

INVESTOR PRESENTATION

Capital Service S.A.
owner of brands:



AUGUST 2018

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Disclaimer

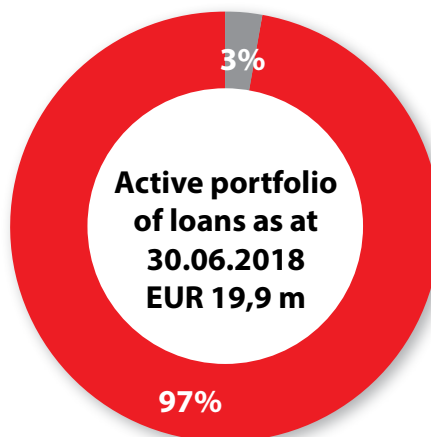
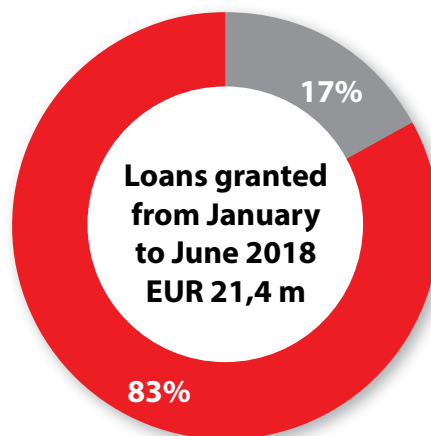
- > This document (the “Presentation”) has been prepared for the sole purpose of use with prospective investors and business partners, and other stakeholders. Capital Service S.A., together with its subsidiaries, is further referred to herein as the “Company”, or “Loan Originator”.
- > This Presentation is of a selective nature and is made to provide an introduction and overview of the Company’s business. This Presentation does not purport to contain all the information that a prospective investor or business partners or other stakeholder may require in evaluating the Loan Originator. The potential stakeholder should read publicly available information regarding the Loan Originator and the full Financial Statements of the Company, as well as the sample loan agreement that the Loan Originator uses in its relations with borrowers, or get information directly from the Company.
- > This Presentation contains forward-looking information that may involve risks and uncertainties concerning the Company’s growth and profitability in the future. No reliance should be placed on any statements, estimates and projections regarding future performance or developments, including, without limitation, in relation to expected market developments, estimated financial figures of the Company, or any other forward-looking statements. Actual events or results may materially differ from those described in this Presentation. No one should therefore unduly rely on these forward-looking statements as they reflect only the judgment of the Company’s management at the date of this Presentation and are not intended to give any assurances or comfort as to future results. The facts and information contained in the Presentation might be subject to revision in the future. Neither the delivery of this Presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.
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- > This Presentation does not constitute any kind of offer or an invitation for the transfer of receivables resulting from the loan agreement in any jurisdiction, and neither this document, nor anything contained herein, shall form the basis of, or be relied upon in connection with any contract or commitment whatsoever.
- > All data are presented in millions of Euro, unless otherwise stated. Data for the years 2015-2017 were audited.

Who we are?



originally established in 1999

one of the leading non-bank financial institutions in Poland



■ payday loans ■ installment loans

all data below for the 30.06.2018:



63K+
active clients



EUR 141
average amount of payday loan



195,234
number of loans issued



400+
experienced employees



EUR 573
average amount of installment loan



12 months
average period of installment loan

all data below for the year 2017:



112
branches



EUR 26.3m
revenue



EUR 3.8m
equity



EUR 3.2m
EBITDA

Our values

Mission



To provide customers with simple access to cash, quickly, conveniently, at any time, any place, at reasonable cost

Key success factors



experienced, competent
and diverse management
team

decisions accuracy



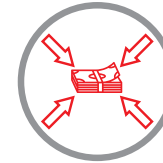
fully integrated customer
service processes

efficiency, speed,
convenience



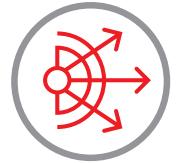
in house IT

independence, flexibility,
agility



diverse financing

security

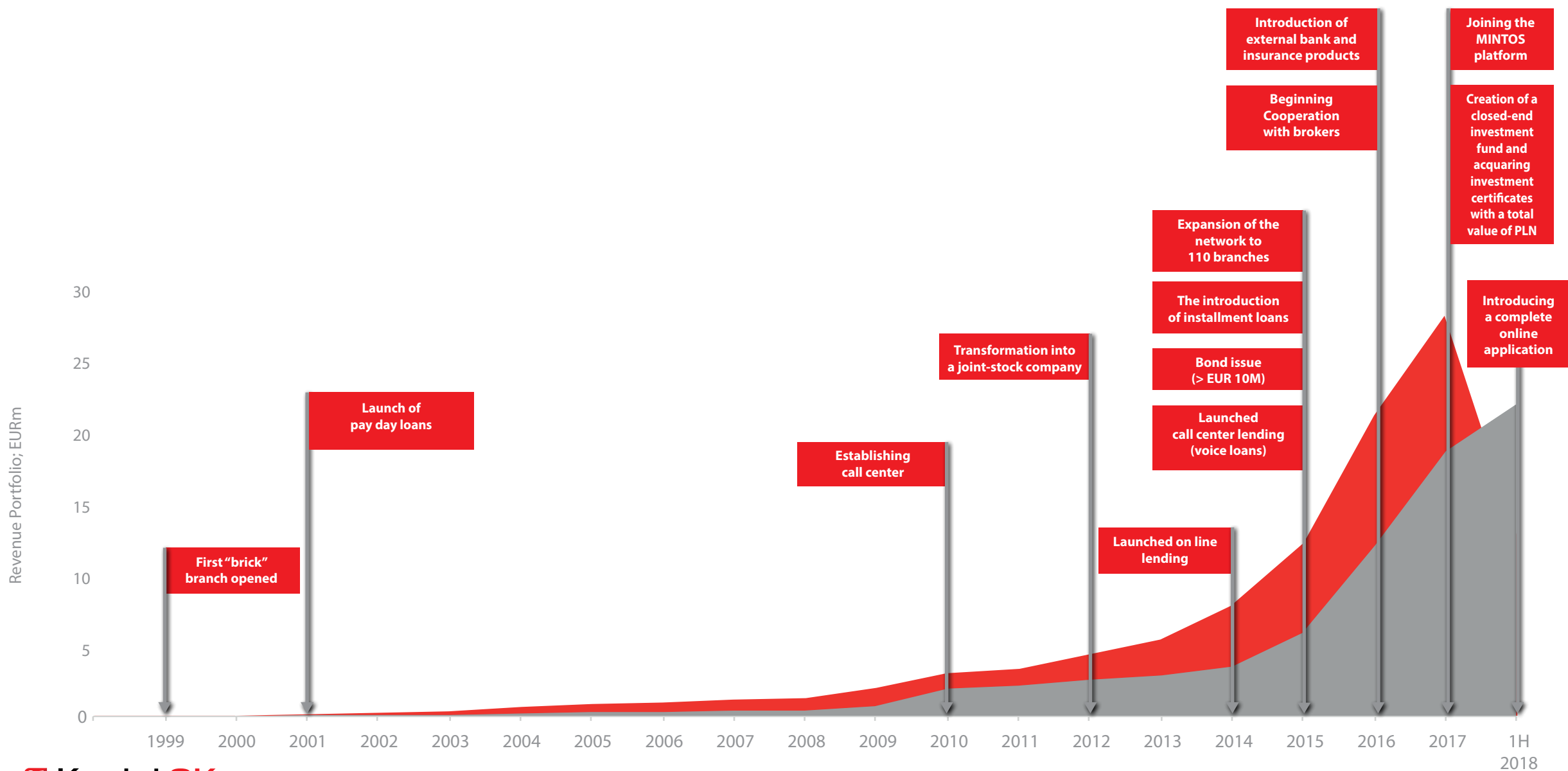


multi-channel distribution
(a mix of traditional
and modern channels)

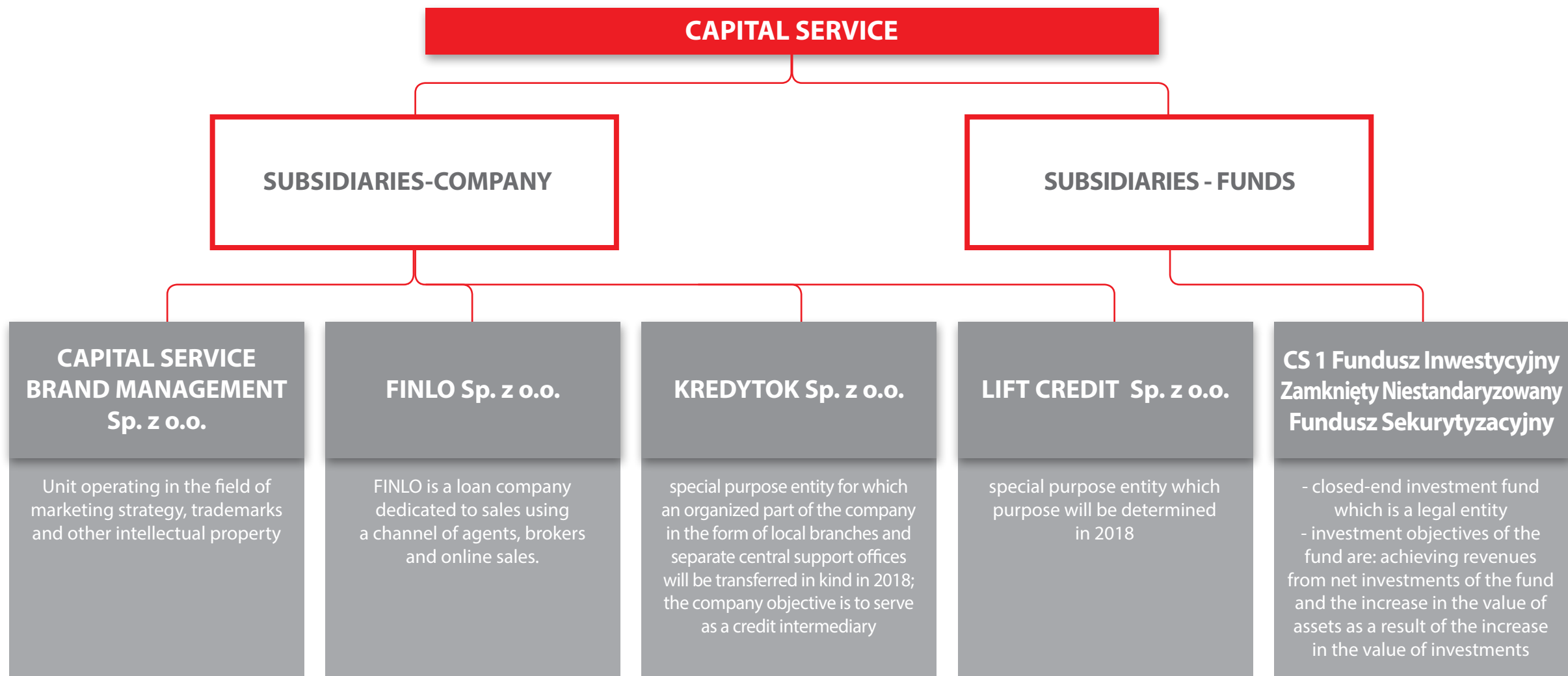
- > own network of branches
- > cown call center (around 60)
- > on line
- > intermediaries: agents, brokers (3000+ POS)

scalability

Our business story



Our capital group structure



Our customers

Polish population basic data:

- > The population of Poland 38.43mln¹
- > Households savings rate 1.60% in Poland vs. in the EU 10%²
- > The median of salary is 744 EUR³
- > Almost 34% surveyed household declared the use of loans⁴
- > The at risk of poverty or social exclusion rate in Poland is 23.4% vs. in the EU 23.7%⁵

Source:

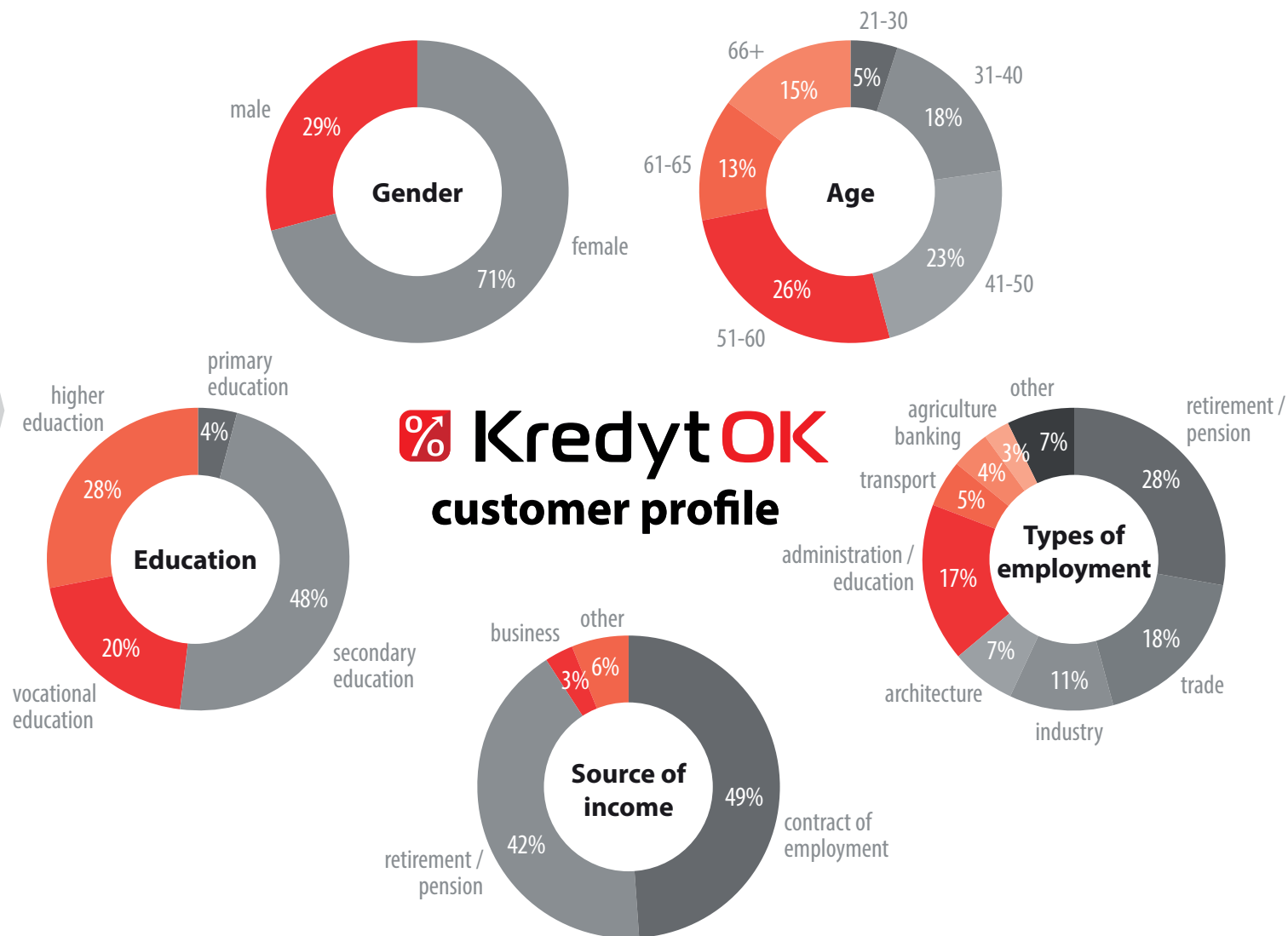
1 Central Statistical Office of Poland, 2015

2 Polish National Bank, 2015

3 Eurostat, 2015

4 The Social Diagnosis, 2015

5 Eurostat, 2015



Regulations

The Consumer Credit Act is essential for the activities of CAPITAL SERVICE SA because it regulates formal requirements that need to be fulfilled by the Company to conduct business. In addition, the act mentioned above imposes a number of obligations on the consumer, which must be met both at the stage of applying for funding and in the process of sales and after-sales service. The act imposes limits in such areas as the height of the non-interest cost of loan or the interest rate.



Formal requirements for loan originator:

- > legal form: limited liability company or joint-stock company;
- > minimum amount of the share capital: 200,000 PLN;
- > the funds to cover the share capital may not come from credit and loans, issue of bonds or undocumented sources;
- > possibility of starting a business after obtaining an entry in the register of loan institutions kept by the Polish Financial Supervision Authority.

Capital Service's response to legal regulations

Capital Service is a member of the **Conference of Financial Companies in Poland - Employers' Organization** that brings together several key companies from the financial market in Poland.

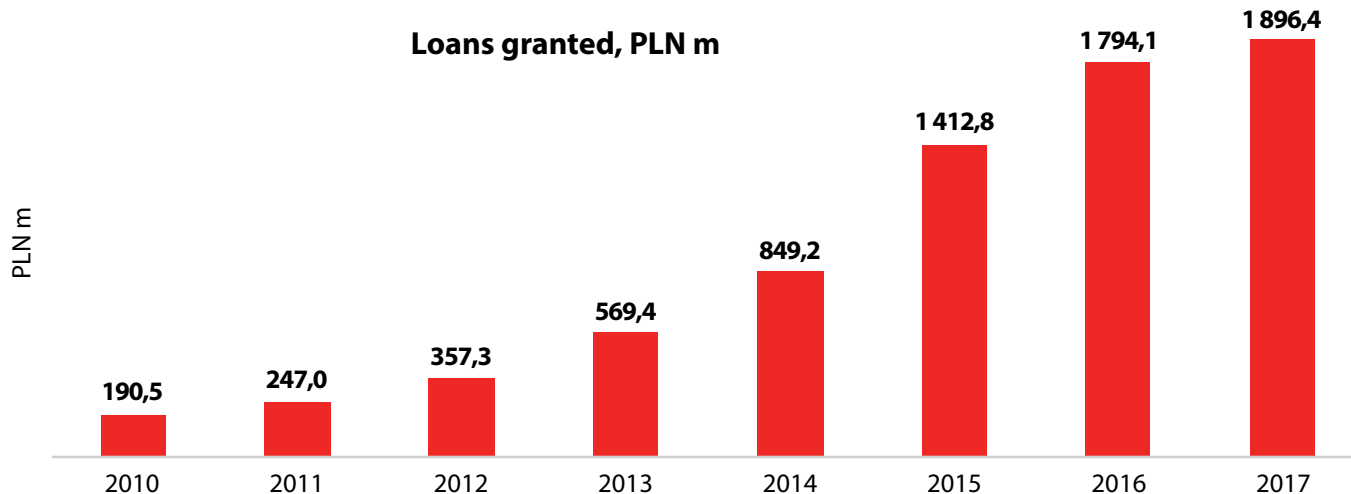
The company has an efficient organizational unit within the organization that is responsive to changes and regularly monitors amendments in regulations, attempted adjustments of products and processes to achieve the maximal efficiency without prejudice to business a maximization of profits.

Acting as a responsible lender CAPITAL SERVICE applies only **transparent** business practices.

The business strategy has been successfully adjusted to the introduced regulatory changes.

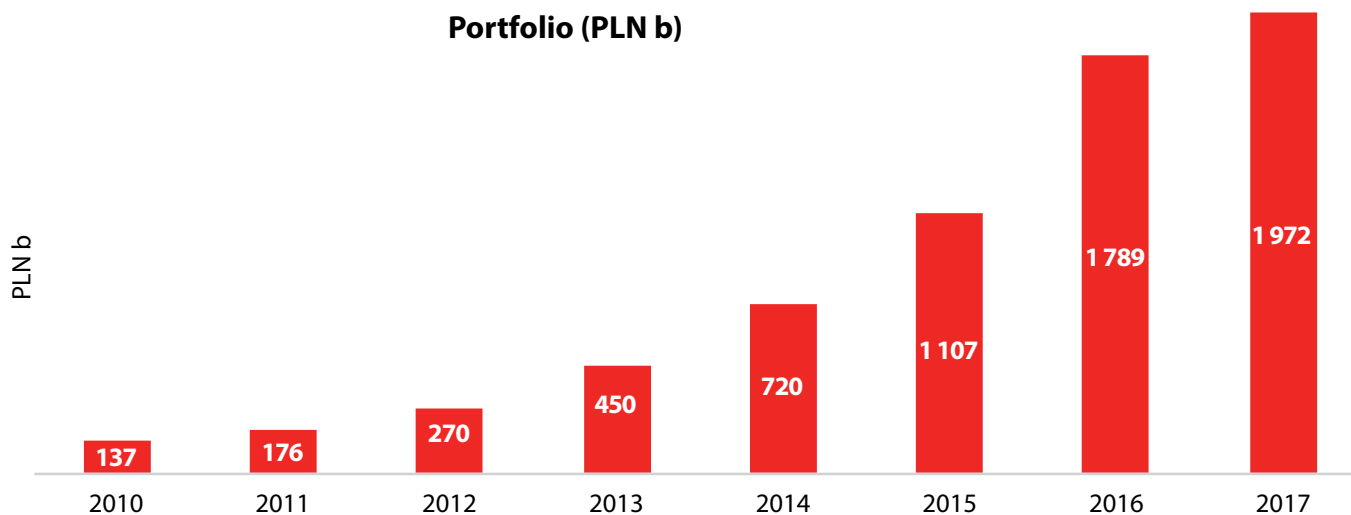
Market (non-bank lending)

Loans granted, PLN m



- > Loan institutions participating in the survey in 2017 granted PLN 1.896 billion in loans for consumer purposes, PLN 102.32 million and in relative terms by 5.7% more than in 2016.
- > Systematic growth in 2010-2015 indicated a stable trend in the non-bank loan market. The change at the turn of the last two years indicates a strong slowdown in the dynamics of change.

Portfolio (PLN b)



- > The value of the loan portfolio granted by the participants surveyed at the end of 2017 amounted to PLN 1.97 billion.
- > Comparing to the end of 2016, this is a 10.25% change.

Source:
*Conference of Financial Companies in Poland – Association of Employers, 2018

Our products



payday loans



up to **250 EUR**



for **30 days**



installment loans

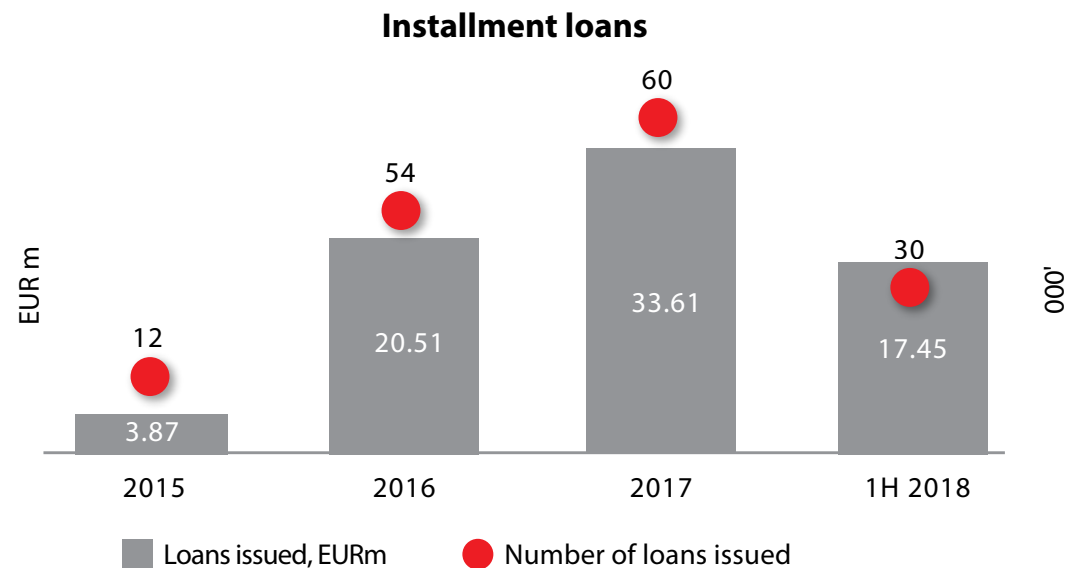
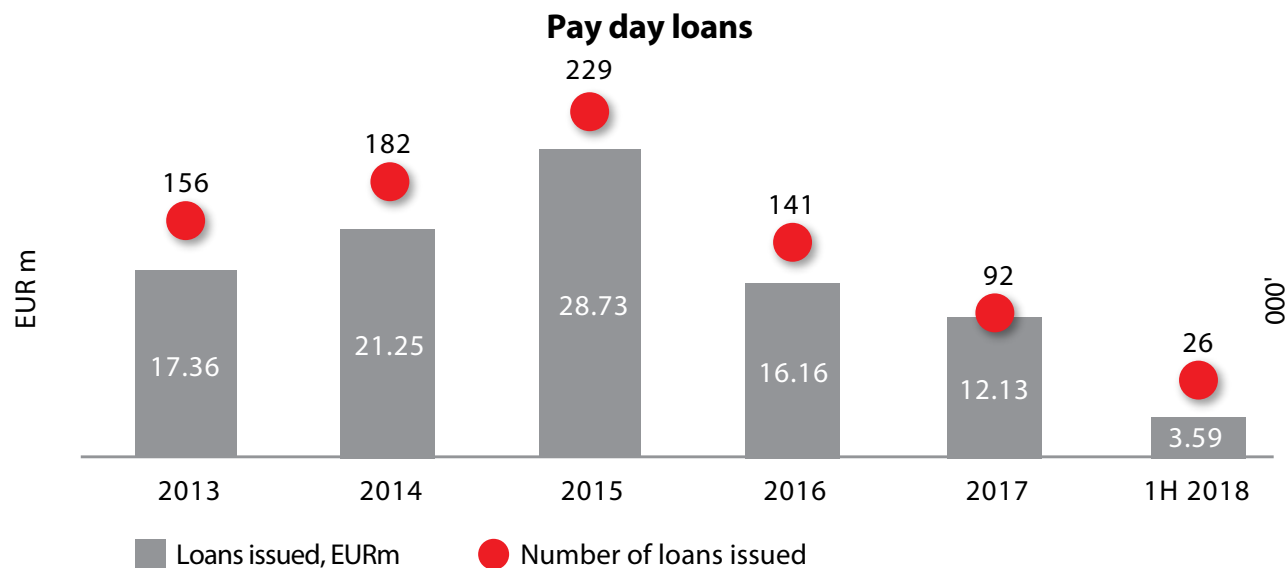


up to **4 K EUR**

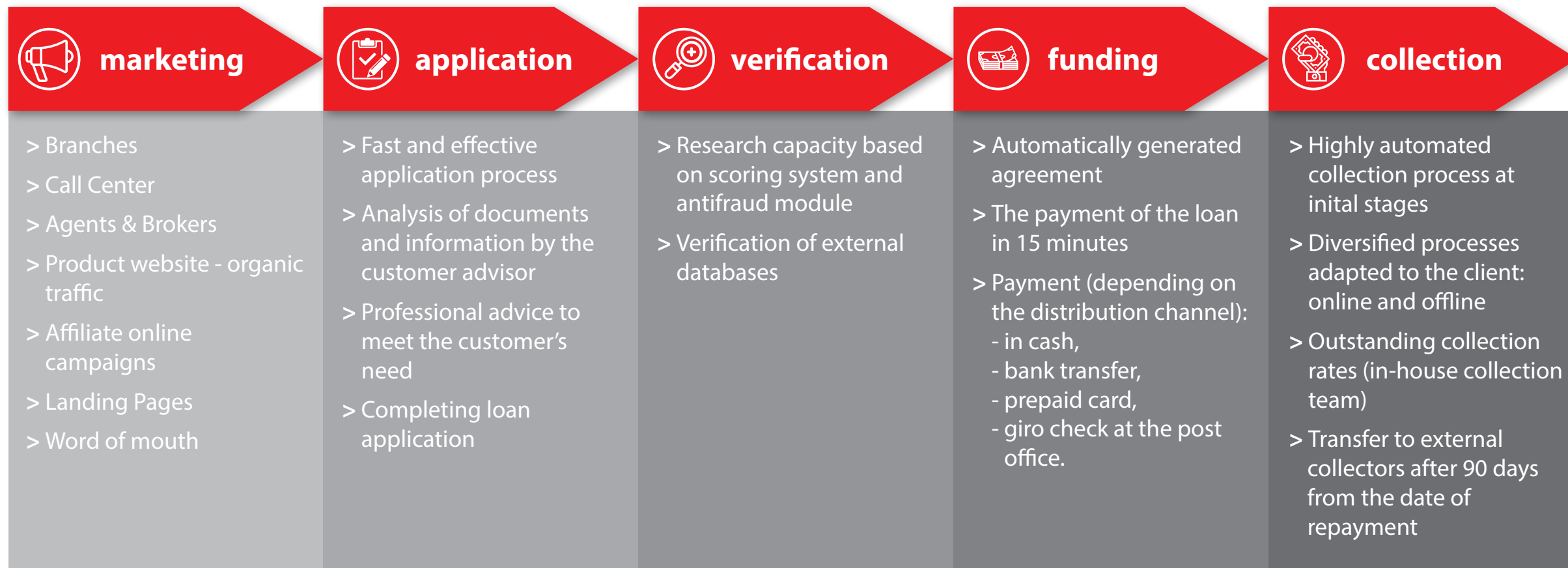


for **48 months**

Transfer from pay day loans into installment loans (expected stabilization of the loan portfolio structure in subsequent years)



Business process



Organizational structure



Employees - 433



Management

Management team



Adam Kuszyk

Graduate of the University of Lodz, Management and Marketing, postgraduate studies at Warsaw School of Economics, Certified Internal Auditor (CIA), chartered accountant. From 2011 to mid 2014 Chief Financial Officer and Vice President of joint stock company SMT: IT and e-marketing holding (currently i.a.: iAlbatros, Intive). Previously, among others: CFO Rolmex SA (main shareholder of Indykpol SA - one of the biggest meat producers in Poland), Manager of Agora SA (one of the biggest media holding in Poland), Deloitte and BDO. CEO and President of the Management Board, in the Company since mid-2014.



Kazimierz Dziełak

Experienced and creative manager. He studied management at the Leon Kozminski University in Warsaw. In the years 1999-2015 and since June 2018 he was and is still successfully managing the CAPITAL SERVICE S.A. He has 6 years of experience in running a bank branch (managing partner of a bank branch) and many years of experience on the financial market.



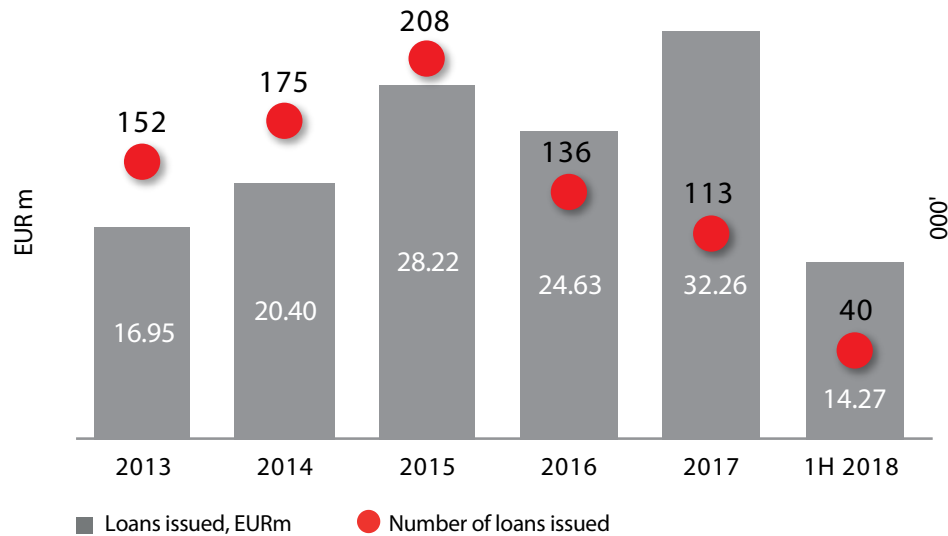
Łukasz Jędrzejczyk

Graduate of the Institute of Informatics, Podlasie Academy in Siedlce - 2006. IT specialist with over 10 years of experience in software engineering and project management. He gained experience working for companies operating in fields such as: finance and energy. In 2011 he received a Ph.D from the Open University, Milton Keynes, England. He has been an associate with Capital Service SA for over 12 years. Initially, he was responsible for the technical aspects of the operation of the Company. Currently, he successfully runs the Department of Development. Responsible for products, business processes and technology.

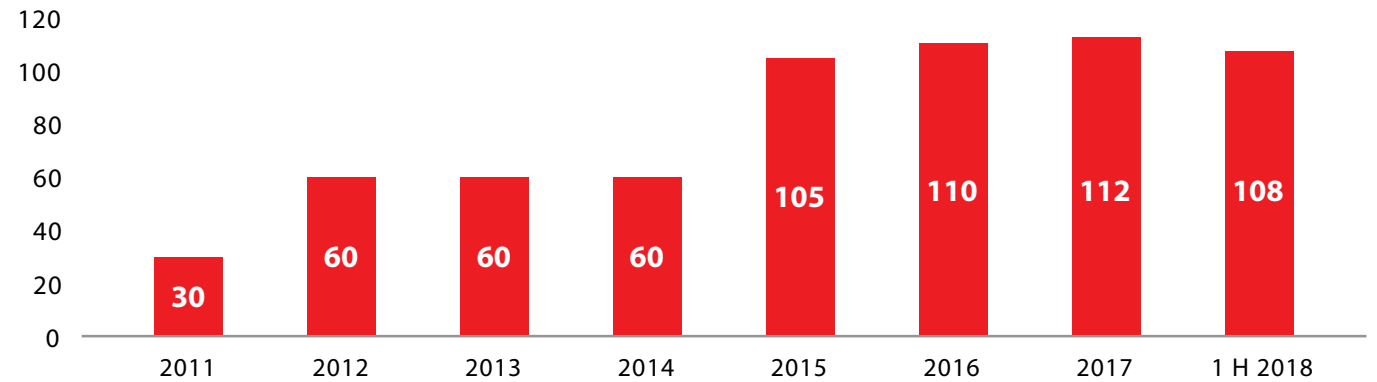
Sales channels: branch network



- > Over 100 branches in Poland
- > Located in cities with more than 30,000 residents
- > Operation within 30-40 kilometers of branches
- > 50 m2 average branch space
- > 2-3 advisors team



Number of branches KredytOK



Sales channels: branch appearance

High-quality locations

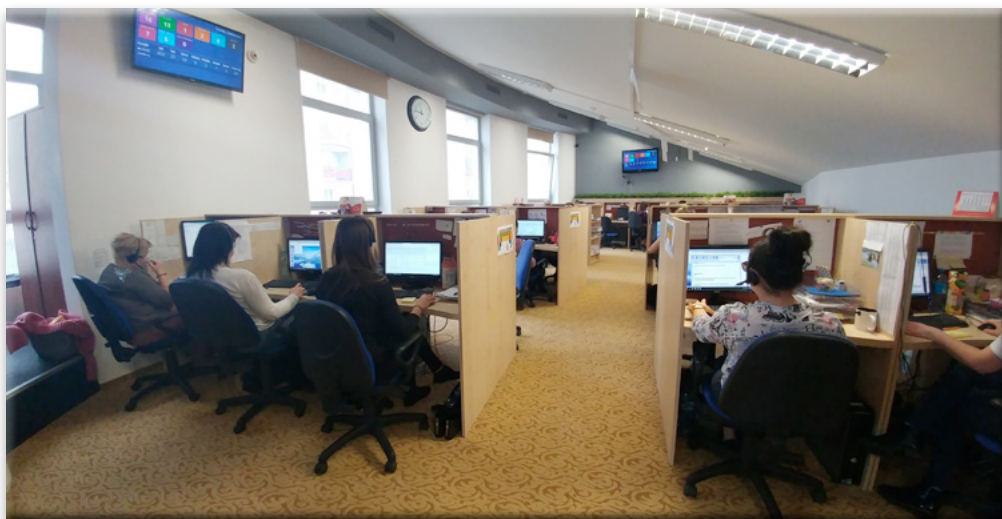
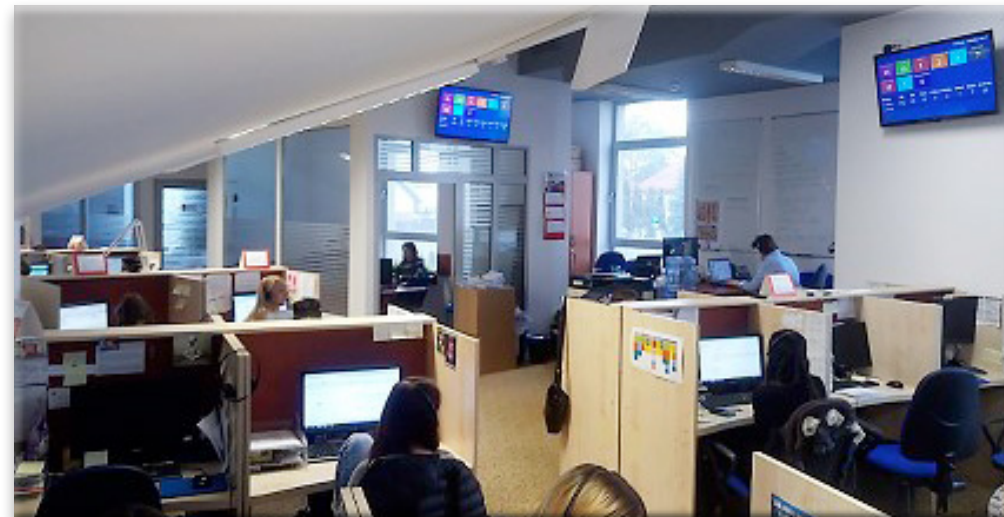
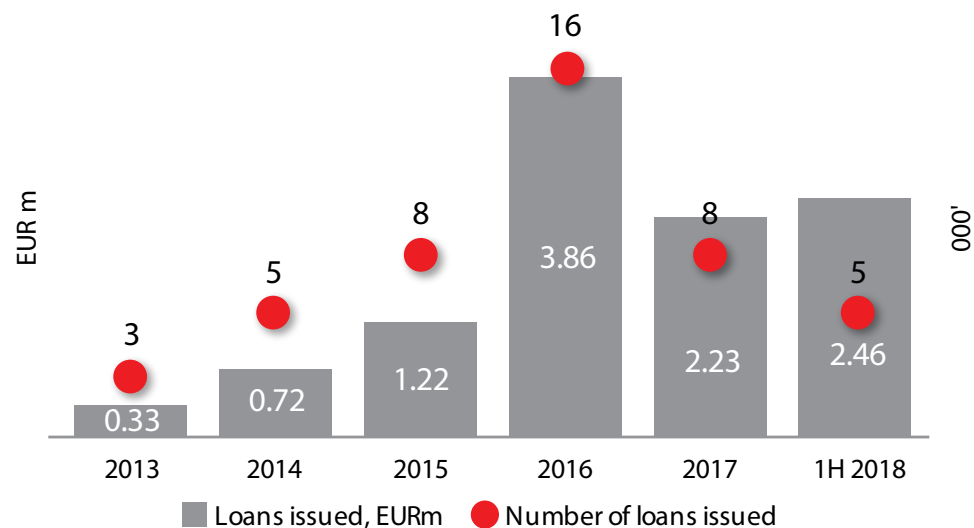
- > Located in places with high customer flow intensity
- > Easily visible all based on the ground floor with direct entrance



Appealing interior

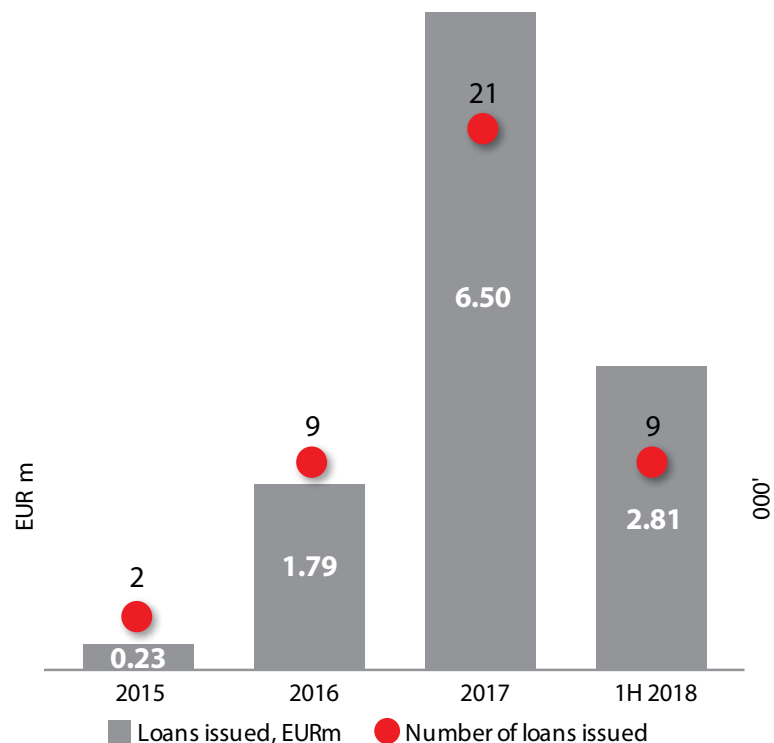
- > Uniform branch layout
- > Pleasant and attractive interior, ensuring customer-friendly environment

Sales channels: call centre

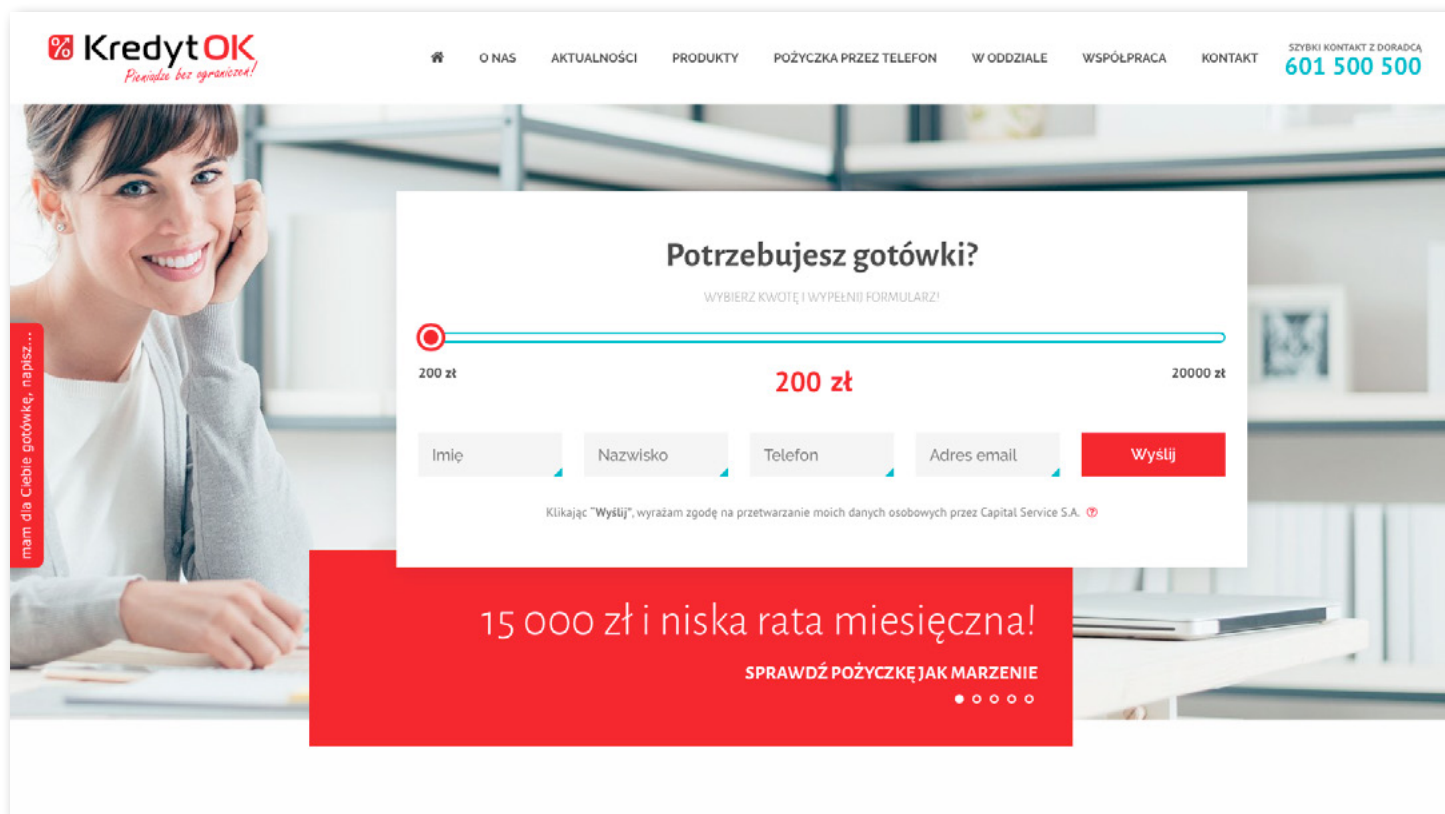


- > more than 60 advisors
- > leads validation
- > evaluation of loan applications
- > direct selling
- > after-sales service

Sales channels: on line



- > a steadily growing sales channel
- > quick and easy loan application
- > hassle-free process
- > cooperation with the biggest network affiliation
- > application form (call back) placed on product website and dedicated landing pages



Sales channels: agents and brokers

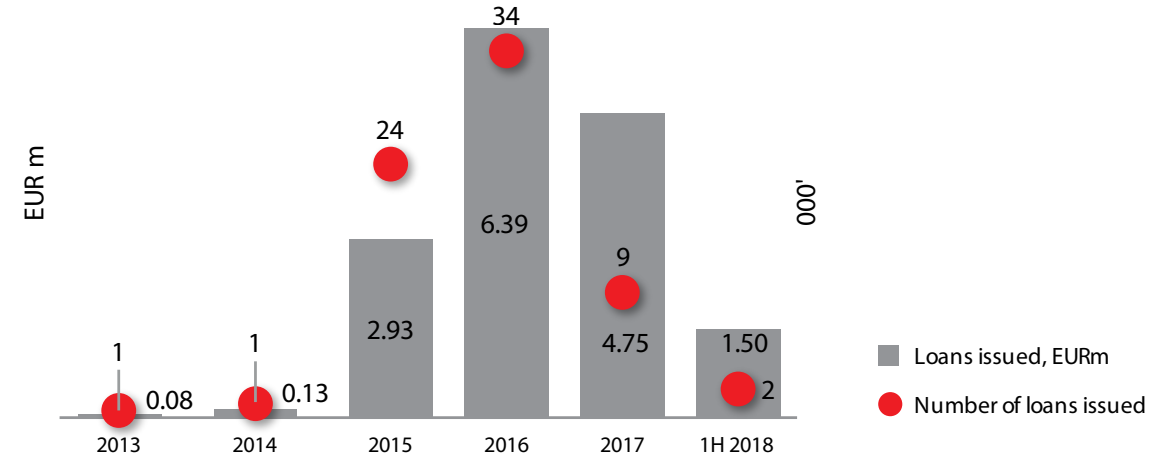
In 2015 there was a dynamic growth of cooperation with agents. In 2016 we started API Agent + so that agents have the ability to fully support the proposal and sale of KredytOK.

The main advantages of Agent API+:

- > easy intuitive, modern design platform,
- > credit lending decision in 15 seconds after sending the application,
- > simple conditions of the offer.

The screenshot displays the KredytOK Agent API+ interface. At the top, there's a header with the KredytOK logo, contact information (Infolinia sprzedaży: 601-500-500), and user details (Zalogowany jako: Agent, Ochrona danych: 05/10/2017 13:00). Below the header, there's a navigation bar with tabs: Wnioski, Nowy Wniosek, Kalkulator, and Moja Firma. The main content area shows a 'Przelicz raty' (Calculate payments) form. The form has two input fields: 'Kwota pożyczki' (Loan amount) set to 12200 zł and 'Liczba rat' (Number of payments) set to 48. A 'Przelicz' (Calculate) button is at the bottom of the form. Below the form, there's a table showing the calculated values:

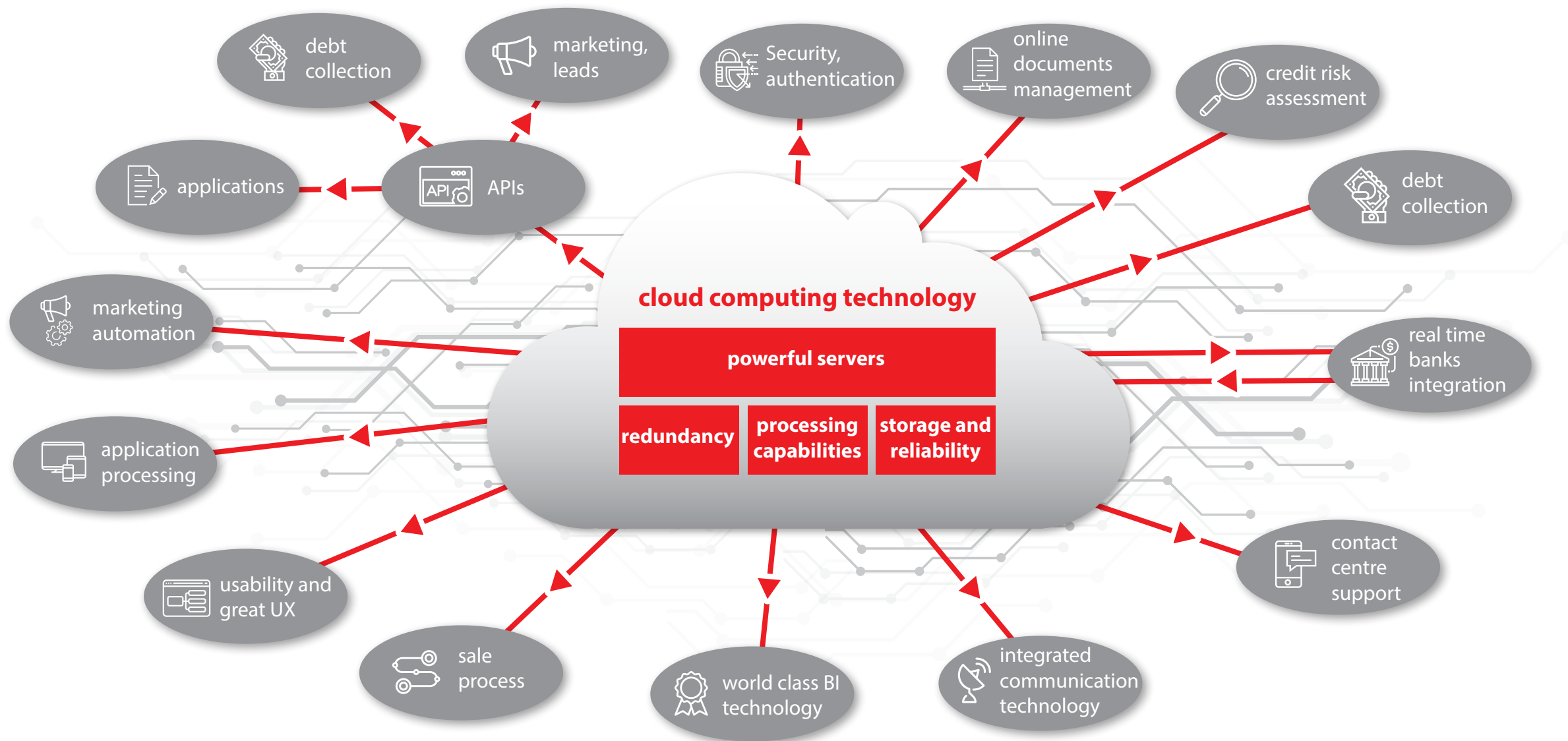
Kwota pożyczki (zł)	Rata miesięczna (zł)	Całkowita kwota do spłaty (zł)	Liczba rat
12200.00	611.94	27242.54	48



The possibilities available to agents in Agent API+:

- > completing loan applications
- > real time credit decision
- > document generation process
- > on-site sale completion

Innovative technology

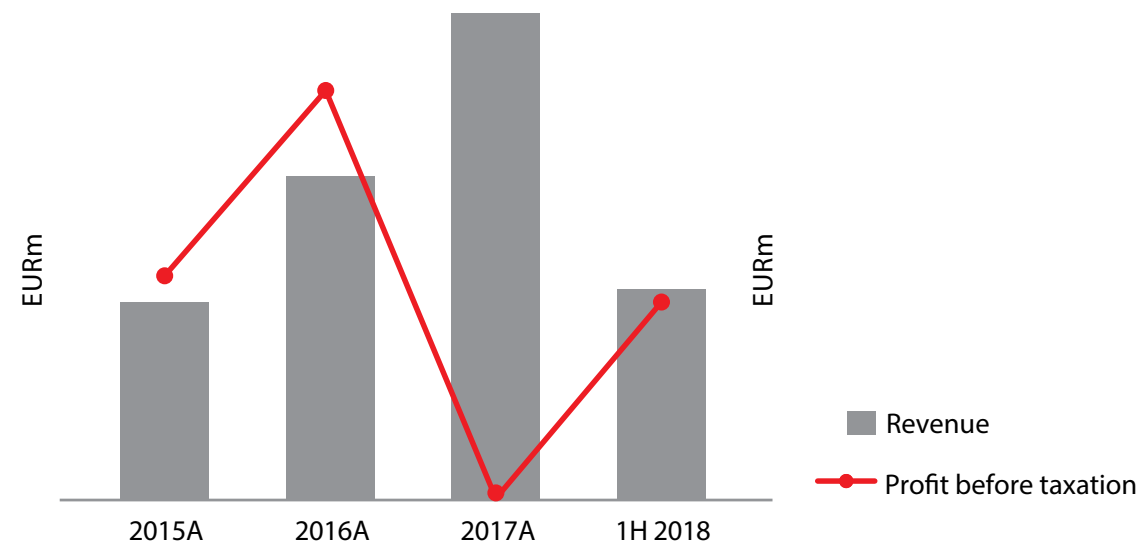
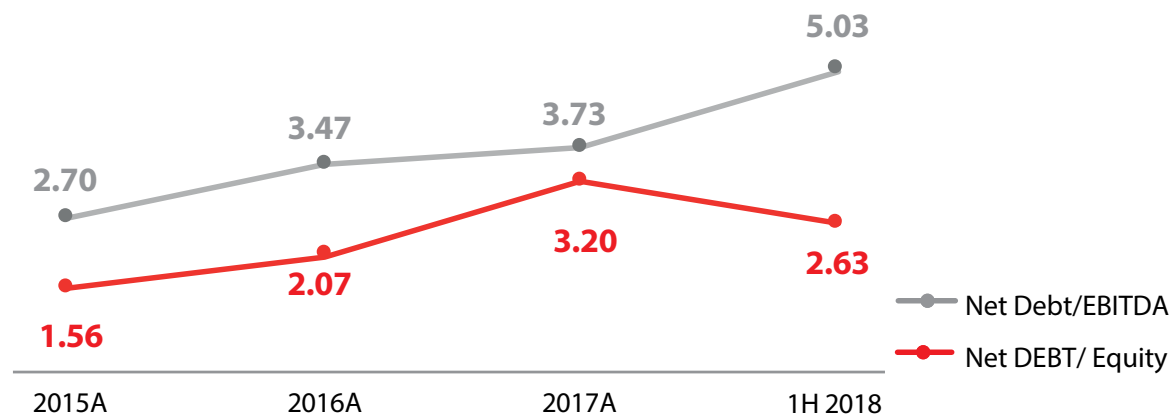


Financial highlights

KEY FINANCIALS, EUR m	2015A	2016A	2017A	1 H 2018
Revenue	11.6	19.2	26.3	11.6
EBITDA	2.3	4.0	3.2	2.2
Profit before taxation	1.1	1.8	0.0	0.9
Net profit	2.0	1.2	-1.4	0.4
Equity	3.8	4.9	3.8	4.1
Net Debt	6.0	10.2	12.3	10.7
Receivables from customers (net)	5.4	10.4	14.9	14.2
Total assets	13.5	17.4	20.9	17.5

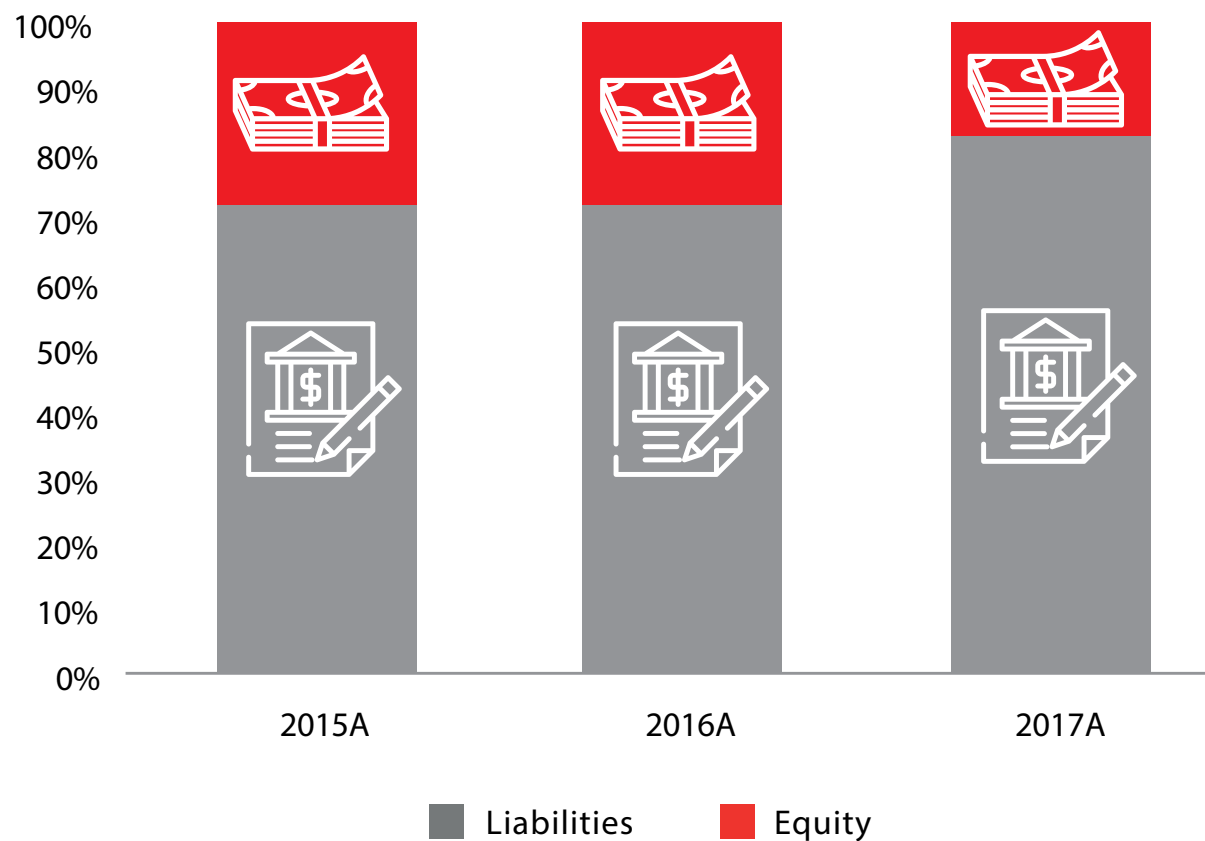
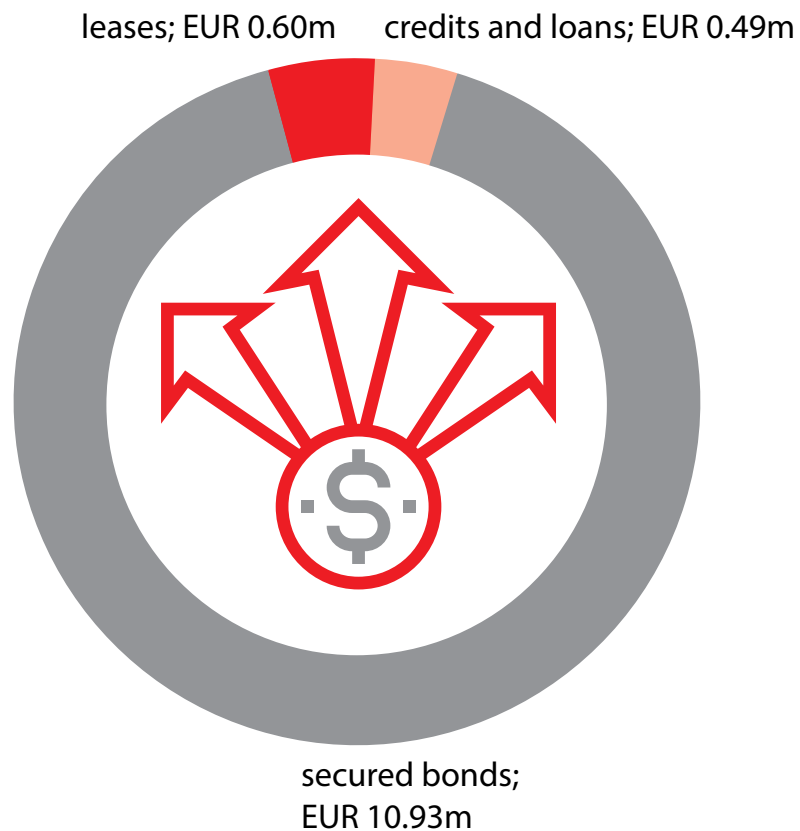


FINANCIAL RATIOS



Source:
* Based on consolidated financial statement

Current financing structure and amounts



all data below for the year 2017

Contact

CAPITAL SERVICE S.A.



ul. Korczaka 73
07-409 Ostrołęka
Poland



www.capitalservice.pl
www.kredytok.pl



biurozarzadu@capitalservice.pl



+48 29 694 48 20



+48 29 764 59 88

Appendix: Profit and loss account

CONS. INCOME STATEMENT, EUR m	2015A	2016A	2017A	I H 2018
Revenue	11.6	18.2	26.3	11.6
Impairment	-0.2	-4.2	-10.7	-3.2
Revenue less impairment	11.4	14.0	15.6	8.4
Operating expenses	-9.4	-11.5	-12.8	-6.4
Finance cost	-0.8	-0.6	-2.7	-1.1
Total costs	-10.2	-12.1	-15.6	-7.5
Profit before taxation	1.1	1.9	0.0	0.9
Tax income	0.9	-0.6	-1.4	-0.5
Net Profit	2.0	1.3	-1.4	0.4
EBITDA	2.3	3.0	3.2	2.2

Source:

* Based on consolidated financial statement

Appendix: Balance sheet and cash flow

BALANCE SHEET, EURm	2015A	2016A	2017A	I H 2018
Non-current and intangible assets	3.0	3.2	2.2	1.4
Receivables from customers (net)	5.4	12.1	14.9	14.2
Other assets	1.9	1.1	0.6	0.6
Cash	3.2	1.5	3.2	1.3
Total assets	13.5	17.9	20.9	17.5
Share capital and reserves	1.8	2.9	4.7	4.5
Retained earnings	0.0	0.8	0.6	-0.8
Profit/ loss for the current year	2.0	1.3	0.0	0.0
Equity	3.8	5.0	3.8	4.1
Interest- bearing debt	8.2	10.2	12.1	6.3
Trade payables and other liabilities	1.5	2.7	4.9	7.2
Liabilities	9.7	12.9	17.0	13.5
TOTAL EQUITY AND LIABILITIES	13.5	17.9	20.9	17.5

CASH FLOW STATEMENT, EURm	2015A	2016A	2017A	I H 2018
Net income	2.0	1.3	-1.4	0.4
Operating activities				
Depreciation and amortization	0.3	0.5	0.5	0.2
Decrease (increase) in accounts receivable	-4.6	-5.8	-1.6	0.0
Increase (decrease) in liabilities	0.4	0.1	1.7	2.6
Increase (decrease) in other activities	-1.2	0.6	-0.4	0.1
Net cash flow from operating activities	-3.0	-3.3	-1.2	3.3
Investing activities				
Capital expenditures	-0.6	-0.2	-0.1	-0.2
Sale of property and equipment	0.4	1.5	3.8	1.1
Other cash flow from investing activities	0.1	0.2	0.1	0.4
Net cash flows from investing activities	-0.1	1.4	3.8	1.4
Financing activities				
Increase (decrease) in debt	6.1	1.4	1.1	-5.5
Other cash flow from financing activities	-0.4	-1.2	-2.1	-0.9
Net cash flows from financing activities	5.8	0.3	-0.9	-6.4
Net increase (decrease) in cash and cash equivalents	2.7	-1.6	1.6	-1.8

Source:

* Based on consolidated financial statement

Appendix: Independent auditor’s report of annual consolidated financial statements for accounting period from 01.01.2017 to 31.12.2017 CAPTIAL SERVICE S.A.



KANCELARIA KSIĘGOWO - AUDYTORSKA „BUCHALTERIA” Sp. z o.o.
15-077 Białystok, ul. Warszawska 34
T/F: (85) 732-12-64, (85) 732-12-74
E: buchalteria@buchalteria.eu

Podmiot uprawniony do badania sprawozdań finansowych, nr ew. 297
Sąd Rejonowy w Białymstoku XII Wydział Gospodarczy KRS: 000000530
Konto: PKO BP I O/B-stok nr 46 1020 1332 0000 1202 0341 1535
Kapitał zakładowy: 61 000 zł, NIP: 542 030 13 89, REGON: 602330517

INDEPENDENT AUDITOR’S REPORT
OF ANNUAL FINANCIAL STATEMENTS
FOR ACCOUNTING PERIOD
FROM 01.01.2017 TO 31.12.2017

CAPITAL SERVICE S.A.

based in Ostrołęka 07-409, ul. Korczaka 73



KANCELARIA KSIĘGOWO - AUDYTORSKA „BUCHALTERIA” Sp. z o.o.
15-077 Białystok, ul. Warszawska 34
T/F: (85) 732-12-64, (85) 732-12-74
E: buchalteria@buchalteria.eu

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Konto: PKO BP I O/B-stok nr 46 1020 1332 0000 1202 0341 1535
Kapitał zakładowy: 61 000 zł, NIP: 542 030 13 89, REGON: 602330517

INDEPENDENT AUDITOR’S REPORT OF ANNUAL FINANCIAL STATEMENTS

For the Supervisory Board of CAPITAL SERVICE S.A.

Report of annual financial statements

We have audited attached annual financial statements of CAPITAL SERVICE S.A. based in Ostrołęka 07-409, ul. Korczaka 73 which consist of:

- balance sheet prepared as at 31 December 2017
which on the side of assets and liabilities shows the sum: 94 234 k PLN
- profit and loss account
for the financial year from 01 January 2017 to 31 December 2017
showing a net loss of: (7 227) k PLN
- statement of changes in equity
for the financial year from 01 January 2017 to 31 December 2017
showing a decrease in equity by the amount of: 7 227 k PLN
- cash flow
for the financial year from 01 January 2017 to 31 December 2017
showing an increase in cash by the amount of: 4 645 k PLN
- and additional information containing
introduction to the financial statements
and additional information and explanations (“financial statements”).

Responsibility of the Company’s Management Board and persons supervising the financial statements

The Board is responsible for the preparation, on the basis of properly maintained accounting books, financial statements and for the true and fair presentation of these financial statements in accordance with the Accounting Act dated on 29 September 1994 (Journal of Laws of 2018, item 395) (“Accounting Act”), issued on the basis of implementing regulations and other applicable laws. The Board is also responsible for the internal control that deems to be necessary for the financial statements to be free from material misstatement, whether due to fraud or error.

In accordance with the Accounting Act, the Board and members of the Supervisory Board are obliged to ensure that the financial statements meet the requirements provided for in the Accounting Act

Auditor’s responsibility

Our responsibility was to express an opinion on the financial statements whether the financial statements present a true and fair view of the financial situation and the financial result of the Company in accordance with the applicable provisions of the Accounting Act and the adopted accounting principles (policies).

We conducted our audit of the financial statements in accordance with:

- Statutory Auditors, audit firms and public oversight Act dated on 11 May 2017 (Journal of Laws of 2017, item 1089, and of 2018, item 398);
- National Standards on Auditing in compliance with International Standards on Auditing adopted by resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015, amended in relation to resolution no 2041 / 37a / 2018 dated on 5 March 2018 regarding internal professional standards.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company’s preparation and true and fair presentation of financial statements in order to design audit procedures

Appendix: Independent auditor's report of annual consolidated financial statements for accounting period from 01.01.2017 to 31.12.2017 CAPTIAL SERVICE S.A.

that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting principles (policies) adopted and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include assurance as to the future profitability of the audited Company nor the effectiveness or efficiency of conducting the Company's affairs by the Board at present or in the future.

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

Opinion

In our opinion, the enclosed annual financial statements:

- give a true and fair view of the Company's financial position as at 31.12.2017 as well as its financial result for the financial year from 01.01.2017 to 31.12.2017, in accordance with applicable accounting regulations and adopted accounting principles (policies),
- has been prepared on the basis of properly maintained accounting books, in accordance with the provisions of Chapter 2 of the Accounting Act,
- have been prepared on a base of properly maintained accounting records, in respect of the form and content, comply with legal regulations and the rules set in Company's agreement.

Report on other legal and regulatory requirements

Opinion on the report on company's activities

Our audit opinion on the financial statements does not include opinion on the report on company's activities.

-----www.buchalteria.eu

3

The Board is responsible for preparing a report on company's activities in accordance with the applicable law.

Our responsibility was, in connection with the audit of the financial statements, to familiarise ourselves with the content of this report in order to indicate whether it was prepared in accordance with the applicable regulations and whether it is consistent with the information in the attached financial statements. It was also our duty to make a statement whether, in the light of our knowledge of the Company and its environment obtained during the audit of the financial statements, we have identified significant misstatements in the report on company's activities.

We conclude that the report on company's activities was prepared in accordance with the applicable regulations and is consistent with the information in the accompanying financial statements. In addition, in the light of our knowledge of the Company and its environment obtained during the audit of the financial statements, we certify that we have not identified any material misstatements in the report on company's activities.

Stanisław Kozłowski


Key Statutory Auditor

registration number 7030

carried out the audit on behalf of:

Auditing and Accounting Firm "BUCHALTERIA" Sp. z o.o.

Audit firm authorised to audit financial statements - no 297

Date of the audit report 28.06.2018

PREZES Zarządu


Teresa Słowicka
długość numeru nr 6306

Kancelaria Księgowo-Audytorska
„BUCHALTERIA” Sp. z o.o.
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Appendix: Independent auditor’s report of annual consolidated financial statements for accounting period from 01.01.2017 to 31.12.2017 CAPTIAL SERVICE S.A.



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Podmiot uprawniony do badania sprawozdań finansowych: nr ew. 297
Sąd Rejonowy w Białymstoku XII Wydział Gospodarczy KRS: 0000908530
Konto: PKO BP I O/B-stok nr 46 1020 1332 0000 1202 0341 1535
Kapitał zakładowy: 61 000 zł, NIP: 542 030 13 89, REGON: 002330517

INDEPENDENT AUDITOR’S REPORT
OF ANNUAL CONSOLIDATED
FINANCIAL STATEMENTS
FOR ACCOUNTING PERIOD
FROM 01.01.2017 TO 31.12.2017

CAPITAL SERVICE S.A.

based in Ostrołęka 07-409, ul. Korczaka 73

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Kapitał zakładowy: 61 000 zł, NIP: 542 030 13 89, REGON: 002330517

INDEPENDENT AUDITOR’S REPORT OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

For the General Meeting of CAPITAL SERVICE S.A. – Parent Company of CAPITAL SERVICE Capital Group

Report of annual consolidated financial statements CAPITAL SERVICE Capital Group for the year 2017

We have audited attached annual consolidated financial statements of CAPITAL SERVICE Capital Group where CAPITAL SERVICE S.A. is a parent company based in Ostrołęka 07-409, ul. Korczaka 73 which consist of:

- consolidated balance sheet prepared as at 31 December 2017
which on the side of assets and liabilities shows the sum: 87 122 k PLN
- consolidated profit and loss account
for the financial year from 01 January 2017 to 31 December 2017
showing a net loss of: (5 989) k PLN
- consolidated statement of changes in equity
for the financial year from 01 January 2017 to 31 December 2017
showing a decrease in equity by the amount of: 5 989 k PLN
- consolidated cash flow
for the financial year from 01 January 2017 to 31 December 2017
showing an increase in cash by the amount of: 6 842 k PLN
- and additional information containing
introduction to the financial statements
and additional information and explanations (“financial statements”).

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Responsibility of the Company’s Management Board and persons supervising the financial statements

The Board is responsible for the preparation, on the basis of properly maintained accounting books, consolidated financial statements and for the true and fair presentation of the consolidated financial statements in accordance with the Accounting Act dated on 29 September 1994 (Journal of Laws of 2018, item 395) (“ Accounting Act”), issued on the basis of implementing regulations and other applicable laws. The Board is also responsible for the internal control that deems to be necessary for the consolidated financial statements to be free from material misstatement, whether due to fraud or error.

In accordance with the Accounting Act, the Board of parent company is obliged to ensure that the financial statements meet the requirements provided for in the Accounting Act

Auditor’s responsibility

Our responsibility was to express an opinion on the financial statements whether the financial statements present a true and fair view of the financial situation and the financial result of the Capital Group in accordance with the applicable provisions of the Accounting Act and the adopted accounting principles (policies).

We conducted our audit of the financial statements in accordance with:

- Statutory Auditors, audit firms and public oversight Act dated on 11 May 2017 (Journal of Laws of 2017, item 1089, and of 2018, item 398);
- National Standards on Auditing in compliance with International Standards on Auditing adopted by resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015, amended in relation to resolution no 2041 / 37a / 2018 dated on 5 March 2018 regarding internal professional standards.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,

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Appendix: Independent auditor's report of annual consolidated financial statements for accounting period from 01.01.2017 to 31.12.2017 CAPTIAL SERVICE S.A.

whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the parent company's preparation and true and fair presentation of consolidated financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's internal control. An audit also includes evaluating the appropriateness of the accounting principles (policies) adopted and the reasonableness of accounting estimates made by the parent company's Board, as well as evaluating the overall presentation of the consolidated financial statements.

The scope of the audit does not include assurance as to the future profitability of the audited Capital Group nor the effectiveness or efficiency of conducting the Capital Group's affairs by the parent company's Board at present or in the future.

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

Opinion

In our opinion, the enclosed annual financial statements:

- give a true and fair view of the Capital Group's financial position as at 31.12.2017 as well as its financial result for the financial year from 01.01.2017 to 31.12.2017, in accordance with applicable accounting regulations and adopted accounting principles (policies),
- has been prepared on the basis of properly maintained accounting books, in accordance with the provisions of Chapter 2 of the Accounting Act,
- have been prepared on a base of properly maintained accounting records, in respect of the form and content, comply with legal regulations and the rules set in parent company's agreement.

Report on other legal and regulatory requirements

Opinion on the report on company's activities

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Our audit opinion on the consolidated financial statements does not include opinion on the report on Capital Group's activities.

The parent company's Board is responsible for preparing a report on Capital Group's activities in accordance with the applicable law.

Our responsibility was, in connection with the audit of the consolidated financial statements, to familiarise ourselves with the content of the Capital Group's activities report in order to indicate whether it was prepared in accordance with the applicable regulations and whether it is consistent with the information in the attached consolidated financial statements. It was also our duty to make a statement whether, in the light of our knowledge of the Capital Group and its environment obtained during the audit of the financial statements, we have identified significant misstatements in the report on Capital Group's activities.

We conclude that the report on Capital Group's activities was prepared in accordance with the applicable regulations and is consistent with the information in the accompanying consolidated financial statements. In addition, in the light of our knowledge of the Capital Group and its environment obtained during the audit of the consolidated financial statements, we certify that we have not identified any material misstatements in the report on Capital Group's activities.

Stanisław Kozłowski


Key Statutory Auditor

registration number 7030

carried out the audit on behalf of:

Auditing and Accounting Firm "BUCHALTERIA" Sp. z o.o.

Audit firm authorised to audit financial statements - no 297

Date of the audit report 28.06.2018

PREZES ZARZĄDU


Teresa Golowińska
długość numeru nr 2358

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Appendix Auditor's report on selected loans portfolio and internal control system



REPORT ON FACTUAL FINDINGS

To the Management Board of Capital Service S.A.

We have performed agreed with you and listed in the following report procedures with regard to the financing received by Capital Service S.A. (hereinafter: **'the Company'**) in the form of bonds' issuance. Registered pledge over receivables resulting from the loan agreements granted by the Company, constitutes a collateral for the bonds' issuance. Loans granted by the Company comprise:

- cash loans granted by the Company to natural persons and
- installment cash loans granted by the Company to natural persons.

Pledged loan receivables encompass the outstanding principal without any interest or other fees, overdue by not more than 30 days from their due date as of 31 December 2017.

The purpose of procedures performed by us was to confirm the nominal value of the portfolio of loans (the nominal value of outstanding principal of loans as of 31 December 2017 without interest or other fees, referred hereinafter as **'the loan portfolio'**) granted by the Company which were overdue by not more than 30 days as of 31 December 2017 being the collateral of the bonds' issuance.

Our engagement was undertaken in accordance with the National Standards on Related Services no. 4400 in form of International Standards on Related Services no. 4400 "Engagements to perform agreed-upon procedures regarding financial information" applicable to the agreed-upon procedures engagements.

The nominal value of the loan portfolio as of 31 December 2017 being pledged asset of bonds' issuance of series G and H bonds, amounted to PLN 31.711.395,88 (comprising PLN 4.829.234,30 of cash loans and PLN 26.882.161,58 of installment cash loans) and encompassed the population of 24.058 individual loans (comprising 7.202 cash loans and 16.856 installment cash loans).

In order to confirm the nominal value of the loan portfolio overdue by not more than 30 days we have performed the following procedures:

1. We obtained a detailed schedule of loans granted by Company as of 31 December 2017. The schedule was generated from the CRM system used by the Company during the loan granting process.

We obtained trial balance prepared as of 31 December 2017 and reconciled it to the loan portfolio schedule generated from CRM system.
2. We discussed the loan granting process with the Company's representatives responsible for particular stages of the process. Purpose of the procedure was:
 - identification of potential risks of misstatements which could have a significant impact on the value of the loan portfolio and
 - identification of internal control procedures implemented by the Company in order to eliminate the risk of misstatements in the process of loans granting which could have a significant impact on the Company's loan portfolio value.



We confirmed existence and efficiency of identified internal control procedures by sample testing of selected internal control procedures.

3. We performed substantive tests based on random sampling in order to confirm existence and value of the loan portfolio.
4. We have obtained written confirmation from the Company's Management that the Management is responsible for completeness and true and fair presentation of information included both in the CRM system used by the Company for recording the loans and in the accounting records, as well as that the Management is responsible for implementation and operation of the accounting and internal control systems which are designed to prevent and detect errors and misstatements.

We report our findings below:

- a) with respect to item 1 – the schedule of loan portfolio generated from the Company's CRM system reconciles with the trial balance prepared as of 31 December 2017,
- b) with respect to item 2 – we did not identify any material differences or misstatements which could indicate that the loan granting process and corresponding built-in control procedures are inefficient,
- c) with respect to item 3 – we did not identify any material differences or misstatements which could indicate that the nominal value of the loan portfolio is misstated,
- d) with respect to item 4 – on 29 January 2018 the Management Board provided the certified auditor with signed representation letter dated 29 January 2018.

Since the aforementioned procedures do not constitute either an audit or a review in accordance with the National Standards on Auditing or National Standards on Review Engagements, we do not express any assurance on the value of the loan portfolio as of 31 December 2017.

Had we performed any additional procedures or had we performed an audit or review of the financial statements in accordance with National Standards on Auditing or National Standards on Review Engagements, other matters might have come to our attention, which would have been reported to you. We would also like to draw your attention to the fact that our procedures were not directed at fraud and embezzlement detection. We are not therefore liable for any potential differences between the real value of the loan portfolio and the value recognized in the accounting records due to potential fraud activities.



Our report is solely for the purpose set in agreement dated 30 November 2015 between the Company and TPA Horwath Horodko Audit Sp. z o.o. (currently TPA Sp. z o.o. Sp.k.) and it is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the granted loans' portfolio and items specified above and does not extend to any financial statements of the Company, taken as a whole.

on behalf
**TPA Spółka z ograniczoną
odpowiedzialnością Sp.k.
(formerly: TPA Group Sp. z o.o.)
No. 3082**

Anita Bis

Krzysztof Horodko

Certified auditor No. 12233

Management Partner
Certified Public Accountant, no. 10229/7551
Proxy
Proxy you will find at
<http://www.tpa-group.pl/en/proxy>

Warsaw, 29 January 2018

The above report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.