for advance payments received and made, using the exchange rate as announced by the European Central Bank.

Foreign exchange differences arising during the year, including foreign exchange differences from the translation of assets and liabilities as at the reporting date, have an impact on the profit/loss of the current reporting period.

2.2.5. CHANGES IN ACCOUNTING PRINCIPLES AND ACCOUNTING METHODS, CHANGES IN MEASUREMENT, DEPRECIATION AND RECOGNITION METHODS, AND IN ACCOUNTING PROCEDURES

There were no changes in the measurement and depreciation methods, accounting procedures or in the arrangement and content of items included in the financial statements compared with the preceding reporting period, unless specified otherwise, except for those that resulted directly from changes in Slovak accounting legislation.

2.2.6. CORRECTION OF MATERIAL ERRORS OF PREVIOUS REPORTING PERIODS

If the Company identifies a material error concerning previous accounting periods during the current accounting period, it corrects this error in accounts 428 - Retained earnings from previous years and 429 - Accumulated losses from previous years, i.e., with no impact on net profit/loss of the current accounting period. Corrections of immaterial errors of previous accounting periods are recorded in the current accounting period in the relevant expense or income account.

In 2018, the Company did not account for any corrections of material errors of past periods.

SECTION III
INFORMATION EXPLAINING AND SUPPLEMENTING BALANCE SHEET ITEMS

1. ASSETS

1.1. NON-CURRENT INTANGIBLE AND TANGIBLE ASSETS (Balance Sheet Lines 003 and 011)

a) Movements in Costs, Accumulated Depreciation and Provisions

Information on the movements of property, plant and equipment from 1 January 2018 to 31 December 2018 and for the comparative period from 1 January 2017 to 31 December 2017 is shown in the tables on pages 21 and 24.

b) Non-Current Intangible and Tangible Assets to which Company does not have ownership title

The Company does not have any non-current assets to which it does not have ownership title.

c) Non-Current Intangible and Tangible Assets Under Lien or with Restricted Handling by the Company

On 27 April 2012, the Company concluded an agreement on the pledge over movable assets. Tatra banka, a.s. is the pledgee. The pledge agreement was concluded to secure overdraft facility No. 536/2009 of up to EUR 2 500 000 and revolving loan No. 853/2011 of up to EUR 3 000 000.

The pledged assets are movable assets owned by the Company.

The movements of non-current intangible assets during the current accounting period are summarized as follows:

Non-current intangible assets	Current accounting period							
	Capitalized development costs	Software	Valuable rights	Goodwill	Other non-current int. assets	Acquisition of non-current int. assets	Advance payments made for non-current int. assets	Non-current intangible assets - total
Acquisition cost/conversion cost								
Opening balance	0	10 840 304	0	0	0	387 572	0	**11 227 876**
Increases	0	227 057	0	0	0	1 550 685	0	**1 777 742**
Decreases	0	12 856	0	0	0	0	0	**12 856**
Transfers	0	156 014	0	0	0	-156 014	0	**0**
Closing balance	0	11 210 519	0	0	0	1 782 243	0	**12 992 762**
Accumulated depreciation								
Opening balance	0	3 078 612	0	0	0	0	0	**3 078 612**
Increases	0	802 297	0	0	0	0	0	**802 297**
Decreases	0	12 856	0	0	0	0	0	**12 856**
Transfers	0	0	0	0	0	0	0	**0**
Closing balance	0	3 868 053	0	0	0	0	0	**3 868 053**
Value adjustments								
Opening balance	0	0	0	0	0	0	0	**0**
Increases	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	0	0	0	0	**0**
Carrying value								
Opening balance	**0**	**7 761 692**	**0**	**0**	**0**	**387 572**	**0**	**8 149 264**
Closing balance	**0**	**7 342 466**	**0**	**0**	**0**	**1 782 243**	**0**	**9 124 709**

The movements of non-current intangible assets during the preceding accounting period are summarized as follows:

Non-current intangible assets	Preceding accounting period							
	Capitalized development costs	Software	Valuable rights	Goodwill	Other non-current int. assets	Acquisition of non-current int. assets	Advance payments made for non-current int. assets	Non-current intangible assets - total
Acquisition cost/conversion cost								
Opening balance	0	10 161 084	0	0	0	54 541	0	**10 215 625**
Increases	0	0	0	0	0	1 012 251	0	**1 012 251**
Decreases	0	0	0	0	0	0	0	**0**
Transfers	0	679 220	0	0	0	-679 220	0	**0**
Closing balance	0	10 840 304	0	0	0	387 572	0	**11 227 876**
Accumulated depreciation								
Opening balance	0	2 395 876	0	0	0	0	0	**2 395 876**
Increases	0	682 736	0	0	0	0	0	**682 736**
Decreases	0	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	0	**0**
Closing balance	0	3 078 612	0	0	0	0	0	**3 078 612**
Value adjustments								
Opening balance	0	0	0	0	0	0	0	**0**
Increases	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	0	0	0	0	**0**
Carrying value								
Opening balance	**0**	**7 765 208**	**0**	**0**	**0**	**54 541**	**0**	**7 819 749**
Closing balance	**0**	**7 761 692**	**0**	**0**	**0**	**387 572**	**0**	**8 149 264**

The movements of non-current tangible assets during the current accounting period are summarized as follows:

Non-current tangible assets	Current accounting period								
	Land	Structures	Individual movable assets and their sets	Perennial crops	Livestock	Other property, plant and equipment	Acquisition of property, plant and equipment	Advance payments made for property, plant and equipment	Total
Acquisition cost/conversion cost									
Opening balance	0	0	2 547 819	0	0	0	62 564	0	**2 610 383**
Increases	0	72 429	320 724	0	0	0	121 692	0	**514 845**
Decreases	0	0	103 889	0	0	0	0	0	**103 889**
Transfers	0	0	41 540	0	0	0	-41 540	0	**0**
Closing balance	0	72 429	2 806 194	0	0	0	142 716	0	**3 021 339**
Accumulated depreciation									
Opening balance	0	0	1 996 698	0	0	0	0	0	**1 996 698**
Increases	0	2 487	237 497	0	0	0	0	0	**239 984**
Decreases	0	0	103 889	0	0	0	0	0	**103 889**
Transfers	0	0	0	0	0	0	0	0	**0**
Closing balance	0	2 487	2 130 306	0	0	0	0	0	**2 132 793**
Value adjustments									
Opening balance	0	0	0	0	0	0	0	0	**0**
Increases	0	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	0	0	0	0	0	**0**
Carrying value									
Opening balance	**0**	**0**	**551 121**	**0**	**0**	**0**	**62 564**	**0**	**613 685**
Closing balance	**0**	**69 942**	**675 888**	**0**	**0**	**0**	**142 716**	**0**	**888 546**

The movements of non-current tangible assets during the preceding accounting period are summarized as follows:

Non-current tangible assets	Preceding accounting period								
	Land	Structures	Individual movable assets and their sets	Perennial crops	Livestock	Other property, plant and equipment	Acquisition of property, plant and equipment	Advance payments made for property, plant and equipment	Total
Acquisition cost/conversion cost									
Opening balance	0	0	2 419 108	0	0	0	56 640	0	**2 475 748**
Increases	0	0	0	0	0	0	159 516	0	**159 516**
Decreases	0	0	24 881	0	0	0	0	0	**24 881**
Transfers	0	0	153 592	0	0	0	-153 592	0	**0**
Closing balance	0	0	2 547 819	0	0	0	62 564	0	**2 610 383**
Accumulated depreciation									
Opening balance	0	0	1 815 530	0	0	0	0	0	**1 815 530**
Increases	0	0	206 049	0	0	0	0	0	**206 049**
Decreases	0	0	24 881	0	0	0	0	0	**24 881**
Transfers	0	0	0	0	0	0	0	0	**0**
Closing balance	0	0	1 996 698	0	0	0	0	0	**1 996 698**
Value adjustments									
Opening balance	0	0	0	0	0	0	0	0	**0**
Increases	0	0	0	0	0	0	0	0	**0**
Decreases	0	0	0	0	0	0	0	0	**0**
Transfers	0	0	0	0	0	0	0	0	**0**
Closing balance	0	0	0	0	0	0	0	0	**0**
Carrying value									
Opening balance	**0**	**0**	**603 578**	**0**	**0**	**0**	**56 640**	**0**	**660 218**
Closing balance	**0**	**0**	**551 121**	**0**	**0**	**0**	**62 564**	**0**	**613 685**

1.2. INVENTORIES (Balance Sheet Line 034)

a) Summary of Provisions for Inventories (per Balance Sheet Item)

The Company did not create provisions for inventories.

1.3 RECEIVABLES (Balance Sheet Lines 041 and 053)

Value adjustments to receivables reflect the credit rating and the customer's ability to pay.

A value adjustment is used if an overdue receivable to which a value adjustment has been created in the past is partially repaid or written off.

A value adjustment is reversed in cases where the risk that the debtor will not repay the receivable or part thereof has ceased to exist or decreased.

a) The Ageing Structure of Receivables

The ageing structure of receivables is shown in the table below:

Description	2018	2017
Receivables – due	2 141 818	2 386 258
Receivables – overdue	229 710	49 110
Total	**2 371 528**	**2 435 368**

Receivables secured by the right of lien or other security

Receivables are not secured by the right of lien and there is not any use restriction.

b) Deferred Tax Asset

See Section III, Note 2 Liabilities, paragraph 2.7.

1.4 CURRENT FINANCIAL ASSETS (Financial Accounts – Balance Sheet Line 066)

a) Breakdown of Financial Accounts

Description	2018	2017
Petty cash, valuables	0	0
Current accounts in banks or in foreign bank branches	1 820 583	0
Term deposits in banks or in foreign bank branches	0	0
Cash in transit	0	0
Total	**1 820 583**	**0**

As at 31 December 2018, the current financial assets are not subject to any restrictions.

1.5 ACCRUALS AND DEFERRALS (Balance Sheet Line 074)

a) Description of Material Items of Accruals and Deferrals

Description of accruals/deferrals	2018	2017
Prepaid expenses - long-term, thereof:	**57 825**	**12 774**
Maintenance software	4 847	12 418
Maintenance hardware	52 954	356
Other	23	0
Prepaid expenses - short-term, thereof:	**287 045**	**92 890**
Maintenance software	86 644	27 906
Maintenance hardware	87 869	59 498
Rental costs	87 417	0
Membership fee	8 924	242
Training	8 164	1 731
Marketing	5 765	29
Insurance	1 651	1 754
Other	611	1 730
Accrued income - long-term, thereof:	**0**	**0**
Accrued income - short-term, thereof:	**535 711**	**85 559**
Projects in progress as at 31.12.	535 711	85 559
Total	**880 581**	**191 223**

2. EQUITY AND LIABILITIES

2.1. EQUITY (Balance Sheet Line 080)

The Company recognises changes in and the balance of the registered capital, capital funds, funds created from profit and profit/(loss) in compliance with legislation.

a) Description of Registered Capital

As at 31 December 2018, the subscribed registered capital amounts to EUR 539 465 (31 December 2017: EUR 539 465). The Company's registered capital comprises a monetary contribution of EUR 539 465 made by Raiffeisen Bank International AG.

The registered capital has been fully paid.

b) Description of Legal Reserve Fund

According to the Commercial Code, the Company is obliged to create a legal reserve fund in the minimum amount of 5 % from the net profit (annually) and up to a maximum of 10 % of the registered share capital.

No mandatory contribution to the legal reserve fund is required, as the legal reserve fund has already attained the maximum limit stipulated in the legislation and the Memorandum of Association.

c) Distribution of Accounting Profit/Settlement of Accounting Loss for the Previous Reporting Period

Distribution of the accounting profit	2017
Accounting profit	989 793
Distribution of the accounting profit	**2018**
Contribution to legal reserve fund	0
Contribution to statutory and other funds	0
Contribution to the social fund	0
Contribution for the purpose of increasing share capital	0
Settlement of losses of previous periods	0
Transfer to retained earnings	989 793
Payment of dividends to owners, members	0
Other	0
Total	**989 793**

d) Proposed Distribution of Accounting Profit or Settlement of Accounting Loss

A decision on the distribution of the 2018 profit will be made by the General Meeting. Company management will propose to the shareholders that the profit be transferred to Retained earnings of previous years.

e) Movements in Equity

Movements in equity are presented in Section IX.

2.2. PROVISIONS FOR LIABILITIES (Balance Sheet Lines 118 and 136)

a) Description of Individual Provisions for Liabilities as at 31 December 2018 and 31 December 2017

Provision type	Current accounting period				
	1 Jan 2018	Creation	Use	Reversal	31 Dec 2018
Long-term provisions, thereof:	**125 000**	**0**	**0**	**0**	**125 000**
Legal long-term provision, thereof:	0	0	0	0	0
Other long-term provision, thereof:	125 000	0	0	0	125 000
Provision for business risks	125 000	0	0	0	125 000
Provision for bonuses	0	0	0	0	0
Short-term provisions, thereof:	**1 473 301**	**1 951 397**	**1 325 888**	**93 610**	**2 005 201**
Legal short-term provision, thereof:	88 263	118 125	88 263	0	118 125
Provision for unused holiday and insurance	88 263	118 125	88 263	0	118 125
Other short-term provision, thereof:	1 385 038	1 833 273	1 237 625	93 610	1 887 076
Provision for bonuses, contributions and employees benefits	599 546	613 268	599 546	0	613 268
Provision for IT services - Tatra banka a.s.	121 498	2 545	120 737	761	2 545
Provision for personal services - Raiffeisen Bank International	163 612	33 000	85 741	38 551	72 320
Provision for audit, FS, CITR, economic advisory	23 100	25 323	21 574	1 526	25 323
Provision for IT services - Raiffeisen Informatik	210 425	895 146	205 582	4 843	895 145
Provision for IT consultancy services	103 290	60 626	103 158	496	60 262
Provision for VAT coefficient	98 275	156 397	71 912	18 948	163 811
Provision fo other unbilled supplies	65 292	46 969	29 375	28 484	54 402

Provision type	Preceding accounting period				
	1 Jan 2017	Creation	Use	Reversal	31 Dec 2017
Long-term provisions, thereof:	**135 591**	**0**	**10 591**	**0**	**125 000**
Legal long-term provision, thereof:	0	0	0	0	0
Other long-term provision, thereof:	135 591	0	10 591	0	125 000
Provision for business risks	125 000	0	0	0	125 000
Provision for bonuses	10 591	0	10 591	0	0
Short-term provisions, thereof:	**955 566**	**1 455 121**	**840 612**	**96 774**	**1 473 301**
Legal short-term provision, thereof:	91 104	88 263	91 104	0	88 263
Provision for unused holiday and insurance	91 104	88 263	91 104	0	88 263
Other short-term provision, thereof:	864 462	1 366 858	749 508	96 774	1 385 038
Provision for bonuses, contributions and employees benefits	573 199	587 766	508 878	52 541	599 546
Provision for IT services - Tatra banka a.s.	155 263	121 498	151 559	3 704	121 498
Provision for personal services - Raiffeisen Bank International	55 000	163 612	17 146	37 854	163 612
Provision for audit, FS, CITR, economic advisory	17 550	23 100	16 050	1 500	23 100
Provision for IT services - Raiffeisen Informatik	0	210 425	0	0	210 425
Provision for IT consultancy services	29 731	103 290	29 731	0	103 290
Provision for VAT coefficient	0	98 275	0	0	98 275
Provision fo other unbilled supplies	33 719	58 892	26 144	1 175	65 292

The provision for unused vacation days was created mathematically based on the product of unused vacation days and the employee's average daily salary. For the unused vacation days, a provision for health and social insurance payments was created according to the percentage of statutory insurance payments. The provision for liabilities will be utilised in 2019.
The provision for unbilled supplies was created based on the expected costs of such services. The provisions for liabilities will be utilised in 2019.

The Company recorded no other provision for potential sanctions from third parties (e.g. tax administrator, business partner, etc) owing to the performance of its business activities as, based on the analysis of the current situation, it does not expect any sanctions from third parties, although this cannot be fully excluded given different interpretations of the existing legal regulations.

2.3. LIABILITIES (Balance Sheet Lines 102 and 122)

a) Breakdown of Payables by Residual Maturity

Liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to maturity are shown in the table below:

Liabilities	2018	2017
Total Non-current liabilities	**0**	**0**
Liabilities with maturity over 5 years	0	0
Liabilities with maturity 1 - 5 years	0	0
Total Current liabilities	**2 074 290**	**1 513 154**
Liabilities with maturity less than 1 year	1 527 885	1 454 676
Liabilities - overdue	546 405	58 478

The structure of liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to their remaining maturities as of 31 December 2018 is shown in the table below:

Description	Carrying value	Less than 1 year	1 – 5 years	More than 5 years
Trade liabilities to affiliated accounting entities	950 464	950 464	0	0
Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities	0	0	0	0
Other trade liabilities	1 011 594	1 011 594	0	0
Net value of contract	0	0	0	0
Other liabilities to affiliated accounting entities	0	0	0	0
Other liabilities within a participating interest, except for liabilities to affiliated accounting entities	0	0	0	0
Other non-current liabilities	0	0	0	0
Long-term advance payments received	0	0	0	0
Long-term bills of exchange to be paid	0	0	0	0
Bonds issued	0	0	0	0
Other non-current liabilities	0	0	0	0
Liabilities to partners and association	0	0	0	0
Liabilities to employees	1 700	1 700	0	0
Liabilities related to social security	1 878	1 878	0	0
Tax liabilities and subsidies	99 521	99 521	0	0
Liabilities related to derivative transactions	0	0	0	0
Other liabilities	9 133	9 133	0	
Total	**2 074 290**	**2 074 290**	**0**	**0**

The structure of liabilities (except for bank loans, borrowings and returnable financial assistance, liabilities related to social fund, deferred tax liability and provisions) according to their remaining maturities as of 31 December 2017 is shown in the table below:

Description	Carrying value	Less than 1 year	1 – 5 years	More than 5 years
Trade liabilities to affiliated accounting entities	371 810	371 810	0	0
Trade liabilities within a participating interest, except for liabilities to affiliated accounting entities	0	0	0	0
Other trade liabilities	816 898	816 898	0	0
Net value of contract	0	0	0	0
Other liabilities to affiliated accounting entities	0	0	0	0
Other liabilities within a participating interest, except for liabilities to affiliated accounting entities	0	0	0	0
Other non-current liabilities	0	0	0	0
Long-term advance payments received	0	0	0	0
Long-term bills of exchange to be paid	0	0	0	0
Bonds issued	0	0	0	0
Other non-current liabilities	0	0	0	0
Liabilities to partners and association	0	0	0	0
Liabilities to employees	3 080	3 080	0	0
Liabilities related to social security	584	584	0	0
Tax liabilities and subsidies	320 782	320 782	0	0
Liabilities related to derivative transactions	0	0	0	0
Other liabilities	0	0	0	
Total	**1 513 154**	**1 513 154**	**0**	**0**

b) Payables Secured by the Right of Lien or Other Security

Payables are not secured by the right of lien or other security.

c) Deferred Tax Liability

See Section III, Note 2 Liabilities, paragraph 2.7.

d) Creation of and Drawing from the Social Fund

The creation and drawing from the social fund during the accounting period are presented in the table below:

Description	2018	2017
Opening balance of social fund	**37 138**	**41 583**
Creation of social fund against expenses	46 324	42 254
Creation of social fund from profit	0	0
Other creation of social fund	0	0
Total creation of social fund	***46 324***	***42 254***
Use of social fund	77 374	46 699
Closing balance of social fund	**6 088**	**37 138**

A portion of the social fund is debited to costs as required by the Social Fund Act and a portion thereof may be created from profit. Under the Social Fund Act, the social fund is used for the social, health, recreational and other employee needs.

2.4. BANK LOANS, BORROWINGS AND REPAYABLE FINANCIAL ASSISTANCE (Balance Sheet Lines 121, 139 and 140)

a) Information on Bank Loans, Borrowings and Short-Term Financial Assistance

Description	Currency	Interest p.a. in %	Maturity	Principal in basic currency for 2018	Principal in EUR for 2018	Principal in the relevant currency for 2017
Long-term bank loans						
Total				0	0	0
Short-term bank loans						
VISA Credit Card Frame	EUR	19% p.a.	21 Jan 2019	3 713	3 713	4 730
Overdraft Loan 563/2009	EUR	1M Euribor + 2,5% p.a.	31 Jan 2019	0	0	936 237
Revolving Credit Frame 853/2011	EUR	Refinance rate+margin 1,65 % p.a.	31 Jan 2022	600 303	600 303	506 684
Total				**604 016**	**604 016**	**1 447 651**

Tatra banka, a.s., is the creditor for all provided short-term bank loans and it is also a related party of Regional Card Processing Centre, s.r.o.

The structure of borrowings and returnable financial assistance according to their remaining maturities is shown in the table below:

Description	2 018	2 017
Bank loans - overdue	0	0
Bank loans with the remaining maturity of up to 1 year	3 713	0
Bank loans with the remaining maturity of 1-5 years	600 303	1 447 651
Bank loans with the remaining maturity exceeding 5 years	0	0
Total	**604 016**	**1 447 651**

The Company presents revolving loan of EUR 600 303 as a short-term loan as it did not meet the loan agreement covenant as at 31 December 2018.

b) Collateralisation of Loans

On 27 April 2012, the Company concluded an agreement on the pledge over movable assets. Tatra banka, a.s. is the pledgee. The pledge agreement was concluded to secure overdraft facility No. 536/2009 of up to EUR 2 500 000 and revolving loan No. 853/2011 of up to EUR 3 000 000. The pledged assets are movable assets owned by the Company.

2.5. INCOME TAX

a) Relationship Between Current Income Tax and Deferred Income Tax and Profit/(Loss) Prior to Taxation

A reconciliation from the theoretical income tax to the reported income tax is shown in the table below:

Description	2018			2017		
	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
Profit (loss) before tax, thereof:	1 219 390	x	x	1 238 879	x	x
At theoretical tax rate	x	256 072	21,00%	x	260 164	21,00%
Tax non-deductible expenses	68 066	14 294	1,17%	79 559	16 707	1,35%
Income not subject to tax	-20 000	-4 200	-0,34%	0	0	0,00%
Effect of not recognised deferred tax asset	35 000	7 350	0,60%	0	0	0,00%
Tax losses claimed during the period	0	0	0,00%	0	0	0,00%
Changes of tax rate	0	0	0,00%	0	-1 535	-0,12%
Other	0	0	0,00%	-125 000	-26 250	-2,12%
Total	**1 302 456**	**273 516**	**22,43%**	**1 193 438**	**249 086**	**20,11%**
Current tax	x	**362 372**	**22,43%**	x	**391 137**	**20,11%**
Deferred tax	x	-88 856	-7,29%	x	-142 051	-11,47%
Total reported tax	**x**	**273 516**	**15,14%**	**x**	**249 086**	**8,64%**

Since 1 January 2017, the income tax rate in the Slovak Republic is 21%.

b) Deferred Tax Asset or Liability

The calculation of the deferred tax liability is below:

Description	2018	2017
Temporary differences between the carrying value of assets and their tax base, thereof:	**72 217**	**55 845**
– deductible	-673 613	-495 276
– taxable	745 830	551 121
Temporary differences between the carrying value of liabilities and their tax base, thereof:	**2 052 608**	**1 613 111**
– deductible	2 052 608	1 613 111
– taxable	0	0
Carry-forward of unused tax losses	0	0
Carry-forward of unused tax credits	0	0
Income tax rate (in %)	21	21
Deferred tax asset	**0**	**0**
Recognized deferred tax asset	**431 048**	**338 753**
Recorded as decrease of expenses	92 294	146 307
Recorded in equity	0	0
Deferred tax liability	**15 166**	**11 727**
Change in deferred tax liability	**15 166**	**11 727**
Recorded as an expense	3 438	4 255
Recorded in equity	0	0
Other	0	0

SECTION IV
INFORMATION EXPLAINING AND SUPPLEMENTING INCOME STATEMENT ITEMS

1. REVENUES FROM THE SALE OF OWN WORK AND MERCHANDISE (Income Statement Lines 03, 04 and 05)

Revenues from the sale of own products, merchandise and services amounted to EUR 19 579 533 for 2018 and to EUR 17 501 223 for 2017. Revenue from own work and merchandise according to the individual segments, i.e., types of services, is presented in the table below:

Description	2018	2017
Services		
Credit Card Fee	2 754 187	2 678 694
Transaction fees	9 560 810	8 402 993
Value Added fees	1 846 060	1 620 078
POS management fee	729 511	565 182
Suplementary services fees	1 469 534	1 174 888
Project fees and One time fees	2 487 085	2 237 482
RaiOPs monthly fees + CAE	730 512	810 094
Other services	1 834	11 812
Total	**19 579 533**	**17 501 223**

2. MATERIAL ITEMS OF REVENUES FROM THE CAPITALISATION OF COSTS (Income Statement Line 07)

Descripction	2018	2017
Significant items of capitalized costs, thereof:	**207 172**	**61 578**
Non-current Intangible assets - activation	207 172	61 578

3. OTHER MATERIAL ITEMS OF OPERATING REVENUES (Income Statement Lines 08 and 09)

Descripction	2018	2017
Other significant items of other operating income, thereof:	**1 222**	**16 378**
Revenue from the sale of fixed assets and material	309	13 485
Compensation for damages from insurance company	65	1 139
Annual settlement of VAT	0	1 735
Other operating income	848	19

4. PERSONNEL EXPENSES (Income Statement Line 15)

Description	2018	2017
Personal expenses, thereof:	**7 240 801**	**6 610 741**
Salaries and wages	5 223 274	4 749 690
Other expenses for employment	0	0
Social insurance	1 839 304	1 716 096
Legal social expenses	123 767	115 619
Social security	54 456	29 336

5. REVENUES FROM FINANCING ACTIVITIES (Income Statement Lines 30, 31, 35, 39, 42, 43 and 44)

Description	2018	2017
Financial income, thereof:	**0**	**142**
Exchange rate gains, thereof:	0	142
Unrealized exchange rate gains as at the balance sheet date	0	0
Other significant financial income, thereof:	0	0
Interest income	0	0

6. MATERIAL ITEMS OF COSTS OF SERVICES PROVIDED (Income Statement Line 14)

Description	2018	2017
Expenses of provided services, thereof:	**8 804 382**	**7 471 931**
IT & information costs	5 269 817	4 464 949
IT other costs	2 117 858	1 619 758
RBI services	394 902	483 852
Rental - office space	374 100	398 274
Payroll and accounting services	90 540	74 190
Training fees	83 033	68 319
Software up to 2 400 EUR	77 612	4 780
HR services, personal leasing	65 632	66 175
IT services (business & administration)	53 661	69 880
Master Card and Visa Europe fees	39 086	27 626
Travel expenses	38 702	30 342
Representation expenses	29 825	25 318
Travel agency services	27 904	29 743
Economic and tax consulting	26 450	39 162
Legal services	20 080	0
Marketing	16 928	1 637
Office services	16 685	0
Communication costs	15 481	17 362
Audit fees	10 394	11 100
Taxi	5 592	4 368
Repairs and maintenance	4 278	3 808
Teambuilding + intenal workshop	3 528	15 054
Accommodation	3 295	3 606
Other costs	18 999	12 628

7. MATERIAL ITEMS OF OTHER OPERATING EXPENSES (Income Statement Lines 20, 21, 24, 25 and 26)

Description	2018	2017
Other significant operating expenses, thereof:	**2 478 458**	**2 210 626**
VAT without the right to deduct	1 300 390	1 120 461
Depreciation and amorisation of non-current assets	1 042 279	875 109
Material and energy consumption	129 714	155 577
Insurance	10 171	6 677
Fines and penalties	-19 447	23 241
Net book value of intangible and tangible fixed assets sold	0	13 675
Taxes and fees	1 225	1 278
Other operating expenses	14 126	14 608

8. FINANCE EXPENSES (Income Statement Lines 46, 47, 48, 49, 52, 53 and 54)

Description	2018	2017
Financial expenses, thereof:	**44 896**	**47 144**
Exchange rate losses, thereof:	*199*	*382*
Unrealised exchange rate losses as at the balance sheet date	0	0
Other significant financial expenses, thereof:	*44 697*	*46 762*
Interest expenses	38 315	36 493
Other financial expenses	6 382	10 269

9. COSTS OF THE AUDITOR AND AUDIT FIRM

Description	2018	2017
Expenses for auditor services, thereof:	**10 394**	**11 706**
Audit of individual financial statements	10 394	11 100
Other non-audit services	0	606

10. NET TURNOVER (Income Statement Line 01)

Classification of net turnover according to Article 2 (15) of the Act on Accounting according to individual types of services or other activities of the accounting entity and main geographical markets:

Territory	Domestic		Abroad		Total	
	2018	2017	2018	2017	2018	2017
Credit Card Fee	271 776	286 680	2 482 411	2 392 014	**2 754 187**	**2 678 694**
Transaction fees	3 787 962	3 453 719	5 772 848	4 949 274	**9 560 810**	**8 402 993**
Value Added fees	365 010	345 038	1 481 050	1 275 040	**1 846 060**	**1 620 078**
POS management fee	473 853	468 958	255 658	96 224	**729 511**	**565 182**
Suplementary services fees	517 416	356 123	952 118	818 765	**1 469 534**	**1 174 888**
Project fees and one time fees	409 643	702 526	2 077 442	1 534 956	**2 487 085**	**2 237 482**
RaiOPs monthly fees + CAE	319 128	303 543	411 384	506 551	**730 512**	**810 094**
Other services	1 834	1 834	0	9 978	**1 834**	**11 812**
Total	**6 146 622**	**5 918 421**	**13 432 911**	**11 582 802**	**19 579 533**	**17 501 223**

SECTION V
OTHER ASSETS AND OTHER LIABILITIES

1. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Liabilities

Many parts of Slovak tax legislation remain untested in practice and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved when legislative precedents are set or when official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any significant costs for the Company.

Leasehold property

The Company leases administrative premises (1 587,86 m2) from third parties. The leases are for period of 7 years until 31.8.2025. Lease is automatically prolonged for a period of 5 years unless the parties will submit termination notice 12 months before the lease end. Quarterly leasing costs are EUR 69 312,05. Liabilities related to the lease recorded in off-balance sheet accounts amount to EUR 3 028 330 (2017: EUR 2 120 326).

The Company leases furniture from third parties. The lease period is 36 months starting on 1.10.2018 and ends on 30.9.2021. The lessor concluded also insurance for the furniture that is paid by the lessee. Monthly insurance payments are 0,217 thousands from the total amount of leased furniture. Overall leased costs for furniture and other related costs paid by the Company as per the contract shall not exceed EUR 220 000.

2. OTHER FINANCIAL OBLIGATIONS

During the reporting period, the Company had no material items of other financial obligations not recognised in the financial statements.

3. OFF-BALANCE SHEET ACCOUNTS

The Company has contingent assets and liabilities recognized on off-balance sheet accounts.

Description	2018	2017
Liabilities from acquistion of fixed assets	1 164 212	0
Acquisition of fixed assets - software solutions	219 900	0
Anticipated expenses - software solutions, software maintenance	944 312	0

SECTION VI
EVENTS THAT OCCURRED AFTER THE REPORTING DATE

No events that would require a disclosure in the financial statements ended 31 December 2018 occurred after 31 December 2018 until the day of preparation of the financial statements.

SECTION VII
COMPANY'S ECONOMIC RELATIONS WITH RELATED PARTIES, AND INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

1. ECONOMIC RELATIONS WITH RELATED PARTIES

a) Overview of Performed Transactions

Parties related to the Company are related accounting entities within the Group, as well as their statutory bodies, directors, and executive directors. The ultimate parent is Raiffeisen Bank International AG.

Transactions with the parent accounting entity

The Company carried out the following transactions with the parent accounting entity:

Description	Value of the transaction	
	2018	2017
Services	2 118 871	1 890 448
Total income	**2 118 871**	**1 890 448**

Description	Value of the transaction	
	2018	2017
Services	813 296	818 711
Other	-6 668	6 667
Total purchases	**806 628**	**825 377**

Assets and liabilities related to transactions with the parent accounting entity are shown in the table below:

Description	2018	2017
Inventory	0	0
Trade receivables	270 437	222 745
Total assets	**270 437**	**222 745**

Description	2018	2017
Loans received	2 331 694	2 432 309
Trade liabilites	270 437	222 745
Total liabilities	**2 331 694**	**2 432 309**

Transactions with other related parties

The Company carried out the following transactions with other related parties:

Descrition	Value of transaction	
	2018	2017
Services	17 460 663	15 601 775
Total income	**17 460 663**	**15 601 775**

Description	Value of transaction	
	2018	2017
Services	4 608 202	3 915 054
Benefits	54 456	29 336
Bank interest expense	38 315	36 493
Material / Energy	19 135	25 045
Bank fees	6 382	10 269
Other	-13 045	14 308
Total purchases	**22 174 107**	**19 632 281**

Assets and liabilities related to transactions with other related parties are shown in the table below:

Description	2018	2017
Inventory	0	0
Trade receivables	2 061 257	2 208 064
Total assets	**2 061 257**	**2 208 064**

Description	2018	2017
Loans received	604 016	1 447 651
Trade liabilities	1 900 928	743 620
Total liabilities	**2 331 694**	**2 432 309**

2. INCOME AND BENEFITS OF MEMBERS OF THE STATUTORY, SUPERVISORY AND OTHER BODIES OF THE COMPANY

Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the accounting entity, directly or indirectly, including any executive director or other director of that accounting entity. The average number of key management personnel was 6 in 2018 and 6 in 2017.

Except for wages and salaries, a member of the statutory body did not have any other income or benefits.

SECTION VIII
OTHER INFORMATION

The Company has not been granted an exclusive right or a special right to provide public services.

The Company is not covered by Article 23d (6) of the Act on Accounting.

SECTION IX
OVERVIEW OF MOVEMENTS IN EQUITY

An overview of the movements in equity during the reporting period is given below:

Item of Equity	Current accounting period				
	1 Jan 2018	Increase	Decrease	Transfer	31 Dec 2018
a	b	c	d	e	f
Registered capital	539 465	0	0	0	539 465
Changes in registered capital	0	0	0	0	0
Receivables related to unpaid registered capital	0	0	0	0	0
Share premium	0	0	0	0	0
Legal reserve funds	53 946	0	0	0	53 946
Other capital funds	0	2 705 000	0	0	2 705 000
Differences from revaluation of assets and liabilities	0	0	0	0	0
Revaluation of capital participations	0	0	0	0	0
Merger or division revaluation	0	0	0	0	0
Other funds created from profit	0	0	0	0	0
Retained earnings of previous years	5 537 170	1	0	989 793	6 526 964
Accumulated losses from previous years	0	0	0	0	0
Net profit (loss) of the current accounting period	989 793	945 874	0	-989 793	945 874
Other equity items	0	0	0	0	0
Account 491 - Equity of sole trader	0	0	0	0	0
Total	**7 120 374**	**3 650 875**	**0**	**0**	**10 771 249**

The Company created a capital fund of EUR 2 705 000 in 2018. The financial contribution was provided by the parent company Raiffeisen Bank International to finance development projects.

The Company decided to transfer the accounting profit for 2017 to retained earnings from previous years based on the decision of the General Meeting.

An overview of the movements in equity for the preceding reporting period is shown below:

Item of Equity	Preceding accounting period				
	1 Jan 2017	Increase	Decrease	Transfer	31 Dec 2017
a	b	c	d	e	f
Registered capital	539 465	0	0	0	539 465
Changes in registered capital	0	0	0	0	0
Receivables related to unpaid registered capital	0	0	0	0	0
Share premium	0	0	0	0	0
Legal reserve funds	53 946	0	0	0	53 946
Other capital funds	0	0	0	0	0
Differences from revaluation of assets and liabilities	0	0	0	0	0
Revaluation of capital participations	0	0	0	0	0
Merger or division revaluation	0	0	0	0	0
Other funds created from profit	0	0	0	0	0
Retained earnings of previous years	4 701 317	0	0	835 854	5 537 170
Accumulated losses from previous years	0	0	0	0	0
Net profit (loss) of the current accounting period	835 854	989 793	0	-835 854	989 793
Other equity items	0	0	0	0	0
Account 491 - Equity of sole trader	0	0	0	0	0
Total	**6 130 582**	**989 793**	**0**	**0**	**7 120 374**

SECTION X
CASH FLOW STATEMENT

The Company decided to prepare the cash flow statement using the indirect method. Using this method, profit/loss from ordinary activities before income tax is adjusted for the effects of non-cash items related to the Company's operating activities. Cash flows from investing and financing activities are recognised using the direct method.

Description	*2018*	*2017*
Net profit (before interest, tax, and items of exceptional size or incidence)	**1 257 705**	**1 275 372**
Depreciation of property, plant and equipment and amortization of non-current intangible assets (+)	1 042 279	875 109
Write-off value adjustments of acquired assets(+/-)	0	0
Change in provisions (+/-)	531 900	599 293
Change in value adjustments (+/-)	0	0
Operating profit before working capital changes	**2 831 884**	**2 749 774**
Changes in working capital		
Change in receivables from operations (including accruals/deferrals of assets) (- / +)	-680 680	-1 105 842
Change in payables from operations (including accruals/deferrals of assets) (+/-)	690 135	435 839
Changes in inventories (- / +)	-36	113
Cash generated from operations	**2 841 303**	**2 079 884**

Cash flow from operating activities		
Cash generated from operations	2 841 303	2 079 884
Interest paid	-38 315	-36 493
Interest received	0	0
Income tax paid	-520 137	-346 112
Proceeds and expenditure related to other non-current liabilities	-31 050	581
Net cash inflow from opeating acitivities	**2 251 802**	**1 697 860**
Cash flows from investing activities		
Purchase of non-current assets	-2 292 584	-1 171 767
Proceeds from sale of non-current assets	0	13 333
Net cash (outflow) from investing activities	**-2 292 584**	**-1 158 434**
Cash flow from financing activities		
Change in received loans	-843 635	-539 426
Contributions to a capital fund	2 705 000	0
Net cash (outlflow)/inflow from financing activities	**1 861 365**	**-539 426**

Net (decrease)/increase in cash and cash equivalents	1 820 583	0
Cash and cash equivalents at the beginning of year	0	0
Cash and cash equivalents at the end of year	**1 820 583**	**0**

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