

**4finance Holding S.A.**  
**(formerly 4finance Holding S.à r.l.)**

**Consolidated**  
**financial statements for the year**  
**ending 31 December 2014**

**Address: 6, rue Guillaume Schneider, L-2522 Luxembourg**  
**RCS Luxembourg: B171.059**

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***Information on the Company***

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Name of the Company	<i>4finance Holding S.A.</i>
Legal status	<i>Joint Stock Company</i>
Number, place and date of registration	<i>B171059, Luxembourg, Luxembourg, August 27, 2012</i>
Legal and postal address	<i>6, rue Guillaume Schneider, L-2522 Luxembourg, Grand Duchy of Luxembourg</i>
Board members and their positions	<i>Kieran Patrick Donnelly, Chairperson of the Board (from 17.01.2014)</i> <i>Mārtiņš Baumanis, category B director (from 20.10.2014)</i> <i>Livio Gambardella, category A director (from 20.10.2014)</i> <i>Marc Chong Kan, category A director (from 27.02.2015)</i> <i>Maksud Ahmadkhanov, category A director (until 27.02.2015)</i>
Reporting period	<i>01.01.2014–31.12.2014</i>
Information on shareholders	<i>Tirona Ltd</i> <i>Cyprus</i> <i>Holding: 75%</i> <i>FCI Investments Ltd</i> <i>Malta</i> <i>Holding: 25%</i>
Auditors	<i>KPMG Luxembourg</i> <i>Société coopérative</i> <i>39, Avenue John F. Kennedy</i> <i>L-1855 Luxembourg</i>

## **Management Report**

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4finance Holding S.A. (the 'Group'), rated B3 by Moody's and B+ by Standard & Poor's, which provides consumer finance solutions to retail customers in ten countries, presents its audited annual report together with the annual accounts for the twelve month period ending 31 December 2014 (the 'Period').

Share capital of 4finance Holding S.A. as at 31 December 2014 is EUR 35 750 thousand and it is divided into 3 575 000 000 ordinary shares with the nominal value of EUR 0.01. As at 31 December 2014 4finance AS, a subsidiary of 4finance Holding S.A., holds one hundred thousand (100 000) non-voting preferred shares with nominal value of one cent of Euro (EUR 0.01) each.

### **Important events in 2014 and future developments**

During the reporting period the Group has achieved the expected results.

In the Period the decision to sell operations in the Russian Federation and the UK was made. In 2015, the decision to discontinue operations in Estonia was made.

In 2015, the Group will continue to pursue its strict credit policy with the goal of generating loan portfolio of increasing quality. In line with the increasing investments in product development and technologies the Group forecasts a rise in demand and plans to generate profit also in the next reporting period. Taking into account the successful development of business on existing markets, the Group plans to expand its activities in other European countries and to select jurisdictions outside Europe.

### **Review and development of the Group's business and financial position**

Interest income for the Period amounts to EUR 221 million, compared with EUR 149 million in the same period ending 31 December 2013, which represents an increase of 48%. Most significant interest income increase are in Group's developing markets – Poland, Georgia, and Spain representing an increase for the Period of EUR 67 million or 225% compared with the same period ending 31 December 2013. Interest increase is driven by increase in net loan portfolio. The balance of outstanding net loans at the end of the Period was EUR 241 million, a 36% increase compared with EUR 178 million in the twelve months ending 31 December 2013. Growth in net loan portfolio was driven mostly by Poland, Spain and Georgia.

The Group has generated profit during the reporting period. The profit for the Period amounts to EUR 46.3 million, a 29% increase compared to EUR 35.8 million for the twelve months ending 31 December 2013.

The profit for the year will be invested into the future growth and development of the Group.

### **Principal risks and uncertainties**

The Group applies Group principles for overall risk management, and the Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputational risks.

More detailed description of risk management is available on page 19 of the financial statements.

### **Research and development**

The Group has established a Product Development department and continues to invest in information technologies. Total expenditure for the product development and IT departments amounted to EUR 8.7 million. The investments are primarily allocated to further expansion and development as well as to improvements in existing products.

### **Corporate Governance**

Strong corporate governance is an integral part of the Group's core values, supporting the Group's vision of moving towards a sustainable future.

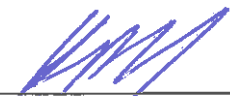
Our executive committee is composed of a team that works with the senior leaders across the Group to evaluate the importance of the core values throughout the Group by promoting and fostering a corporate culture of the highest ethical standards, internal controls, and legal compliance.

## ***Management Report***

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### **Important events since the balance sheet date**

No significant subsequent events have occurred that would materially impact the consolidated financial statements.



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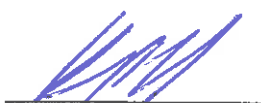
Kieran Patrick  
Donnelly  
*Chairperson of the Board*

15 April 2015

**Consolidated Statement of Comprehensive Income**

	Note	2014 EUR'000	2013 EUR'000 Not audited Restated
Interest income	7	220 842	149 297
Interest expense	8	(23 750)	(15 356)
<b>Net interest income</b>		<b>197 092</b>	<b>133 941</b>
Other income	9	2 150	1 992
Other expense	10	(4 037)	(247)
Goodwill write-off		-	(589)
Net impairment losses on loans and receivables	11	(54 161)	(26 630)
General administrative expenses	12	(81 113)	(53 257)
<b>Profit before taxes</b>		<b>59 931</b>	<b>55 210</b>
Corporate income tax for the reporting period	13	(11 639)	(8 471)
<b>Profit from continuing operations</b>		<b>48 292</b>	<b>46 739</b>
<b>Discontinued operation</b>			
Loss from discontinued operations, net of tax	6	(2 032)	(10 949)
<b>Profit for the period</b>		<b>46 260</b>	<b>35 790</b>
<u>Profit attributable to:</u>			
Equity holders of the Group		45 646	35 204
Non-controlling interests		614	586
<b>Profit</b>		<b>46 260</b>	<b>35 790</b>
<u>Other comprehensive income</u>			
Foreign currency translation differences on foreign operations		1 257	(556)
<b>Total comprehensive income for the period</b>		<b>47 517</b>	<b>35 234</b>
<u>Total comprehensive income attributable to:</u>			
Equity holders of the Group		47 427	34 338
Non-controlling interests		90	896

The accompanying notes on pages 11 to 56 form an integral part of these consolidated financial statements.


  
Kieran Patrick  
Donnelly  
Chairperson of the Board

15 April 2015

**Consolidated Statement of Financial Position**

<b>Assets</b>		<b>31.12.2014</b>	<b>31.12.2013</b>
		<b>EUR'000</b>	<b>EUR'000</b>
	<b>Note</b>		<b>Restated</b>
Cash and cash equivalents	14	33 713	17 055
Loans due from customers	15	241 375	177 904
Property and equipment	16	2 108	1 803
Intangible assets	17	2 751	540
Deferred tax asset	18	10 727	4 355
Corporate income tax receivable		4 700	-
Financial derivatives at fair value through profit or loss	19	18 626	-
Prepaid expenses		3 331	2 484
Other assets	20	48 281	3 932
Assets held for sale	21	4 418	17 368
<b>Total assets</b>		<b>370 030</b>	<b>225 441</b>
<b>Liabilities</b>			
Loans and borrowings	22	231 624	129 221
Corporate income tax payable		6 407	4 151
Other liabilities	23	18 315	9 824
Financial instruments at fair value through profit or loss	19	-	2 422
Liabilities held for sale	20	675	14 047
<b>Total liabilities</b>		<b>257 021</b>	<b>159 665</b>
Share capital	24	35 750	17 524
Retained earnings		107 578	61 932
Reorganization reserve	35	(32 584)	(14 358)
Currency translation reserve		919	(862)
Share based payment reserve		87	87
Obligatory reserve		145	145
<b>Total equity attributable to equity holders of the Company</b>		<b>111 895</b>	<b>64 468</b>
Non-controlling interests		1 114	1 308
<b>Total equity</b>		<b>113 009</b>	<b>65 776</b>
<b>Total shareholders' equity and liabilities</b>		<b>370 030</b>	<b>225 441</b>

The accompanying notes on pages 11 to 56 form an integral part of these consolidated financial statements.

  
Kieran Patrick  
Donnelly  
Chairperson of the Board

15 April 2015

## Consolidated Statement of Cash Flows


	Note	2014 EUR'000	2013 EUR'000 Not audited Restated
<b>Cash flows from operating activities</b>			
Profit before taxes		57 899	42 735
Adjustments for:			
Depreciation and amortization		1 203	784
Write-off of goodwill		-	589
Net losses on foreign exchange from borrowings		18 749	-
Increase in impairment allowance		39 293	33 721
Write-off and disposal of intangible and property and equipment assets		70	393
Provisions		170	478
Interest income		(841)	-
Interest expenses		23 750	16 726
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities		140 293	95 426
Adjustments for:			
Increase in loans due from customers		(105 604)	(112 472)
Change in financial instruments measured at fair value through profit or loss		(21 048)	2 422
Increase in other assets		(3 648)	(3 495)
Gains from sale of portfolio	9	1 827	351
Increase in accounts payable to suppliers, contractors and other creditors		8 702	1 884
Gross cash flows from operating activities		20 522	(15 884)
Corporate income tax paid		(20 911)	(12 332)
<b>Net cash flows used in operating activities</b>		<b>(389)</b>	<b>(28 216)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment and intangible assets		(4 158)	(2 601)
Loans issued to related parties		(161)	471
Interest received		830	-
Acquisition of subsidiaries, net of cash acquired		-	-
<b>Net cash flows used in investing activities</b>		<b>(3 489)</b>	<b>(2 130)</b>



## ***Consolidated Statement of Cash Flows***

	Note	2014 EUR'000	2013 EUR'000 Not audited Restated
<b>Cash flows from financing activities</b>			
Loans received and notes issued	22	86 556	137 050
Repayment of loans		(52 467)	(65 201)
Interest payments		(18 746)	(15 050)
Dividend payments		(280)	(12 091)
<i>Net cash flows from financing activities</i>		<b>15 063</b>	<b>44 708</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>11 185</b>	<b>14 362</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>21 124</b>	<b>7 318</b>
Effect of exchange rate fluctuations on cash		2 133	(556)
<b>Cash and cash equivalents at the end of the period</b>	14	<b>34 442</b>	<b>21 124</b>

The accompanying notes on pages 11 to 56 form an integral part of these consolidated financial statements.

  
 Kieran Patrick  
 Donnelly  
 Chairperson of the Board

15 April 2015

## Consolidated Statement of Changes in Equity

Group	Share capital EUR'000	Reorganiza- tion reserve EUR'000	Currency translation reserve EUR'000	Share based payment reserve EUR'000	Legal reserve EUR'000	Retained earnings EUR'000	Total equity attributable to shareholders of the Company EUR'000	Non- controlling interests EUR'000	Total equity EUR'000
01.01.2013	31	3 135	4	87	145	38 762	42 164	469	42 633
<b>Total comprehensive income</b>									
Profit for the reporting period	-	-	-	-	-	35 204	35 204	586	35 790
Other comprehensive income	-	-	(866)	-	-	-	(866)	310	(556)
<b>Transactions with shareholders recorded directly in equity</b>									
Increase in share capital (refer to Note 35)	17 493	(17 493)	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(12 034)	(12 034)	(57)	(12 091)
01.01.2014 (restated)	17 524	(14 358)	(862)	87	145	61 932	64 468	1 308	65 776
<b>Total comprehensive income</b>									
Profit for the reporting period	-	-	-	-	-	45 646	45 646	614	46 260
Other comprehensive income	-	-	1 781	-	-	-	1 781	(524)	1 257
<b>Transactions with shareholders recorded directly in equity</b>									
Increase in share capital (refer to Note 35)	18 226	(18 226)	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	(284)	(284)
31.12.2014	35 750	(32 584)	919	87	145	107 578	111 895	1 114	113 009

The accompanying notes on pages 11 to 56 form an integral part of these consolidated financial statements.



Kieran Patrick  
Donnelly  
Chairperson of the Board

15 April 2015

## **Notes to the Consolidated Financial Statements**

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### **(1) Reporting entity**

4finance Holding S.A. (the 'Company') is registered at 6, rue Guillaume Schneider, L-2522 Luxembourg, Grand Duchy of Luxembourg (reg. No B171059). On 30 April 2014, the Company changed its legal form from a private limited liability company to a joint stock company and was renamed accordingly from 4finance Holding S.à r.l. to 4finance Holding S.A. The Company, which does not have any operating activities, is the holding company for several subsidiaries in Europe and North America (together referred to as the 'Group'). Some of the Company's subsidiaries directly own other entities which are part of the Group. The Group entities provide consumer loans to hundreds of thousands of customers. Currently, the Group operates in Latvia, Lithuania, Finland, Sweden, Denmark, Poland, Spain, Czech Republic, Georgia and Bulgaria.

Prior to 30 April 2014, AS 4finance – the Latvian operating company was the parent company of the Group, and 4finance Holding S.à r.l. was one of AS 4finance's subsidiaries. On 30 April 2014, the Group restructuring was completed, pursuant to which AS 4finance and 4finance Holding S.A. (formerly 4finance Holding S.à r.l.) were effectively switched around in the Group structure. As a result, 4finance Holding S.A. became the parent company of the Group (refer to Note 35).

### **(2) Basis of preparation**

#### **(a) Statement of Compliance**

These consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards as adopted by EU (further IFRSs)*.

These consolidated financial statements were approved by the Company's Board of Directors on 15 April 2015. The shareholders have the power to reject the financial statements prepared and presented by the Board of Directors, and the right to request that new financial statements are prepared.

The Company prepares Company's separate financial statements for statutory purposes in accordance with the relevant Luxembourg legislation.

#### **(b) Basis of Measurement**

The consolidated financial statements are prepared on a historical cost basis except for financial assets and liabilities carried at fair value through profit or loss and disposal group held for sale carried at the lower of cost and fair value less cost to sell.

#### **(c) Functional and presentation currency**

The consolidated financial statements are presented in thousands of euro (EUR), unless stated otherwise. EUR is chosen as a presentation currency since most of the Group's operational activities are based in the European Union. During 2014 Group companies operated in the functional currencies of LTL, EUR, SEK, DKK, PLN, GBP, RUB, GEL, CZK, BGN and CAD, respectively. The Company's functional currency is EUR.

### **(3) Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the new standards and pronouncements of the International Accounting Standards Board.

#### **Basis of Consolidation**

##### **(i) Subsidiaries**

Subsidiaries are those enterprises controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

##### **(ii) Transactions eliminated on consolidation**

Intra-Group balances and transactions, and any unrealised gains/losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

## Notes to the Consolidated Financial Statements

### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the associates or joint venture.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

### (ii) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the exchange rate set by the Central Bank of the country of operation or the European Central Bank for euro zone countries at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into EUR using the following exchange rates:

	31.12.2014		31.12.2013
LVL	-	LVL	1.42287
LTL	0.28962	LTL	0.28962
SEK	0.10646	SEK	0.11113
DKK	0.13431	DKK	0.13403
PLN	0.23402	PLN	0.24047
GBP	1.28386	GBP	1.19948
RUB	0.01382	RUB	0.02220
CZK	0.03606	CZK	0.03614
GEL	0.44138	GEL	0.42202
BGN	0.51130	BGN	0.51081
GIB	1.28866	GIB	1.20192
USD	0.82366	USD	0.73278
CAD	0.71109	CAD	0.68725

#### (ii) Foreign operations

The assets and liabilities of foreign operations are translated into EUR the Company's presentation currency at exchange rates set by the European Central Bank at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at exchange rates at the dates of the transactions. Foreign currency retranslation differences are recognized in other comprehensive income.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised directly in the foreign currency translation reserve.

## ***Notes to the Consolidated Financial Statements***

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### ***(iii) Share-based payment transactions***

The grant date fair value of share-based payment awards granted to senior management of subsidiaries is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on a number of awards that meet the related service and non-market conditions at the vesting time.

### ***(iv) Cash and cash equivalents***

Cash and cash equivalents comprise call deposits in banks that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

### ***(v) Financial Instruments***

#### ***(i) Recognition***

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

#### ***(ii) Measurement***

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables that are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

#### ***(iii) Derecognition***

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

#### ***(iv) Fair value measurement principles***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

## ***Notes to the Consolidated Financial Statements***

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The key financial instruments of the Company and the Group are cash, trade receivables and loans to customers and bonds issued, trade payables, deposits from customers and other creditors arising from the business activities.

*(v) Derivative financial instruments*

Derivative financial instruments include swap and forward instruments.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the profit or loss.

The Group is engaged in hedging activities of its foreign exchange risk. The Group does not apply hedge accounting however. Given the low level of trading activity, the Group has estimated that any credit valuation adjustment or debit valuation adjustment would be immaterial and has not incorporated these into the fair value of derivatives due to materiality.

*(vi) Loans and advances*

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

For the purposes of these consolidated financial statements trade receivables and loans to customers are measured at amortized cost using the effective interest rate method. An impairment loss allowance for credit losses is established. For the policy see Note 5.

*(vi) Property and equipment*

*(i) Owned assets*

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

*(ii) Leased assets*

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

*(iii) Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long-term leasehold improvements	5 years
Other property and equipment	5 years

*(vii) Intangible assets*

Intangible assets, which are acquired by the Group, other than goodwill, are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

## **Notes to the Consolidated Financial Statements**

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### **(viii) Impairment**

#### **(i) Financial assets**

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of large number of small exposure loans that would make individual impairment testing impracticable.

Impairment losses on portfolios of assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated discounted future cash flows. Impairment losses are recognized in statement of comprehensive income and reflected in an allowance account against loans and advances. Interest on impaired assets is recognized indirectly through change in net impairment allowance raised when repayments are received from impaired loans. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

#### **(ii) Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(ix) Provisions**

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

As at the end of the period, a provision for unused vacations has been recognized in accordance with local legislation in each separate country of operation and is based on the number of vacation days unused as at 31 December 2014 and historical remuneration.

#### **(x) Share Capital and reserves**

##### **(i) Currency revaluation reserve**

The currency revaluation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into presentation currency.

## ***Notes to the Consolidated Financial Statements***

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### ***(ii) Legal reserve***

Under Luxembourg corporate law, the Company must allocate at least 5% of the statutory annual net profit to a legal reserve until this reserve reaches 10% of the issued share capital. The legal reserve is not available for dividend distributions.

### ***(iii) Obligatory reserve***

Under Lithuanian law, an annual allocation to the legal reserve should amount to at least 5% of the net profit until the reserve makes up 10% of the share capital. The reserve cannot be distributed; it can be used only to cover losses.

### ***(iv) Reorganization reserve***

Reorganization reserve relates to a row of legal reorganizations that took place in 2014. The entity accounted for these reorganizations as common control transactions using net asset values. This reserve arises on consolidation and is not distributable to shareholders. For further details on the reserve please refer to Note 35.

### ***(xi) Dividends***

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period in which they are declared.

### ***(xii) Taxation***

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### ***(xiii) Income and expense recognition***

All significant income and expense categories including interest income and expenses are recognized in the statement of comprehensive income on an accrual basis.

#### ***(i) Interest income and expense***

Interest income and expense are recognised in statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Revenue is not recognized when there is doubt whether the cost of services will be covered.

#### ***(ii) Penalty fee income***

Income from penalty fees is recognized as received.

#### ***(xiv) Staff costs and related contributions***

The Group's personnel expenses relate to only short-term benefits and related tax expense. The Group pays social security contributions to the state pension insurance system and to the state funded pension scheme in accordance with the Latvian and relevant foreign regulations. In accordance with the Republic of Latvia



## ***Notes to the Consolidated Financial Statements***

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Cabinet Regulations a part of the social insurance contributions is used to fund the state defined contribution pension system. State funded pension scheme is a defined contribution plan under which the Group pays fixed contributions determined by law and will have no legal or constructive obligation to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees. The social security contributions are accrued in the year in which the associated services are rendered by the employees of the Group.

### ***(xv) Operating segments***

Since the Group's debt is traded in a public market, it discloses information about its operating segments. The Group determines and presents operating segments based on the information that is internally provided to the Group Management Board, which is the Group's Chief Operating Decision Maker (CODM).

Comparative segment information has been presented in conformity with the IFRS requirements.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the CODM to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CODM include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

### ***(xvi) Discontinued operations***

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represent a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- are operations that are ceased.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

### ***(xvii) Assets held for sale***

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on assets held for sale is allocated to the remaining assets and liabilities on a pro rata basis.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### ***(xviii) Embedded derivatives***

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. If the economic characteristics and risks of the embedded derivative are closely related to those of the host contract, then the embedded derivative is not separated and accounted for separately.

### ***(xix) Changes in accounting policies***

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group have adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with the date of initial application on 1 January 2014:

- IFRS 10 *Consolidated Financial Statements* (2011)
- IFRS 11 *Joint Arrangements*

## ***Notes to the Consolidated Financial Statements***

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- **IFRS 12 Disclosure of Interests in Other Entities**

### ***IFRS 10 Consolidated Financial Statements (2011)***

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees on 1 January 2014. The Group concluded that there are no changes in control assessment as a consequence of new rules introduced by IFRS 10 (2011).

### ***IFRS 11 Joint Arrangements***

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- 1 The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- 2 The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity-accounted.

The Group is not a party to any joint arrangements.

### ***IFRS 12: Disclosure of Interests in Other Entities***

IFRS 12 brings together into a single standard all the disclosure requirements about an entity's interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a result of IFRS 12, the Group has expanded its disclosures about non-controlling interests in its subsidiaries (Note 37).

### ***Other amendments to standards***

The following amendments to standards with effective date of 1 January 2014 did not have any impact on these consolidated and separate financial statements:

- Amendments to IAS 32 on Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 on Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 on Novation of Derivatives and Continuation of Hedge Accounting

### ***New standards and interpretations not yet adopted***

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) ***IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 February 2015)***

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The Group does not expect the amendment to have any impact on the consolidated financial statements since it does not have any defined benefit plans that involve contributions from employees or third parties.

(ii) ***IFRIC 21 Levies (effective for annual periods beginning on or after 17 June 2014)***

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government. In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs. The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached. The Interpretation sets out that an entity cannot have a

## ***Notes to the Consolidated Financial Statements***

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constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

It is expected that the Interpretation, when initially applied, will not have a material impact on the consolidated financial statements, since it does not result in a change in the entity's accounting policy regarding levies imposed by governments.

*(iii) IFRS 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018)*

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements. In particular, calculation of impairment of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

*(iv) Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2017)*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

*(v) Annual Improvements to IFRSs*

The improvements introduce eleven amendments to nine standards and consequential amendments to other standards and interpretations. Most of these amendments are applicable to annual periods beginning on or after 1 February 2015, with earlier adoption permitted. Another four amendments to four standards are applicable to annual periods beginning on or after 1 January 2015, with earlier adoption permitted.

None of these amendments are expected to have a significant impact on the consolidated financial statements of the Group.

### **(4) Risk management**

Key financial and non-financial risks related to the Group's financial instruments and operating activities are:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks
- Reputational risks

Management has implemented procedures to control the key risks.

#### ***(a) Credit risk***

Credit risk is the risk of a financial loss to the Group if a counterparty/customer fails to meet its contractual obligations, and arises primarily from the Group's loans due from customers. The Group's Credit Policy defines lending guidelines according to the business strategy and efficient risk management, protecting the Group's assets as well as complying with the local regulatory requirements. Loan credit risk is managed by the Group's Risk department. Lending rules and scorecards (the Credit scoring models) are implemented for all products and customer risk profile is analysed prior to the loan being issued. The Credit scoring models use

## ***Notes to the Consolidated Financial Statements***

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multiple triggers including but not limited to customer credit history checks and income levels. The use of the Credit scoring models exclude any possibility of judgment as scoring is done automatically and is based on statistical evidence. Specific Credit scoring models are adjusted to specific country requirements and tendencies. Credit scoring models are periodically reviewed and if necessary adjusted to follow market and specific client group tendencies. The Group has established a general Group Debt Collection policy. The Group has implemented specific country-specific debt collection procedures to ensure smooth collection of debts. Performance of different customer groups is analysed on a regular basis by the Group's Debt Collection department. Management believes that current procedures are sufficient to effectively monitor credit risk of customer groups, in addition the structure of portfolio is based on many small value loans as a result separate customer exposures cannot individually cause material losses to the Company. Calculation methodology of allowances for impairment on loans is described in Note 5. Quantitative information on the Group's credit risk is disclosed in Note 15.

### ***(b) Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset when due. Liquidity position of the Group is managed by the Treasury department. The Group manages and controls its liquidity position on a day-to-day, short-, medium- and long-term basis by implementing and following relevant procedures, policies and processes. The Group has established the following processes and procedures: Group cash flow management procedure, Group bank account management procedure, Intra-Group Financing process. The Management believes that current processes and procedures are sufficient to effectively monitor and manage liquidity risk of the Group. The Group's financial assets and liabilities maturity structure is presented in Note 31.

### ***(c) Market risk***

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. The Group's market risk arises from open positions in interest rate and currency financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

### ***(d) Interest rate risk***

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial assets. Management believes that interest rate risk is not material since all loans are issued and received at fixed rates and most of the borrowings are long term. Interest rate risk for loans to customers arising from short-term repricing is not considered part of interest rate risk since an immaterial proportion of the interest rates charged relate directly to interest rate variance risk. All of the Group's borrowings have been received at fixed rates. Repricing of interest-bearing liabilities is not expected to take place within the next 12 months.

### ***(e) Currency risk***

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency.

The Group's currency risk is managed centrally by the Group's Treasury Department. The Group has established Currency risk monitoring and management policy. To manage the Group's open position in foreign currencies the Group has entered into cross currency swap, forward and option agreements. The purpose of the financial instruments is to limit the Group's exposure to foreign currency fluctuations.

An analysis of sensitivity of the Group's net income for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 December 2014 and 31 December 2013 and a simplified scenario of a change in SEK, DKK, USD, RUB, GEL, PLN to EUR exchange rates is as follows:

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	31 December 2014		31 December 2013 (Not audited, restated)	
	Net income	Equity	Net income	Equity
5% appreciation of SEK against EUR	1 043	1 043	777	777
5% depreciation of SEK against EUR	(1 043)	(1 043)	(777)	(777)
5% appreciation of DKK against EUR	720	720	451	451
5% depreciation of DKK against EUR	(720)	(720)	(451)	(451)
5% appreciation of PLN against EUR	68	68	1 952	1 952
5% depreciation of PLN against EUR	(68)	(68)	(1 952)	(1 952)
10 % appreciation of USD against EUR	3 814	3 814	686	686
10% depreciation of USD against EUR	(3 814)	(3 814)	(686)	(686)
20% appreciation of RUB against EUR	597	597	807	807
20% depreciation of RUB against EUR	(597)	(597)	(807)	(807)
5% appreciation of GEL against EUR	1 331	1 331	214	214
5% depreciation of GEL against EUR	(1 331)	(1 331)	(214)	(214)

The foreign exchange rate LTL/EUR is pegged as at 31 December 2014 and 31 December 2013 and accordingly management does not consider there to be currency risk in these currencies, as the rate of exchange is likely only to change as a result of a change in macro-economic policy. In addition, Lithuania adopted the Euro as its currency in place of the LTL on 1 January 2015 at the same rate as prevailed as at 31 December 2014.

Currency risk analysis above illustrates the effect of an isolated appreciation/depreciation of each significant operating currency. The above analysis does not include any assumptions about correlation between these currencies. Refer to Note 19 for the description of the Group's currency risk management.

### (f) Price risk

Price risk is the risk that the value of a financial instrument carried at fair value will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.

The Group is not exposed to price risk as it does not hold financial instruments dependent on changes in market prices.

### (g) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified

## ***Notes to the Consolidated Financial Statements***

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- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Reputational risk in relation to the lending practices is employed by each component. Management is fully aware of the scrutiny and interest in the operations of short-term finance institutions by regulators and members of the public. Management seeks to be transparent in the way it markets its business, takes steps to ensure that all operations are legal and cooperates intensively with regulators, when requested.

### ***(h) Capital management***

Capital management of the Group is not controlled by any requirements set by regulatory institutions or international bodies. The management reviews capital position on a regular basis, to ensure positive equity in all subsidiaries of the Group and to maintain sufficient funds, to ensure medium and long term strategic goals of the Group. Equity is the residual interest in the assets of the Group after deducting all its liabilities.

### **(5) Use of estimates and judgments**

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended 31 December 2013. These included determination of the consolidation group and whether embedded derivatives within financial liabilities require separation. It was determined that embedded derivatives do not require separation. Key sources of estimation uncertainty are:

- Allowances for credit losses on loans and receivables (see Note 15)

Total allowances for impairment on loans and advances are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as past due 90 days or more. In assessing the need for collective loss allowances, management considers factors such as probability of default, loss given default ("LGD"), portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include:

Management assumes that the Group collects cash from defaulted loans up to 21 months after default for single payment loans and up to 36 month after default for instalment loans.

Management calculates probability of default ratios using historic transition matrices which analyse loan portfolio movements between the delinquency buckets over one month periods. This analysis is undertaken on a monthly basis when the average probability of default ratios of the last six months are recalculated.

Management writes off trade receivables and loans to customers when they are past due more than two years or earlier if deemed to be uncollectible.

The management closely follows recoveries from delinquent loans and revises LGD for portfolios based on actual recoveries received. Historical experience supports the use of 21 and 36 months after default as the period over which recoveries are expected to be received. This assumption is used across all the countries and is supported by actual past experience across numerous entities within the Group. Where there is insufficient past statistical data projections of recoveries are used based on the data available and benchmarking of comparable data from other markets where the Group has wider historical data availability. Projected loss given default rates vary across the countries depending on the specifics of individual countries.

## ***Notes to the Consolidated Financial Statements***

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During the year ended 31 December 2014, the management continually reassessed its impairment allowances for credit losses on loans and receivables. This assessment included a review of historical recovery trends impacting the loss given default ratio that underlies the impairment loss allowance calculation. As at 31 December 2014, the weighted average loss given default rate across portfolios was 47% (31 December 2013: 36.8%). Weighted average LGD rate has increased due to growth of individual LGD ratios in countries with the largest operating entities, like Spain and Poland.

An analysis of sensitivity of the Group's net income for the year and equity to changes in LGD rates and a simplified scenario of a 5% increase in LGD ratio for each operating entity would increase loan loss provisions by EUR 7 300 thousand (31 December 2013: EUR 4 299 thousand).

- Separation of embedded derivatives

The Group's borrowing notes issued in 2014 and maturing in 2019 have prepayment option for bond holders to request early redemption in 2017. There is also an early redemption option from the Group's perspective. These prepayment options are judged to be closely related to the host debt instruments characteristics and, therefore, are not separated from the host debt instrument. The Group does not expect these options to be exercised.

- Deferred tax asset recognition (see Note 18)
- Fair value of financial instruments (see Note 19).

## Notes to the Consolidated Financial Statements

### (6) Discontinued operation

The comparative consolidated statement of comprehensive income has been restated to show the discontinued operations separately from continuing operations.

In December 2013, a decision to discontinue operations in the United Kingdom and the North America business segments was made due to a strategic decision to place greater focus on markets which provide higher return on investment.

In December 2014, a decision to sell the Group's operations in the Russian Federation was made. The decision was primarily driven by political and economic uncertainties on the market. At the same time the decision to sell its effectively ceased operations in the UK to the effective local management was made.

Operating segments that are being sold by the management's decision are classified as held-for-sale as at 31 December 2014 and 31 December 2013. In 2014, the North America business segment was sold to a related party outside the reporting group. The Group gained profit of EUR 2 348 thousand from this sale due to the segment's retained losses. The Russian Federation business segment has been sold to a related party outside the reporting group and all related sales transactions will be completed in the first half of 2015. Sale of 85% of the ceased operations in the United Kingdom is effective from the 1<sup>st</sup> of January 2015 and all related transactions will be completed in the first half of 2015.

The below table includes the operating results of discontinued business segments. All of the discontinued operations are attributable to shareholders of the Company.

#### (a) Results of discontinued operation

	2014 EUR'000	2013 EUR'000 Not audited Restated
Interest income	10 053	21 073
Interest expenses	(10)	(1 209)
Impairment allowance	(4 304)	(12 766)
Net other expenses	(9 789)	(19 573)
<b>Results from operating activities</b>	<b>(4 050)</b>	<b>(12 475)</b>
Income tax	(330)	1 526
<b>Results from operating activities, net of tax</b>	<b>(4 380)</b>	<b>(10 949)</b>
Gain on sale of discontinued operations	2 348	-
<b>Profit/(loss) for the period</b>	<b>(2 032)</b>	<b>(10 949)</b>

The results from the discontinued operations in 2014 and 2013 are attributable to the owners of the Group.

#### (b) Cash flows from (used in) discontinued operations

	2014 EUR'000	2013 EUR'000 Not audited Restated
Net cash used in operating activities	(3 230)	(22 204)
Net cash from investing activities	(262)	(613)
Net cash flow from financing activities	23	9 554
<b>Net cash flow for the year</b>	<b>(3 469)</b>	<b>(13 263)</b>



## ***Notes to the Consolidated Financial Statements***

### **(7) Interest income**

Interest income represents revenue generated during the reporting period from the Group's basic activities – consumer loans. Interest income includes loan commission income and penalty fee income.

Interest income by geographic markets:

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Poland	61 448	24 606
Latvia	40 817	49 405
Lithuania	27 035	27 303
Georgia	20 276	1 194
Finland	19 951	17 042
Sweden	19 618	18 359
Spain	14 361	3 778
Denmark	12 974	7 228
Other	4 362	382
	<b>220 842</b>	<b>149 297</b>

### **(8) Interest expense**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Interest expense on notes	20 887	6 206
Interest expense on other loans	2 332	8 735
Interest expense on bank loans	531	415
	<b>23 750</b>	<b>15 356</b>

### **(9) Other income**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Gain from debt portfolio sale	922	7
Currency exchange effect from derivative financial instruments		2 447
Currency exchange effect from other revaluations		(648)
Other income	1 228	193
	<b>2 150</b>	<b>1 992</b>

During 2014, the Group sold portfolios in Latvia, Sweden and Finland. The net carrying amount of the portfolios on the date of sale amounted to EUR 905 thousand (2013: EUR 507 thousand). As a result of the sale the Group received consideration in the amount of 1 827 (2013: EUR 351 thousand) and it resulted in a gain of EUR 922 thousand (2013: EUR 176 thousand loss).

**Notes to the Consolidated Financial Statements**

**(10) Other expense**

	2014 EUR'000	2013 EUR'000 Not audited Restated
Loss on debt portfolio sale	-	176
Currency exchange effect from derivative financial instruments	(16 581)	-
Currency exchange effect from other revaluations	20 487	-
Other expense	131	71
	<u>4 037</u>	<u>247</u>

**(11) Net impairment losses on loans and receivables**

	2014 EUR'000	2013 EUR'000 Not audited Restated
Impairment losses on loans	55 738	26 864
Recovery from written-off loans	(1 577)	(234)
	<u>54 161</u>	<u>26 630</u>

Changes in recovery from written-off loans mainly due to maturity structure changes of loan portfolio. For more details of write-off methodology see Note 5.

**(12) General administrative expenses**

	2014 EUR'000	2013 EUR'000 Not audited Restated
Marketing and sponsorship	34 177	23 314
Personnel costs	23 067	14 817
Debt collection costs	3 832	1 493
Legal and consulting	3 794	1 860
Application inspection costs	3 748	2 911
IT expenses	3 462	2 143
Communication expenses	2 359	1 890
Rent and utilities	1 489	1 103
Bank services	1 125	1 269
Depreciation and amortization	928	657
Travel	850	570
Other	2 282	1 230
	<u>81 113</u>	<u>53 257</u>

	2014 EUR'000	2013 EUR'000 Not audited Restated
<b>Auditor's fees</b>		
Audit fees	360	123
Audit related fees	70	83
Tax related fees	94	21
<b>Total</b>	<u>524</u>	<u>227</u>

**Notes to the Consolidated Financial Statements**

	<b>2014</b>	<b>2013</b>
		<b>Not audited</b>
<b>Average number of employees</b>		<b>Restated</b>
Senior management/Executives	5	3
Employees	917	544
<b>Total</b>	<b>922</b>	<b>547</b>

**(13) Corporate income tax for the reporting period**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Current tax	18 474	11 275
Deferred tax	(6 835)	(2 804)
	<b>11 639</b>	<b>8 471</b>

*Reconciliation of effective corporate income tax:*

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Profit/(loss) before corporate income tax	59 931	55 210
Theoretical corporate income tax, 29%	17 380	16 011
CIT relief due to donation	(324)	(964)
Effect of recognized deferred tax asset (including tax losses and allowance for bad debts), not previously recognized	(658)	(1 375)
Tax effect of permanent differences related to non-deductible expenses	1901	1 150
Non-taxable gain on sale of discontinued operations	(681)	-
Impact of tax rate in other jurisdictions	(5 979)	(6 351)
<b>Corporate income tax for the reporting year</b>	<b>11 639</b>	<b>8 471</b>

**(14) Cash and cash equivalents**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Bank balances	33 713	17 055
<b>Cash and cash equivalents in the statement of financial position</b>	<b>33 713</b>	<b>17 055</b>
Cash and cash equivalents included in assets held for sale	729	4 069
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>34 442</b>	<b>21 124</b>

## Notes to the Consolidated Financial Statements

### (15) Loans due from customers

	31.12.2014 EUR'000	31.12.2013 EUR'000 Restated
Long-term loans due from customers	15 730	9 690
Impairment of long-term loans due from customers	(2 740)	(2 107)
<b>Long term</b>	<b>12 990</b>	<b>7 583</b>
Short-term loans due from customers	301 063	210 434
Impairment of short-term loans due from customers	(72 678)	(40 113)
<b>Short term</b>	<b>228 385</b>	<b>170 321</b>
	<b>241 375</b>	<b>177 904</b>

The Group's long-term and short-term loans consist of loan balances not exceeding EUR 3 200 per loan with maturity of up to 3 years. Average loan size in both years is EUR 174. The loans are not collateralized.

Movements in the allowance for doubtful debts for the respective periods are as follows:

	31.12.2014 EUR'000	31.12.2013 EUR'000 Not audited Restated
<b><u>Allowance for doubtful debts</u></b>		
Balance at the beginning of period	42 220	16 837
Charge for the period in continued operations	55 738	26 864
Amounts written-off	(16 749)	(4 763)
Written-off on disposal of portfolio	(1 882)	-
Reclassified to assets held-for-sale	(1 745)	-
Charge for the period in discontinued operations	-	4 007
Currency effect	(2 164)	(725)
<b>Balance at period end</b>	<b>75 418</b>	<b>42 220</b>

Loans by country and currency:

	Gross receivables 31.12.2014 EUR'000	Allowance for doubtful debts 31.12.2014 EUR'000	Net receivables 31.12.2014 EUR'000	Gross receivables 31.12.2013 EUR'000 Restated	Allowance for doubtful debts 31.12.2013 EUR'000 Restated	Net receivables 31.12.2013 EUR'000 Restated
Latvia (EUR)	61 914	(10 717)	51 197	58 781	(10 658)	48 123
Lithuania (LTL/EUR)	45 610	(7 633)	37 977	43 848	(8 445)	35 403
Finland (EUR)	26 837	(5 900)	20 937	20 298	(3 515)	16 783
Sweden (SEK)	30 634	(6 560)	24 074	21 399	(4 623)	16 776
Poland (PLN)	80 718	(26 080)	54 638	43 690	(5 939)	37 751
Denmark (DKK)	17 057	(3 863)	13 194	10 356	(1 838)	8 518
Georgia (GEL)	26 115	(3 969)	22 146	3 659	(145)	3 514
Spain (EUR)	20 868	(9 432)	11 436	7 181	(1 641)	5 540
Other	7 040	(1 264)	5 776	10 912	(5 416)	5 496
	<b>316 793</b>	<b>(75 418)</b>	<b>241 375</b>	<b>220 124</b>	<b>(42 220)</b>	<b>177 904</b>

**Notes to the Consolidated Financial Statements**

**(15) Loans due from customers (continued)**

Credit quality of loan portfolio

	<b>Gross receivables 31.12.2014 EUR'000</b>	<b>Allowance for doubtful debts 31.12.2014 EUR'000</b>	<b>Net receivables 31.12.2014 EUR'000</b>	<b>Gross receivables 31.12.2013 EUR'000 Restated</b>	<b>Allowance for doubtful debts 31.12.2013 EUR'000 Restated</b>	<b>Net receivables 31.12.2013 EUR'000 Restated</b>
Not overdue	159 555	(4 003)	155 552	112 515	(2 404)	110 111
Overdue less than 90 days	48 787	(13 051)	35 736	38 754	(8 132)	30 622
Overdue more than 90 days	108 451	(58 364)	50 087	68 855	(31 684)	37 171
	<b>316 793</b>	<b>(75 418)</b>	<b>241 375</b>	<b>220 124</b>	<b>(42 220)</b>	<b>177 904</b>

## Notes to the Consolidated Financial Statements

### (16) Property and equipment

	Leasehold improvements EUR'000	Computer equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
<b>Cost</b>				
<b>31.12.2012</b>	<b>241</b>	<b>831</b>	<b>285</b>	<b>1 357</b>
Additions	284	991	508	1 783
Acquisitions through business combinations	-	-	41	41
Disposals	(2)	(23)	-	(25)
Reclassified to assets held for sale	(153)	(150)	(118)	(421)
Effect of changes in foreign exchange rates	(10)	65	(72)	(17)
<b>31.12.2013 (restated)</b>	<b>360</b>	<b>1 714</b>	<b>644</b>	<b>2 718</b>
<b>Accumulated depreciation</b>				
<b>31.12.2012</b>	<b>64</b>	<b>235</b>	<b>54</b>	<b>353</b>
Depreciation	112	407	112	631
Acquisitions through business combinations	-	-	2	2
Disposals	-	(13)	-	(13)
Reclassified to assets held for sale	(15)	(36)	(15)	(66)
Effect of changes in foreign exchange rates	(1)	19	(10)	8
<b>31.12.2013 (restated)</b>	<b>160</b>	<b>612</b>	<b>143</b>	<b>915</b>
<b>Balance as at 31.12.2012</b>	<b>177</b>	<b>596</b>	<b>231</b>	<b>1 004</b>
<b>Balance as at 31.12.2013 (restated)</b>	<b>200</b>	<b>1 102</b>	<b>501</b>	<b>1 803</b>
	Leasehold improvements EUR'000	Computer equipment EUR'000	Other property and equipment EUR'000	Total EUR'000
<b>Cost</b>				
<b>31.12.2013 (restated)</b>	<b>360</b>	<b>1 714</b>	<b>644</b>	<b>2 718</b>
Additions	41	1 038	279	1 358
Disposals	(46)	(43)	(38)	(127)
Reclassified to assets held for sale	-	(162)	(1)	(163)
Reclassification to intangible assets	-	(7)	(2)	(9)
Effect of changes in foreign exchange rates	(2)	(85)	-	(87)
<b>31.12.2014</b>	<b>353</b>	<b>2 455</b>	<b>882</b>	<b>3 690</b>
<b>Accumulated depreciation</b>				
<b>31.12.2013 (restated)</b>	<b>160</b>	<b>612</b>	<b>143</b>	<b>915</b>
Depreciation	57	607	144	808
Disposals	(13)	(30)	(15)	(58)
Reclassified to assets held for sale	-	43	-	43
Reclassification to intangible assets	-	(1)	-	(1)
Effect of changes in foreign exchange rates	-	(112)	(13)	(125)
<b>31.12.2014</b>	<b>204</b>	<b>1 119</b>	<b>259</b>	<b>1 582</b>
<b>Balance as at 31.12.2013 (restated)</b>	<b>200</b>	<b>1 102</b>	<b>501</b>	<b>1 803</b>
<b>Balance as at 31.12.2014</b>	<b>149</b>	<b>1 336</b>	<b>623</b>	<b>2 108</b>

**Notes to the Consolidated Financial Statements**

**(17) Intangible assets**

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Total EUR'000
<b>Cost</b>			
<b>31.12.2012</b>	<b>231</b>	<b>277</b>	<b>508</b>
Additions	288	174	462
Acquisitions through business combinations	-	24	24
Disposals	(37)	(1)	(38)
Reclassified to assets held for sale	-	(34)	(34)
Effect of changes in foreign exchange rates	-	(4)	(4)
<b>31.12.2013 (restated)</b>	<b>482</b>	<b>436</b>	<b>918</b>
<b>Accumulated amortisation</b>			
<b>31.12.2012</b>	<b>106</b>	<b>168</b>	<b>274</b>
Amortisation	91	58	149
Acquisitions through business combinations	-	2	2
Amortisation of disposals	(36)	(1)	(37)
Reclassified to assets held for sale	-	(9)	(9)
Effect of changes in foreign exchange rates	4	(5)	(1)
<b>31.12.2013 (restated)</b>	<b>165</b>	<b>213</b>	<b>378</b>
<b>Balance as at 31.12.2012</b>	<b>125</b>	<b>109</b>	<b>234</b>
<b>Balance as at 31.12.2013 (restated)</b>	<b>317</b>	<b>223</b>	<b>540</b>

	Licenses, trademarks and similar rights EUR'000	Software and other intangible assets EUR'000	Advances EUR'000	Total EUR'000
<b>Cost</b>				
<b>31.12.2013 (restated)</b>	<b>482</b>	<b>436</b>	<b>-</b>	<b>918</b>
Additions	526	5	2 269	2 800
Disposals	(7)	-	-	(7)
Reclassified to assets held for sale	(275)	-	(3)	(278)
Reclassification	129	(139)	-	(10)
Effect of changes in foreign exchange rates	(111)	(25)	2	(134)
<b>31.12.2014</b>	<b>744</b>	<b>277</b>	<b>2 268</b>	<b>3 289</b>
<b>Accumulated amortisation</b>				
<b>31.12.2013 (restated)</b>	<b>165</b>	<b>213</b>	<b>-</b>	<b>378</b>
Amortisation	249	27	-	276
Amortisation of disposals	(6)	-	-	(6)
Reclassified to assets held for sale	76	-	-	76
Reclassification	25	(25)	-	-
Effect of changes in foreign exchange rates	(184)	(2)	-	(186)
<b>31.12.2014</b>	<b>325</b>	<b>213</b>	<b>-</b>	<b>538</b>
<b>Balance as at 31.12.2013 (restated)</b>	<b>317</b>	<b>223</b>	<b>-</b>	<b>540</b>
<b>Balance as at 31.12.2014</b>	<b>419</b>	<b>64</b>	<b>2 268</b>	<b>2 751</b>

## Notes to the Consolidated Financial Statements

### (18) Deferred tax asset

Deferred tax relates to the following temporary differences and tax losses carried forward:

Movement in temporary differences and tax losses carried forward during the year ended 31 December 2014:

31 December 2014							
	Net balance 1 January 2014	Recognised in profit or loss of continued operations	Recognised in profit or loss of discontinued operations	Effect of exchange rate fluctuations	Net balance 31 December 2014	Deferred tax asset	Deferred tax liabilities
Impairment losses on loans and receivables	6 619	1 957	-	(50)	8 526	8 526	-
Property and equipment	(44)	(58)	-	2	(100)	-	(100)
Other liabilities	(2 231)	3 886	(297)	(91)	1 267	1 267	-
Tax loss carry-forwards	11	1 050	-	(27)	1 034	1 034	-
<b>Deferred tax assets (liabilities) before set-off</b>	<b>4 355</b>	<b>6 835</b>	<b>(297)</b>	<b>(166)</b>	<b>10 727</b>	<b>10 827</b>	<b>(100)</b>
Set-off of tax						(100)	100
<b>Net deferred tax assets (liabilities)</b>						<b>10 727</b>	<b>-</b>

Movement in temporary differences and tax losses carried forward during the year ended 31 December 2013:

31 December 2013 Restated							
	Net balance 1 January 2013	Recognised in profit or loss of continued operations	Recognised in profit or loss of discontinued operations	Effect of exchange rate fluctuations	Net balance 31 December 2013	Deferred tax asset	Deferred tax liabilities
Impairment losses on loans and receivables	2 114	4 406	-	99	6 619	6 619	-
Property and equipment	(46)	2	-	-	(44)	-	(44)
Other liabilities	(866)	(1 557)	222	(30)	(2 231)	-	(2 231)
Tax loss carry-forwards	59	(47)	-	(1)	11	11	-
<b>Deferred tax assets (liabilities) before set-off</b>	<b>1 261</b>	<b>2 804</b>	<b>222</b>	<b>68</b>	<b>4 355</b>	<b>6 630</b>	<b>(2 275)</b>
Set off of tax						(2 275)	2 275
<b>Net deferred tax assets (liabilities)</b>						<b>4 355</b>	<b>-</b>

The Group has recognized the deferred tax assets of EUR 10 727 thousand (31 December 2013: EUR 4 355 thousand) in Latvia, Lithuania, Sweden, Finland, Poland, Georgia, Czech Republic and Spain. The tax losses carried forward relate to Spain, Czech Republic and Latvia. EUR 765 thousand of the tax losses do not have an expiry period, whilst for EUR 161 thousand the expiry period is 5 years. EUR 616 thousand relate to the tax losses in Spain which the Group expects to realise in year 2015. The Group's component in Spain after making losses in its start-up phase demonstrates profitability signs. As at 31 December 2014, the Group had not recognised a deferred tax relating to tax losses of EUR 960 thousand (2013: EUR 577 thousand) due to uncertainty in utilisation of these tax benefits.



## Notes to the Consolidated Financial Statements

### (19) Financial instruments at fair value through profit or loss

To manage the Group's open position in foreign currencies, the Group has entered into cross currency swap, forward and option agreements. The purpose of the financial instruments is to limit the Group's exposure to foreign currency fluctuations. EUR to USD cross currency swap agreement with notional amount of USD 120 000 thousand, which matures on 31 January 2015, limits the Group's exposure to USD from notes due in January 2015. Under this agreement the Group pays EUR 88 203 thousand and receives USD 120 000 thousand subject to net settlement. The fair value of this forward agreement as at 31 December 2014 was EUR 10 866 thousand (31 December 2013: EUR 1 067 thousand negative to the Group).

To limit the Group's exposure to USD from notes due in August 2019, the Group has concluded EUR to USD forward agreements and European put option with notional amounts of USD 22 500 thousand and USD 72 500 thousand maturing in August 2019 and February 2016, respectively. Under the forward agreements, which have been concluded with related parties (refer to Note 26), the Group pays EUR 16 806 thousand and receives USD 22 500 thousand subject to net settlement at maturity. According to these forward agreements the Group also pays EUR 987 thousand and receives USD 1 321 thousand subject to net settlement at each semi-annual coupon payment date until the maturity of notes due in August 2019. The fair value of these forward agreements as at 31 December 2014 was EUR 2 444 thousand. Under the European put option the Group has the right to sell EUR 55 196 thousand for USD 72 500 thousand at the USD/EUR rate of 1.3135 at maturity.

To limit the Group's exposure to PLN from its operating activities in Poland, the Group has concluded PLN to EUR European call option with maturity in July 2015. Under the European call option the Group has the right to buy EUR 60 000 thousand for PLN 270 120 thousand at the PLN/EUR rate of 4.502 at maturity. The call option limits the Group's downward risk from adverse PLN/EUR exchange rate movements.

Sensitivity of exposures to open currency positions has been presented in Note 4(e). As at 31 December 2014, the fair value of these financial instruments is EUR 18 626 thousand (31 December 2013: EUR (2 422) thousand). The table below reflects fair value of each derivative type separately.

	31.12.2014 EUR'000	31.12.2013 EUR'000 Restated
Currency forward agreements	13 310	(2 422)
European put option	4 660	-
European call option	656	-
	<u>18 626</u>	<u>(2 422)</u>

### (20) Other assets

	31.12.2014 EUR'000	31.12.2013 EUR'000 Restated
Funds deposited with trustee	44 477	-
Security deposits	2 120	3 124
Other receivables	1 684	808
	<u>48 281</u>	<u>3 932</u>

The Group has cash collateral of EUR 1 647 thousand (31 December 2013: EUR 2 785 thousand) pledged and deposited with counterparties with whom it has concluded cross currency swap agreement. The amount is included under Security deposits.

The Group has deposited with trustee funds EUR 44 477 thousand that were used to repay notes which are due on 31 January 2015 (refer to Note 22). The funds were placed with an EU financial institution with credit rating "A-" and were successfully used in the settlement of the previously issued notes. The deposited funds were acquired from note issued in August 2014 and were placed with the trustee directly without cash transactions through the Group's bank accounts.

**Notes to the Consolidated Financial Statements**

**(21) Disposal group held for sale**

In December 2013, the management committed to sell its North American business segment. Accordingly, the segment is presented as a disposal group held for sale as at 31 December 2013. The sale was fully finalized in 2014.

In December 2014, the management committed to sell its Russian Federation business segment and to sell the UK business which had been ceased before. Accordingly, the segments are presented as a disposal group held for sale. The sale is expected to be fully finalized in the first half of 2015.

**(a) Assets and liabilities of disposal group held for sale**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Cash and cash equivalents	729	4 069
Loans due from customers	2 886	11 018
Property and equipment	119	355
Intangible assets	203	25
Deferred tax asset	—	1 226
Other assets	481	675
<b>Assets held for sale</b>	<b>4 418</b>	<b>17 368</b>

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Loans and borrowings	161	12 915
Provisions	14	4
Corporate income tax payable	8	—
Other liabilities	492	1 128
<b>Liabilities held for sale</b>	<b>675</b>	<b>14 047</b>

**(b) Cumulative income or expense included in OCI**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Foreign currency translation differences on foreign operations	1 265	165
	<b>1 265</b>	<b>165</b>

## Notes to the Consolidated Financial Statements

### (22) Loans and borrowings

	31.12.2014 EUR'000	31.12.2013 EUR'000 Restated
<b>Long term</b>		
Notes	157 867	125 385
Loans from related parties	12 634	658
Loans from bank	6 188	3 065
	<b>176 689</b>	<b>129 108</b>
	31.12.2014 EUR'000	31.12.2013 EUR'000 Restated
<b>Short term</b>		
Notes	50 733	2
Loans from related parties	4 202	113
	<b>54 935</b>	<b>113</b>
<b>Total</b>	<b>231 624</b>	<b>129 221</b>

In May 2011, the Company's subsidiary AS 4finance signed a credit line agreement with AS Trasta Komercbanka with a maximum credit line limit of EUR 7 700 thousand maturing in April 2015 and a fixed annual interest rate of 10% for the part of the credit line used and 0.5% for the unused part of the facility.

In February 2014, the credit line agreement with AS Trasta Komercbanka was amended – maturing in January 2016 and a fixed annual interest rate of 8% for the part of credit line used. Neither the maximum credit line amount, nor the interest rate for the unused part of the facility have changed.

AS Trasta Komercbanka loans are secured by AS 4finance commercial pledge over all AS 4finance assets. The maximum amount secured by commercial pledge is EUR 16 144 thousand as at 31 December 2014. As at 31 December 2014, AS 4finance is compliant with all covenants included in the credit line agreement with the Bank.

In August 2013, AS 4finance listed USD 170 000 thousand 13% notes on the Irish Stock Exchange, which were due on 31 January 2015 and which were senior to all its future subordinated debt, if any. The notes were fully repaid at maturity.

The Group has obtained loans from related parties to finance expansion of its operating activities with annual interest rates between 12% and 13% with maturity in year 2017.

In August 2014, S.A. 4finance listed USD 200 000 thousand 11.75% notes on the Irish Stock Exchange, which are due in August 2019. These notes were used to refinance previously issued notes which are due on 31 January 2015. The management plans to evaluate additional funding options to facilitate further growth of the Group. From this note issuance the Group received net proceeds of USD 19 910 thousand after paying agent fees of USD 4 873 thousand, settling part of previously issued notes, which were tendered by their holders, in amount of USD 97 313 thousand and depositing funds with trustee in amount of USD 77 412 thousand to repay notes which were due on 31 January 2015 (refer to Note 20). The note holders were invited to tender voluntarily the Group's offer to repurchase the notes at nominal amount, plus the accrued interest.

**Notes to the Consolidated Financial Statements**

**(23) Other liabilities**

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Deposits from customers	5 772	4 123
Accounts payable to suppliers	4 106	1 797
Accrued expenses	2 994	1 579
Taxes payable	1 180	334
Provisions for unused vacations	971	815
Other liabilities	3 292	1 176
	<b>18 315</b>	<b>9 824</b>

**(24) Share capital**

Share capital of the Company as at 31 December 2014 is EUR 35 750 thousand (31 December 2013: EUR 17 524 thousand) and it is divided into 3 575 000 000 ordinary shares (31 December 2013: 17 524 000 shares) with the nominal value of EUR 0.01 (31 December 2013: EUR 0.01) settled via contribution in kind. Equity caption includes negative reorganization reserve of EUR 32 584 thousand (31 December 2013: EUR 14 358 thousand) which reflects the difference between the share capital of 4finance Holding S.A. and the paid in share capital of AS 4finance prior to the legal reorganisation (refer to Note 35).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group. All ordinary shares rank equal in their entitlement to the Group's residual assets.

The Group's shareholders as at 31 December 2014 are FCI Investments Ltd, Malta (25% ownership), and Tirona Ltd, Cyprus (75% ownership). The Parent company's financial statements are not published.

In February 2015, the ultimate beneficial owners of Tirona Limited have been changed from 100% owned by Mr. Oleg Boyko to 25.5% by Mr. Uldis Arnicans, 25.5% by Mr. Edgars Dupats, and 49% by Mrs. Vera Boyko.

**(25) Operating leases**

Non-cancellable operating lease rentals are payable as follows:

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Less than one year	1 490	916
Between one and five years	3 467	2 893
More than five years	-	957
	<b>4 957</b>	<b>4 766</b>

The Company leases a number of premises and equipment under operating lease. The leases typically run for an initial period up to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

In year 2014, EUR 894 thousand was recognized as an expense in the income statement in respect of operating leases (2013: EUR 1 433 thousand).

**Notes to the Consolidated Financial Statements**

**(26) Related party transactions**

*(a) Transactions with parent*

<b>Borrowings and payables to related parties:</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Loans and borrowings		
- Borrowings and payables at the end of the period	12 634	112
<b>Interest expense to related parties:</b>	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Interest expense	1 458	7 849

*(b) Transactions with other related parties*

<b>Interest income from related parties:</b>	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Other income		
- Interest income	779	
<b>Borrowings and payables to related parties:</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'00</b>	<b>EUR'000</b>
	<b>0</b>	<b>Restated</b>
Loans and borrowings		
- Borrowings and payables at the end of the period	4 202	659
<b>Financial instruments at fair value through profit or loss</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'00</b>	<b>EUR'000</b>
	<b>0</b>	<b>Restated</b>
Financial assets/(liabilities) at fair value through profit or loss at the end of the period	2 444	(1 191)
<b>Interest expense to related parties:</b>	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Interest expense	488	550

***Notes to the Consolidated Financial Statements***

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	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
<b>Receivables from related parties:</b>		<b>Restated</b>
Loans issued to related parties	131	-
Interest receivable	3	-

**Total remuneration included in administrative expenses:**

	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Executive committee and Board members	1 123	388

There are no outstanding balances as of 31 December 2014 with members of the Luxembourg Executive committee and Board members.

There are no emoluments granted to the members of the Board and commitments in respect of retirement pensions for former members of the Board.

<b>Gain on sale of discontinued operations (refer to Note 6)</b>	<b>2014</b>	<b>2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Not audited</b>
		<b>Restated</b>
Gain on sale of discontinued operations	2 348	-

**Notes to the Consolidated Financial Statements**

**(27) Personnel costs**

	2014 EUR'000	2013 EUR'000 Not audited Restated
<b>Type of costs</b>		
Remuneration	17 926	11 512
Compulsory state social security contributions, pensions and other social security expenses	3 711	2 616
Other personnel costs	1 430	689
	<b>23 067</b>	<b>14 817</b>

**(28) Litigation**

In the ordinary course of business, the Group is subject to legal actions. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the financial condition or the financial results of operations of the Group.

**(29) Fair value of financial instruments**

**(a) Financial instruments measured at fair value**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2014	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
<b>Financial assets</b>				
Financial instruments at fair value through profit or loss	-	18 626	-	18 626
	-	<b>18 626</b>	-	<b>18 626</b>
<b>31 December 2014</b>	<b>Level 1 EUR'000</b>	<b>Level 2 EUR'000</b>	<b>Level 3 EUR'000</b>	<b>Total EUR'000</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss	-	-	-	-
	-	-	-	-
<b>31 December 2013 (restated)</b>	<b>Level 1 EUR'000</b>	<b>Level 2 EUR'000</b>	<b>Level 3 EUR'000</b>	<b>Total EUR'000</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss	-	(2 422)	-	(2 422)
	-	<b>(2 422)</b>	-	<b>(2 422)</b>

As at 31 December 2013 the Group did not have financial assets measured at fair value.

## Notes to the Consolidated Financial Statements

### (b) Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value, by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2014	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total fair values EUR'000	Total carrying amount EUR'000
<b>Financial assets</b>					
Cash and cash equivalents	-	33 713	-	33 713	33 713
Loans due from customers	-	-	249 266	249 266	241 375
Other assets – Other loans to related parties	-	-	130	130	131
Other assets – Funds deposited with trustee	-	46 124	-	46 124	46 124
Assets held for sale	-	-	-	3 615	3 615
<b>Financial liabilities</b>					
Loans and borrowings	-	-	231 693	231 693	231 624
Other liabilities – Deposits from customers	-	-	5 656	5 656	5 772
Other liabilities – Accounts payable to suppliers	-	-	4 106	4 106	4 106
Liabilities held for sale	-	-	-	4 418	4 418
<b>31 December 2013 (restated)</b>	<b>Level 1 EUR'000</b>	<b>Level 2 EUR'000</b>	<b>Level 3 EUR'000</b>	<b>Total fair values EUR'000</b>	<b>Total carrying amount EUR'000</b>
<b>Financial assets</b>					
Cash and cash equivalents	-	17 055	-	17 055	17 055
Loans due from customers	-	-	200 681	200 681	177 904
Other assets – Cash collateral pledged	-	2 785	-	2 785	2 785
Assets held for sale	-	-	-	17 368	17 368
<b>Financial liabilities</b>					
Loans and borrowings	-	-	128 840	128 840	129 221
Other liabilities – Deposits from customers	-	-	4 005	4 005	4 123
Other liabilities – Accounts payable to suppliers	-	-	1 797	1 797	1 797
Liabilities held for sale	-	-	-	14 047	14 047



## **Notes to the Consolidated Financial Statements**

The following table shows the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used:

### **Financial instruments measured at fair value**

Type	Valuation technique	Significant unobservable inputs
Financial instruments at fair value through profit or loss	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	Not applicable

### **Financial instruments not measured at fair value**

Type	Valuation technique	Significant unobservable inputs
Other borrowed funds, loans due from customers, deposits and balances due to customers	Discounted cash flows	Discount rates

Group's debt is not widely traded, therefore, the discount rates used in determining the fair value of its liabilities is management's judgment that is based on their experience in attracting debt in capital markets.

## Notes to the Consolidated Financial Statements

### (30) Operating segments

The Group has six reportable segments, as described below, which are the Group's strategic segments. The strategic segments are primarily jurisdiction-based and offer similar type of products and services in each of the jurisdictions. Each segment is managed separately because they require different marketing strategies. For each of the strategic segments, the Group's Management Board reviews internal management reports on at least a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss, as included in the internal management reports that are reviewed by the Group's Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments in relation to other entities that operate within these industries.

### Analysis by segment

#### Information about reportable segments

Segment information for the main reportable business segments of the Group for the year ended 31 December 2014 and 2013 is set below:

	Latvia		Lithuania		Finland		Sweden		Poland		Georgia		All other segments		Total	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
EUR '000																
Interest income	40 817	49 405	27 035	27 303	19 951	17 042	19 618	18 359	61 448	24 606	20 276	1 194	41 750	32 461	230 895	170 370
Interest expense	(19 911)	(15 018)	(1 829)	(2 168)	(2 244)	(1 649)	(2 394)	(1 863)	(5 621)	(2 901)	(2 091)	(123)	(3 431)	(4 216)	(37 531)	(27 938)
Internal revenue	19 040	17 786					738	514	268						20 046	18 300
Net impairment losses on loans and receivables	(6 768)	(5 284)	(3 729)	(2 839)	(3 256)	(1 724)	(2 779)	(2 374)	(20 928)	(5 301)	(3 684)	(155)	(14 091)	(15 735)	(55 235)	(33 612)
Reportable segment profit/(loss)	20 958	28 296	16 075	12 301	6 549	4 098	9 183	7 579	13 369	2 980	11 946	1 09	(5 417)	2 879	72 663	58 242
before tax																
Segment breakdown of assets and liabilities of the Group is set out below:																
EUR '000																
Reportable segment assets	253 696	178 483	39 092	36 784	23 619	17 900	36 871	21 796	62 841	45 098	28 248	4 414	42 942	33 411	487 309	339 886
Reportable segment liabilities	188 959	133 765	25 846	18 101	17 135	13 175	28 487	14 440	32 837	38 555	17 222	3 686	58 701	10 198	369 187	231 920

**Notes to the Consolidated Financial Statements**

**(30) Operating segments (continued)**

Segment breakdown of interest income by products of the Group for the year ended 31 December 2014 and 2013 is set out below:

	Latvia		Lithuania		Finland		Sweden		Poland		Georgia		All other segments		Total	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
EUR'000																
Single payment loans	24 418	33 105	15 023	17 961	18 318	15 972	15 565	16 433	59 953	24 606	20 276	1 194	41 750	32 461	195 303	141 732
Installment loans	16 399	16 300	12 012	9 342	1 633	1 070	4 053	1 926	1 495						35 592	28 638

**Notes to the Consolidated Financial Statements**

**(30) Operating segments (continued)**

**Reconciliation of reportable segment interest income**

EUR'000	2014	2013 Not audited Restated
Total interest income for reportable segments	189 145	137 909
Interest income for other operating segments	41 750	32 461
Elimination of discontinued operations	(10 053)	(21 073)
<b>Consolidated revenue</b>	<b>220 842</b>	<b>149 297</b>

**Reconciliation of reportable segment profit or loss**

EUR'000	2014	2013 Not audited Restated
Total profit or loss for reportable segments	78 080	55 363
Profit or loss for other operating segments	(5 417)	2 879
Elimination of inter-segment dividends included in inter-segment profits	(13 274)	(12 058)
Elimination of discontinued operations	4 050	10 949
Elimination of other inter-segment profits from discontinued operations	(3 508)	(1 923)
<b>Consolidated profit before tax from continued operations</b>	<b>59 931</b>	<b>55 210</b>

**Reconciliation of reportable segment interest expense**

EUR'000	2014	2013 Not audited Restated
Total interest expense for reportable segments	34 100	23 722
Interest expense for other operating segments	3 431	4 216
Elimination of inter-segment transactions	(13 771)	(11 373)
Elimination of discontinued operations	(10)	(1 209)
<b>Consolidated interest expense</b>	<b>23 750</b>	<b>15 356</b>

**Reconciliation of reportable segment assets**

EUR'000	31 December 2014	31 December 2013 Restated
Total assets for reportable segments	444 367	304 475
Assets for other operating segments	42 942	35 411
Elimination of inter-group loans and receivables	(117 279)	(114 445)
<b>Consolidated total assets</b>	<b>370 030</b>	<b>225 441</b>

**Reconciliation of reportable segment liabilities**

EUR'000	31 December 2014	31 December 2013 Restated
Total liabilities for reportable segments	310 486	221 722
Liabilities for other operating segments	58 701	10 198
Elimination of inter-group borrowings and payables	(112 166)	(72 255)
<b>Consolidated total liabilities</b>	<b>257 021</b>	<b>159 665</b>

## Notes to the Consolidated Financial Statements

### (31) Maturity analysis

The table below shows carrying amounts of financial assets and liabilities by remaining contractual maturity dates as at 31 December 2014.

<b>Assets EUR'000</b>	<b>On demand/ less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>More than 1 year</b>	<b>Overdue</b>	<b>TOTAL</b>
Cash and cash equivalents	33 713	-	-	-	-	-	33 713
Loans due from customers	108 411	7 911	9 335	14 068	19 830	81 820	241 375
Financial assets at fair value through profit or loss	10 866	-	-	656	7 104	-	18 626
Other financial assets	46 161	-	131	-	-	-	46 292
Assets held for sale	4 418	-	-	-	-	-	4 418
<b>Total financial assets</b>	<b>203 569</b>	<b>7 911</b>	<b>9 466</b>	<b>14 724</b>	<b>26 934</b>	<b>81 820</b>	<b>344 424</b>
<b>Liabilities EUR'000</b>	<b>On demand/ less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>More than 1 year</b>	<b>Overdue</b>	<b>TOTAL</b>
Loans and borrowings	50 961	3 500	1 431	5 378	170 354	-	231 624
Deposits from customers	2 585	656	625	873	1 033	-	5 772
Accounts payable to suppliers	4 106	-	-	-	-	-	4 106
Liabilities held for sale	675	-	-	-	-	-	675
<b>Total financial liabilities</b>	<b>58 327</b>	<b>4 156</b>	<b>2 056</b>	<b>6 251</b>	<b>171 387</b>	<b>-</b>	<b>242 177</b>
<b>Net position</b>	<b>145 242</b>	<b>3 755</b>	<b>7 410</b>	<b>8 473</b>	<b>-144 453</b>	<b>81 820</b>	<b>102 247</b>
<b>Net cumulative position</b>	<b>145 242</b>	<b>148 997</b>	<b>156 407</b>	<b>164 880</b>	<b>20 427</b>	<b>-</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

The table below shows financial assets and liabilities by remaining contractual maturity dates as at 31 December 2013 (restated).

<b>Assets EUR'000</b>	<b>On demand/ less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>More than 1 year</b>	<b>Overdue</b>	<b>TOTAL</b>
Cash and cash equivalents	17 055	-	-	-	-	-	17 055
Loans due from customers	81 645	5 224	5 555	7 982	12 109	65 389	177 904
Other financial assets	160	-	-	-	2 625	-	2 785
Assets held for sale	17 368	-	-	-	-	-	17 368
<b>Total financial assets</b>	<b>116 228</b>	<b>5 224</b>	<b>5 555</b>	<b>7 982</b>	<b>14 734</b>	<b>65 389</b>	<b>215 112</b>
<b>Liabilities EUR'000</b>	<b>Demand less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 months to 1 year</b>	<b>More than 1 year</b>	<b>Overdue</b>	<b>TOTAL</b>
Loans and borrowings	2 679	-	-	106	126 436	-	129 221
Deposits from customers	3 842	46	129	38	68	-	4 123
Accounts payable to suppliers	1 797	-	-	-	-	-	1 797
Financial instruments at fair value through profit or loss	15	-	48	119	2 240	-	2 422
Liabilities held for sale	14 047	-	-	-	-	-	14 047
<b>Total financial liabilities</b>	<b>22 380</b>	<b>46</b>	<b>177</b>	<b>263</b>	<b>128 744</b>	<b>-</b>	<b>151 610</b>
<b>Net position</b>	<b>93 848</b>	<b>5 178</b>	<b>5 378</b>	<b>7 719</b>	<b>(114 010)</b>	<b>65 389</b>	<b>63 502</b>
<b>Net cumulative position</b>	<b>93 848</b>	<b>99 026</b>	<b>104 404</b>	<b>112 123</b>	<b>(1 887)</b>	<b>-</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

### (32) Analysis of financial liabilities' contractual undiscounted cash flows

The table below presents the cash flows payable by the Group under contractual financial liabilities, including derivative financial liabilities, by remaining contractual maturities as at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows in comparison with the carrying amounts of financial liabilities, comprising discounted cash flows as at the reporting date.

The analysis as at 31 December 2014 was as follows:

31 December 2014	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
<b>Non-derivative liabilities</b>							
Loans and borrowings	231 624	303 267	43 805	13 415	1 954	15 621	228 472
Deposits from customers	5 772	6 358	293	3 923	239	672	1 231
Accounts payable to suppliers	4 106	4 106	4 106	-	-	-	-
Liabilities held for sale	675	675	675	-	-	-	-
<b>Total</b>	<b>242 177</b>	<b>314 406</b>	<b>48 879</b>	<b>17 338</b>	<b>2 193</b>	<b>16 293</b>	<b>229 703</b>
<b>Credit related commitments</b>	-	1 558	1 558	-	-	-	-

The analysis as at 31 December 2013 was as follows:

31 December 2013 (restated)	Carrying amount	Total nominal inflow/ (outflow)	On demand/ less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 12 months	More than 1 year
<b>Non-derivative liabilities</b>							
Loans and borrowings	129 221	150 182	4 638	57	4 691	9 487	131 309
Deposits from customers	4 123	4 385	132	2 373	338	475	1 067
Accounts payable to suppliers	1 797	1 797	1 797	-	-	-	-
Liabilities held for sale	14 047	14 047	14 047	-	-	-	-
<b>Derivative liabilities</b>							
- Inflow	(138 613)	(143 688)	(7 154)	-	(3 927)	(7 854)	(124 753)
- Outflow	141 035	145 000	7 164	-	3 964	7 929	125 943
<b>Total</b>	<b>151 610</b>	<b>171 723</b>	<b>20 624</b>	<b>2 430</b>	<b>5 066</b>	<b>10 037</b>	<b>133 566</b>
<b>Credit related commitments</b>	-	1 576	1 576	-	-	-	-

**Notes to the Consolidated Financial Statements**

**(33) Currency analysis**

The table below shows the currency structure of financial assets and liabilities as at 31 December 2014:

<b>Assets EUR'000</b>	<b>GEL</b>	<b>LTL</b>	<b>EUR</b>	<b>SEK</b>	<b>PLN*</b>	<b>USD**</b>	<b>Other</b>	<b>TOTAL</b>
Cash and cash equivalents	4 732	737	7 606	2 797	10 247	5 773	1 821	33 713
Loans due from customers	22 145	37 977	84 584	24 074	54 638	-	17 957	241 375
Other financial assets	-	-	228	28	77	46 124	110	46 567
Assets held for sale	-	-	-	-	-	-	4 418	4 418
<b>Total financial assets</b>	<b>26 877</b>	<b>38 714</b>	<b>92 418</b>	<b>26 899</b>	<b>64 962</b>	<b>51 897</b>	<b>24 306</b>	<b>326 073</b>
Off-balance	-	-	60 000	-	-	187 562	-	247 562
<b>Liabilities EUR'000</b>	<b>GEL</b>	<b>LTL</b>	<b>EUR</b>	<b>SEK</b>	<b>PLN*</b>	<b>USD</b>	<b>Other</b>	<b>TOTAL</b>
Loans and borrowings	-	-	30 283	-	-	201 341	-	231 624
Deposits from customers	-	-	-	5 772	-	-	-	5 772
Accounts payable to suppliers	251	269	1 916	258	382	11	1 019	4 106
Liabilities held for sale	-	-	-	-	-	-	675	675
<b>Total financial liabilities</b>	<b>251</b>	<b>269</b>	<b>32 199</b>	<b>6 030</b>	<b>382</b>	<b>201 352</b>	<b>1 694</b>	<b>242 177</b>
Off-balance	-	-	169 706	-	63 213	-	-	232 919
<b>Net position (excluding off-balance)</b>	<b>26 626</b>	<b>38 445</b>	<b>60 219</b>	<b>20 869</b>	<b>64 580</b>	<b>-149 455</b>	<b>22 612</b>	<b>83 896</b>
<b>Net position (including off-balance)</b>	<b>26 626</b>	<b>38 445</b>	<b>-49 487</b>	<b>20 869</b>	<b>1 367</b>	<b>38 107</b>	<b>22 612</b>	<b>98 539</b>

\*) The Group manages its net position in PLN using option contract (refer to Note 19).

\*\*) In addition to currency swap agreements, which are presented in off-balance line, the Group uses option contract to manage its net position in USD (refer to Note 19).

Currency risk of the open positions in USD and PLN is managed through the use of cross currency swap and option agreements and forward foreign currency contracts which minimize adverse effect of USD/EUR and PLN/EUR currency exchange rate fluctuations.

The Group monitors on a regular basis its foreign currency exposure to non-euro based currencies and will, if deemed commercial, consider hedging some of any exposure arising.



## Notes to the Consolidated Financial Statements

The table below shows the currency structure of financial assets and liabilities as at 31 December 2013 (restated):

<b>Assets EUR'000</b>	<b>LVL</b>	<b>LTL</b>	<b>EUR</b>	<b>SEK</b>	<b>PLN</b>	<b>USD</b>	<b>Other</b>	<b>TOTAL</b>
Cash and cash equivalents	3 209	860	4 160	2 894	1 510	2 047	2 375	17 055
Loans due from customers	48 113	35 392	22 591	16 880	37 828	-	17 100	177 904
Other financial assets	-	-	160	-	-	2 625	-	2 785
Assets held for sale	-	-	-	-	-	15 088	2 280	17 368
<b>Total financial assets</b>	<b>51 322</b>	<b>36 252</b>	<b>26 911</b>	<b>19 774</b>	<b>39 338</b>	<b>19 760</b>	<b>21 755</b>	<b>215 112</b>
Off-balance	-	-	-	-	-	124 054	-	124 054
<b>Liabilities EUR'000</b>	<b>LVL</b>	<b>LTL</b>	<b>EUR</b>	<b>SEK</b>	<b>PLN</b>	<b>USD</b>	<b>Other</b>	<b>TOTAL</b>
Loans and borrowings	-	-	3 836	-	-	125 385	-	129 221
Deposits from customers	-	-	-	4 123	-	-	-	4 123
Accounts payable to suppliers	445	243	439	118	304	-	248	1 797
Liabilities held for sale	-	-	-	-	-	11 578	2 469	14 047
<b>Total financial liabilities</b>	<b>445</b>	<b>243</b>	<b>4 275</b>	<b>4 241</b>	<b>304</b>	<b>136 963</b>	<b>2 717</b>	<b>149 188</b>
Off-balance	-	-	125 180	-	-	-	-	125 180
<b>Net position (excluding off-balance)</b>	<b>50 877</b>	<b>36 009</b>	<b>22 636</b>	<b>15 533</b>	<b>39 034</b>	<b>(117 203)</b>	<b>19 038</b>	<b>65 924</b>
<b>Net position (including off-balance)</b>	<b>50 877</b>	<b>36 009</b>	<b>(102 544)</b>	<b>15 533</b>	<b>39 034</b>	<b>6 851</b>	<b>19 038</b>	<b>64 798</b>

### (34) Credit risk

The table below shows the Group's maximum exposure to credit risk for the components of the statement of financial position. Exposures are based on net carrying amounts as reported in the statement of financial position.

The Group's maximum credit exposures are shown gross, i.e. without taking into account of any collateral and other credit enhancement.

	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>EUR'000</b>	<b>EUR'000</b>
		<b>Restated</b>
Cash and cash equivalents	33 713	17 055
Loans due from customers	241 375	177 904
Credit related commitments	1 558	1 576
Funds deposited with trustee	44 477	-
Other receivables	1 647	2 785
Assets held for sale	4 418	17 368
Financial assets at fair value through profit or loss	18 626	-
	<b>345 814</b>	<b>216 688</b>

In the normal course of business, the Group enters into credit related commitments, comprising undrawn loan commitments.

## Notes to the Consolidated Financial Statements

### (35) Reorganisation reserve and restatement of comparatives

Prior to 30 April 2014, AS 4finance – the Latvian operating company, currently a subsidiary within the Group – was the parent company of the Group, and 4finance Holding S.A. was one of AS 4finance subsidiaries. On 30 April 2014, after a series of transactions, a Group restructuring was completed, pursuant to which AS 4finance and 4finance Holding S.A. were effectively switched around in the Group structure. As a result 4finance Holding S.A. became the parent company of the Group which included AS 4finance and its subsidiaries that were part of the Group before the reorganization. The reorganization was a business combination under common control since the shareholder structure of AS 4finance before the reorganization was the same as for 4finance Holding S.A. after the reorganization. The Group has decided to restate its comparatives and adjust its current reporting period before the date of the transaction as if 4finance Holding S.A. was the parent company before 1 January 2013 which is the earliest period presented. Restructuring was of legal nature and did not affect the beneficial ownership or economic fundamentals of the Group. Legal restructuring was conducted in several steps which are described below. Therefore, an accounting policy choice was made to treat these as common control transactions and perform accounting at book value. There is no impact on the consolidated statement of financial position, statement of profit or loss and comprehensive income, as previously reported in the consolidated financial statements of the Group's Latvian predecessor parent (AS 4finance), except that shareholders' equity was adjusted retrospectively to the start of the earliest date presented in the financial statements to reflect the legal share capital of 4finance Holding S.A. (the new legal parent of the Group) rather than the legal share capital of AS 4finance (the previously legal parent of the Group – until 30 April 2014).

Comparatives of AS 4finance consolidated equity are stated as follows:

	Share capital EUR'000	Reserves EUR'000	Total equity attributable to shareholders of the Company EUR'000	Non- controlling interests EUR'000	Total Equity EUR'000
01.01.2013	3 166	38 998	42 164	469	42 633
Profit for the reporting period	-	35 204	35 204	586	35 790
Other comprehensive income	-	(866)	(866)	310	(556)
Transactions with shareholders recorded directly in equity	-	-	-	-	-
Dividends	-	(12 034)	(12 034)	(57)	(12 091)
31.12.2013	3 166	61 302	64 468	1 308	65 776

As at 1 January 2013, the share capital of 4finance Holding S.A. amounted to EUR 31 thousand.

On 31 December 2013, AS 4finance increased the share capital of 4finance Holding S.A. – at that time a subsidiary of AS 4finance – via a contribution in kind investment of other entities of the Group at book value of AS 4finance investment in these entities. This resulted in an increase of the share capital by EUR 17 493 thousand. There was a corresponding charge of EUR 17 493 thousand in the reorganisation reserve with no effect on total equity. The reorganization reserve reflects the difference between the share capital of 4finance Holding S.A. and the paid in share capital of AS 4finance prior to the legal reorganisation.

## Notes to the Consolidated Financial Statements

### (35) Reorganisation reserve and restatement of comparatives (continued)

Comparatives of 4finance Holding S.A. equity are restated as follows:

	Share capital EUR'000	Reorganization reserve EUR'000	Other reserves EUR'000	Total equity attributable to shareholders of the Company EUR'000	Non-controlling interests EUR'000	Total Equity EUR'000
01.01.2013	31	3 135	38 998	42 164	469	42 633
Profit for the reporting period	-	-	23 170	23 170	586	23 756
Other comprehensive income	-	-	(866)	(866)	310	(556)
Transactions with shareholders recorded directly in equity	-	-	-	-	-	-
Increase in share capital	17 493	-	-	17 493	-	17 493
Reorganization reserve	-	(17 493)	-	(17 493)	-	(17 493)
Dividends	-	-	-	-	(57)	(57)
31.12.2013	17 524	(14 358)	61 302	64 468	1 308	65 776

On 30 April 2014, 4finance Holding S.A. share capital was further increased via a contribution in kind of AS 4finance shares. This increased the share capital of 4finance Holding S.A. by EUR 18 226 thousand, increasing it to EUR 35 750 thousand. There was a corresponding charge of EUR 18 226 thousand in the reorganisation reserve with no effect on total equity.

### (36) Group entities

As at 31 December 2014, the Group consisted of the following entities:

Name of entity	Registered office	Ownership	Last financial statement date
4finance Holding S.A. (formerly 4finance Holding S. à.r.l.)	6, rue Guillaume Schneider, L-2522 Luxembourg, Grand Duchy of Luxembourg	100%	31 December 2014
AS 4finance	Lielirbes 17A-8, Rīga, LV-1046, Latvia	100%	31 December 2014
4finance EOOD	5 Luchezar Stanchev floor 14, Sofia 1756, Bulgaria	100%	31 December 2014
Zaplo Finance s.r.o. (formerly Vivus Finance s.r.o.)	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%	31 December 2014
4finance UAB	Jonavos g. 254a, LT-44132, Kaunas, Lithuania	97%	31 December 2014
4finance Oy	Mikonkatu 15B, 00100 Helsinki, Finland	100%	31 December 2014
4finance AB	Isafjordsgatan 30 164 40, Kista, Stockholm, Sweden	97%	31 December 2014
4finance ApS	Vesterbrogade 124 B 2 tv 1620 København V, Denmark	100%	31 December 2014
4finance OÜ	Veerenni 58a-V-3, Tallinn city, Harju county, 13314, Estonia	100%	31 December 2014
Intersales Services Limited	Icom house 1/5 Irish Town, Suite 3, Gibraltar	100%	31 December 2014

**Notes to the Consolidated Financial Statements**

<b>Name of entity</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Last financial statement date</b>
International Risk Management OÜ	Roosikrantsi tn.2-K148, Tallina linn, Harju maakond 10119, Estonia	100%	31 December 2014
4finance Ltd	City Tower, 40 Basinghall Street, London EC2V 5DE, United Kingdom	100%	31 December 2014
Vivus Finance Sp.z o.o.	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%	31 December 2014
Vivus Finance SA (formerly Vivus Finance SL)	Principe de Vergara 37, Planta Madrid 28001-Madrid, Spain	100%	31 December 2014
AS 4finance Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%	31 December 2014
0973915 B.C. Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%	31 December 2014
4finance LLC	Ts. Dadiani str.7, N b506, Tbilisi, Georgia	100%	31 December 2014
Piressa Holdings Limited	Nikou Georgiou 6 Block C, Office 704, P.C. 1095, Nikosia, Cyprus	100%	31 December 2013
4finance Malta branch	40, Villa Fairholme, Sir Augustus Bartolo Street, Ta'Xbiex, XBX 1095, Malta	100%	31 December 2014
Global Collection Management Sp.z o.o. SKA (formerly Palkow Sp.z o.o. SKA)	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2014
Gala Resources Limited	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	100%	31 December 2013
OOO Gefest-MSK	Proizvodstvennaya street, house 6, building 35, Moscow, 119619, Russia	100%	31 December 2013
4finance ZAO	115201 Kotlyakowskaya street, bld 3/13, room 402, Moscow, Russia	100%	31 December 2013
Zaplo Sp.z o.o. (formerly Palkow Sp.z o.o.)	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2014
Global Collection Management Sp.z o.o.	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2014
4Spar AB	Isafjordsgatan 30 164 40, Kista, Stockholm, Sweden	97%	31 December 2014
4finance S.A.	560A rue de Neudorf, L-2220, Luxembourg, Grand Duchy of Luxembourg	100%	31 December 2014
SIA Ondo	Lielirbes 17A-10, Rīga, LV-1046, Latvia	100%	31 December 2014

**Notes to the Consolidated Financial Statements**

<b>Name of entity</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Last financial statement date</b>
SIA Vivus.lv	Lielirbes 17A-9, Rīga, LV-1046, Latvia	100%	31 December 2014
4finance US Holding Company, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance Illinois, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance Ohio, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance Texas, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance Missouri, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance Delaware, Inc	615 South DuPont Highway, Diver, DE 19901, County of Kent, State of Delaware, USA	100%	31 December 2014
4finance IT SIA	Lielirbes 17A-10, Riga, LV-1046, Latvia	100%	31 December 2014
4finance IT SIA odštěpný závod v České republice	Jankovcova 1037/49, Holešovice, 170 00 Prague 7, Czech Republic	100%	31 December 2014
4finance IT SIA spółka z ograniczoną odpowiedzialnością Oddział w Polsce	at 17 Stycznia street 56, 02-146 Warsaw, Poland	100%	31 December 2014
4finance IT SIA Lietuvos filialas	Kauno m. sav. Kauno m. Jonavos g., 254 A, Lithuania	100%	31 December 2014
Zaplo IFN S.A	Bucharest, district 1, 69-71 Soseaua Bucuresti-Ploiesti, 1st floor, room 36 , Romania	100%	31 December 2014

All the new subsidiaries added during the year were established by the Group and no acquisitions took place in 2014. During the year, the Group disposed of the North America operations as disclosed in Note 6.

As at 31 December 2013, the Group consisted of the following entities:

<b>Name of entity</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Last financial statement date</b>
4finance Holding S.à r.l.	6, rue Guillaume Schneider, L-2522 Luxembourg, Grand Duchy of Luxembourg	100%	31 December 2013
AS 4finance	Lielirbes 17A-8, Rīga, LV-1046, Latvia	100%	31 December 2013
4finance EOOD	Maria Luiza blvd. 9-11, Sofia 1000, Bulgaria	100%	31 December 2013

**Notes to the Consolidated Financial Statements**

<b>Name of entity</b>	<b>Registered office</b>	<b>Ownership</b>	<b>Last financial statement date</b>
Vivus Finance s.r.o.	Klimentaska 1215/26, 1100 Prague, Czech Republic	100%	31 December 2013
4finance UAB	Jonavos g. 254a, LT-44132, Kaunas, Lithuania	97%	31 December 2013
4finance Oy	Mikonkatu 15B, 00100 Helsinki, Finland	100%	31 December 2013
4finance AB	Master Samuelsg 60, 111 21 Stockholm, Sweden	97%	31 December 2013
4finance ApS	Vesterbrogade 124 B 2 tv 1620 København V, Denmark	100%	31 December 2013
4finance OÜ	Liivalaia 13, Tallinn, Estonia	100%	31 December 2013
Intersales Services Limited	Icom house 1/5 Irish Town, Suite 3, Gibraltar	100%	31 December 2013
International Risk Management OÜ	Roosikrantsi tn.2-K148, Tallina linn, Harju maakond 10119, Estonia	100%	31 December 2013
4finance Ltd	2 <sup>nd</sup> Floor Scotswood House, Teesdale South Thornaby Place, Stockton-on Tees, Cleveland, TS17 6SB, United Kingdom	100%	31 December 2013
Vivus Finance Sp.z o.o.	ul. 17 Stycznia, nr 56, 02-146 Warsaw, Poland	100%	31 December 2013
Vivus Finance SL	Principe de Vergara 37, Planta Madrid 28001-Madrid, Spain	100%	31 December 2013
4finance Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%	31 December 2013
0973915 B.C. Ltd	2900-550 Burrard Street, BC V6C0A3, Vancouver, Canada	100%	31 December 2013
4finance LLC	Ts. Dadiani str.7, N b506, Tbilisi, Georgia	100%	31 December 2013
Piressa Holdings Limited	Nikou Georgiou 6 Block C, Office 704, P.C. 1095, Nikosia, Cyprus	100%	31 December 2013
4finance Malta branch	40, Villa Fairholme, Sir Augustus Bartolo Street, Ta'Xbiex, XBX 1095, Malta	100%	31 December 2013
Palkow Sp.z o.o. SKA	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2013
Palkow Sp.z o.o.	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2013
Global Collection Management Sp.z o.o.	Stycznia 17, nr 56, Warsaw, 02-146, Poland	100%	31 December 2013
4Spar AB	Isafjordsgatan 30 164 40, Kista, Stockholm, Sweden	97%	31 December 2013
Gala Resources Limited	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	100%	31 December 2013

## Notes to the Consolidated Financial Statements

Name of entity	Registered office	Ownership	Last financial statement date
OOO Gefest-MSK	Proizvodstvennaya street, house 6, building 35, Moscow, 119619, Russia	100%	31 December 2013
4finance ZAO	115201 Kotlyakowskaya street, bld 3/13, room 402, Moscow, Russia	100%	31 December 2013
4finance S.A.	560A rue de Neudorf, L-2220, Luxembourg, Grand Duchy of Luxembourg	100%	31 December 2013
Vivus Servicing Ltd	2900-550- Burrard st., BC V6C0A3, Vancouver, Canada	100%	31 December 2013

### (37) Non-controlling interest in subsidiaries

Non-controlling interest in subsidiaries have the same proportion of voting rights as their ownership interest held. The table below summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 31 December 2014:

'000 EUR	Lithuania	Sweden	Total
NCI percentage	3%	3%	
Cash and cash equivalents	754	2 645	3 399
Loans due from customers	37 977	24 074	62 051
Property and equipment	110	67	177
Intangible assets	9	10	19
Deferred tax asset	77	1 554	1 631
Other assets	165	328	493
Loans and borrowings	(7 575)	(13 093)	(20 668)
Corporate income tax payable	(684)	(1 532)	(2 216)
Other liabilities	(914)	(6 841)	(7 755)
<b>Net assets</b>	<b>29 919</b>	<b>7 212</b>	<b>37 131</b>
Carrying amount of NCI	898	216	1 114
Revenue	27 035	19 618	46 653
Profit	13 209	7 276	20 485
<b>Total comprehensive income</b>	<b>13 207</b>	<b>7 276</b>	<b>20 483</b>
Profit allocated to NCI	396	218	614
Cash flows from operating activities	11 547	2 589	14 136
Cash flows from investment activities	(40)	(55)	(95)
Cash flows from financing activities, before dividends to NCI	(11 621)	(674)	(12 295)
Cash flows from financing activities - cash dividends to NCI	(72)	(212)	(284)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(186)</b>	<b>1 648</b>	<b>1 462</b>

## Notes to the Consolidated Financial Statements

The table below summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations as at 31 December 2013 (restated):

'000 EUR	LT	SE	Total
<b>NCI percentage</b>	<b>3%</b>	<b>3%</b>	
Cash and cash equivalents	870	1 703	2 573
Loans due from customers	35 393	16 880	52 273
Property and equipment	120	43	163
Intangible assets	8	6	14
Deferred tax asset	-	1 024	1 024
Other assets	183	600	783
Loans and borrowings	(14 908)	(5 829)	(20 737)
Corporate income tax payable	(1 802)	(2 191)	(3 993)
Other liabilities	(846)	(4 860)	(5 706)
<b>Net assets</b>	<b>19 018</b>	<b>7 376</b>	<b>26 394</b>
<b>Carrying amount of NCI</b>	<b>571</b>	<b>221</b>	<b>792</b>
Revenue	27 303	18 359	45 662
Profit	12 203	7 578	19 781
<b>Total comprehensive income</b>	<b>11 970</b>	<b>7 578</b>	<b>19 548</b>
<b>Profit allocated to NCI</b>	<b>359</b>	<b>227</b>	<b>586</b>
Cash flows from operating activities	7 520	6 883	14 403
Cash flows from investment activities	(83)	(4 056)	(4 139)
Cash flows from financing activities, before dividends to NCI	(6 726)	(2 537)	(9 263)
Cash flows from financing activities - cash dividends to NCI	(229)	(23)	(252)
<b>Net increase in cash and cash equivalents</b>	<b>482</b>	<b>267</b>	<b>749</b>

### (38) Subsequent events

On 1 January 2015, the Republic of Lithuania joined the Eurozone and the Lithuanian litas was replaced by the euro. As a result, 4finance UAB converted its financial accounting to euros as from 1 January 2015 and the financial statements for subsequent years will be prepared and presented in euros. Future comparative information will be translated into euros using the official exchange rate of LTL 3.4528 to EUR 1.





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To the Shareholders of  
4finance Holding S.A. (formerly 4finance Holding S.à r.l.)  
6, rue Guillaume Schneider  
L-2522 Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### *Report on the consolidated financial statements*

We have audited the accompanying consolidated financial statements of 4finance Holding S.A. (formerly 4finance Holding S.à r.l.), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Board of Directors' responsibility for the consolidated financial statements*

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

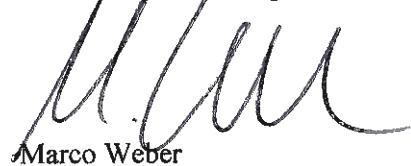
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of 4finance Holding S.A. (formerly 4finance Holding S.à r.l.) as of 31 December 2014, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

*Report on other legal and regulatory requirements*

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, 16 April 2015

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé



Marco Weber