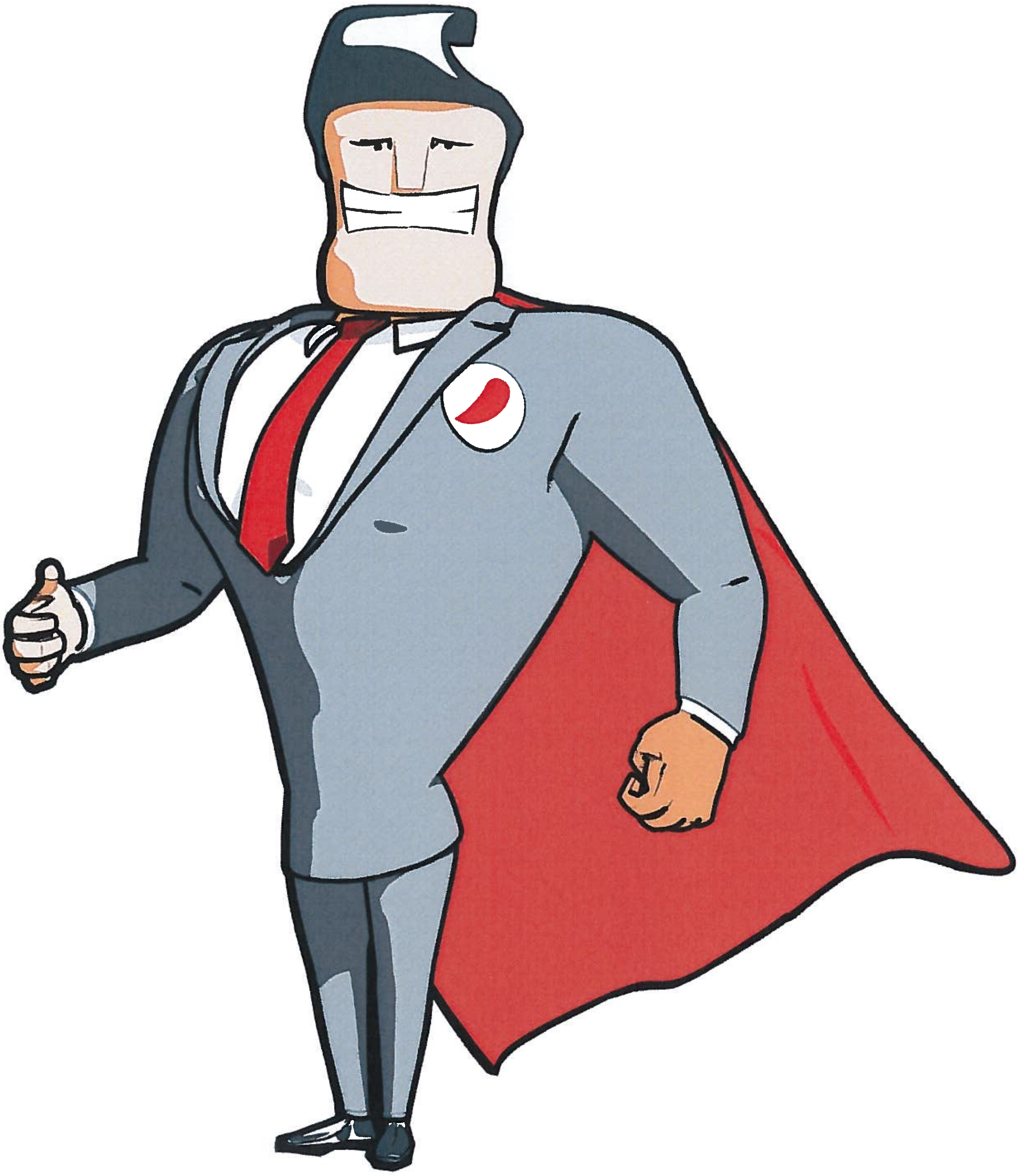


IuteCredit Europe AS
Annual report 2014

CONTENTS

1 General information and contacts

Address:	Rävala 4 10143 Tallinn Republic of Estonia
Registration nr:	11551447
Phone:	372 6 229 177
Main activity:	Consumer lending
Auditor:	Ernst & Young Baltic AS
Reporting period:	01.01.2014 - 31.12.2014

2 Management report for 2014

Introduction

AS IuteCredit Europe (hereinafter referred to as **„ICE"**) is a holding company, which is specialised in consumer credits, via its sole 100% subsidiaries. By December 31 2014, ICE had two subsidiaries: ICS OMF IuteCredit SRL (hereinafter referred to as **„ICM"**) and "IuteCredit Albania SHA" (hereinafter referred to as **"ICA"**). ICE and ICM, ICA together form the Group.

ICE administers the strategic management, software development and capital raise.

ICM is in operation since August 2008 and administers the consumer credit process and loan portfolio in Moldova.

ICA is similar to ICM, but started its business operations after becoming the license in April 2015, so its activities in 2014 did not considerably influence the Group results.

During 2014, the Group doubled its revenue more than 2.2 million Euros, and tripled its net profit to more than 0.57 million Euros. Portfolio, CPI, revenue and profit targets set for year 2014 were achieved. We are pleased with the progress, although more remains to be done.

Key financial parameters

	2014	2013
ROA (profit/assets)	13.41%	5.75%
ROE (profit/equity)	65.69%	42.2%
Assets / Equity ratio	4.90	7.34
Current Assets / Short Term Liabilities ratio	1.23	1.03

ROA: During 2014 the Group met its internal target to achieve return on assets above 10% per year. We expect that return rate also from 2015.

ROE: The group improved significantly its return on equity and in combination with bigger portfolio, grew its profit. The group enjoyed efficiency gains from handling bigger loan portfolio with reduced operational costs, as well as improving our products' parameters for final consumers. The group aims continuously at ROE values that are higher than 30% per year, considering also the elevated risks on our home markets and volatility of Moldovan leu.

Assets/Equity: the medium term target of the Group was and is to keep A/E ratio between 5-6 as a reasonable balance between risk and growth. Assets 4.9 times higher than equity means that in relative terms, the leveraged growth of the Group has started to slow down and company's equity position is much stronger.

Current Assets/Short Term liabilities ratio: the improvement reflects the increase of performing portfolio while majority of Group liabilities remained short-term. With anticipated annual portfolio growth of at least 50%, the Group remains subject to constant refinancing of existing liabilities which will have neared their term, and additional financing by new investors. The Group's cash position has been increased considerably and as of the date of this Report, exceeds 0.5 mln Euros, should any short-term investors prefer full repayment to extension of the investment.

Description of Consumer loan products

ICM's loan products are unsecured consumer loans with maturity of not less than 1 month and not longer than 18 months; the loan amounts of not less than approximately 100 EUR and not more than approximately 2000 EUR; and the annualized percentage rates (APR) in a range between 45 - 180% per annum depending on the loan amount, maturity and type of customer.

ICM serves only clients with a permanent workplace and stable income. Loans are based on personal identification and personal credit rating. For a new applicant, the credit rating depends on automated comparison of the applicant's relevant parameters with respective parameters of performing and poorly performing statistic client groups. More than 2/3 of new loan applications have been approved. For returning customers, we apply personal credit rating which is based on individual performance data.

Loans are issued at IuteCredit regional offices in Chisinau, Balti, Comrat and Cahul and at the shops. ICM issues loans only via transfer to the bank account and does not handle cash.

Description of revenue base

ICM's (the Group's) revenue consists of (i) loan agreement commission fees which are charged for receiving, processing the loan application and issuing the loan or modifying the valid loan conditions; (ii) interest, which is charged on the outstanding principal amount; and (iii) various fees applied in case of different breaches of loan agreement.

It must be said that IuteCredit business is built on the concept that we need only performing customers and we want to avoid poorly performing or defaulting customers. Therefore the vast majority of Group's interest and fees income is coming from the normally performing customers.

Description of client base and portfolio

As at the end of 2014, ICM had 50,000 individuals in its database. More than 97% of clients are employed. Women represent more than half of the client base. Approximately half of the clients are returning customers with at least one successfully repaid loan agreement.

The normal loan portfolio (ie the balance of all receivables from customers, adjusted with provisions for impairment of loans and guarantees) increased on a year-on-year (yoy) comparison by more than 45% and reached a new high of approx. 4 million EUR (2013: 2.75 million EUR).

As at the end of 2014, approximately 30% of the normal loan portfolio was occupied by loan products with longer maturity than 12 months (2013: 31%) and approximately 69% of the normal loan portfolio was occupied by loan products with maturity of up to 12 months (2013:62%). Less than 5% of the normal loan portfolio represented loan products with maturity of less than 2 months. In total, ICM had more than 20,000 pending loan agreements (2013: 8,700).

Customer performance index (CPI): is an index we use to measure clients' actual repayments against expected repayments according to the repayment schedules of loan agreements. During 2014, more than 90% of expected loan repayments were (and until Annual Report Date, are) actually performed according to the loan agreements, or with a maximum 30 days delay.

Description of the team and team work efficiency

As at the end of 2014, the number of Group's employees was 23 (2013:20), but that included the Albania team who had not yet commenced lending operations at the end of year. Weighted average revenue per Group employee exceeded 100,000 EUR (in 2013: 57,000 EUR). We continue increasing the efficiency of work processes and measurement of individual performance of team members.

The salary levels (including bonuses) are above local market average and above finance industry benchmarks that the Group is aware of. The labor costs for the team amounted to 203 thousand EUR (2013: 121 thousand Euros).

Despite that, the Group will continue investing heavily into its work process, team training and the supporting software. The annual expenditure on IT development exceeds 50 thousand EUR.

Legal risks

The Group must make sure that its activities and its loan agreements are recognized by the state authorities. Recognition by the state and the law enforcement is the only security for the Group and its investors of otherwise unsecured loans.

ICM's activities are subject to a license, and indeed ICM is licensed by Moldovan Government for micro financing activities. ICA applied for license in Albania in September 2014 and obtained the license in April 2015.

Group's terms of loan agreements and their updates or amendments are scrutinized by external lawyer. The enforcement of these terms is observed and any difficulties in national court of enforcement system are reported. As of the Report Date, more than 95% of court cases brought by the Group or by the debt collection companies in regard to Iutecredit loan products have been recognized by Moldovan Courts.

Investor Relations

Group's Investor products are rather tailor-made and not described in this Annual Report. The Group works exclusively via private placement (Estonian Securities Act § 12 Section 2) by issuing either bonds or taking loans, and has seen increasing demand of various institutions and well established businesses to place certain amount of their free cash into relatively flexible, transparent and high yield financial product. Investors receive Quarterly Reports.

Also the Shareholders participate as Group's Investors-lenders.

During 2014 the Group raised almost 1 million EUR in fresh capital. Further capital raise was not necessary because the Group was more focused on internal improvements of the work process, CRM and team training. For 2015 the Group will likely raise at least another 1 million EUR to expand its portfolio, so we can expect the increase of both the portfolio and the Group's liabilities.

Weighted average interest rate of liabilities towards Investors exceeded 14% p.a. The amount of interest paid out to Investors in 2014 exceeded 436 thousand EUR (2013: 246 thousand Euros). All obligations by the Group were performed without issues.

Targets for 2015

The Group intends to increase its normal loan by end of 2014 to at least 6 mln EUR without any decline in customer performance index (CPI > 90%) and without significant increase in operational costs share to the interest incomes.

Expected amount of Group loans issued during 2015 should exceed 10 million euros and expected revenues should exceed 3,2 million euros with a net profit margin of at least 15%. During the year we may reduce our targets in accordance with the ongoing volatility of MDL exchange rate. Currency exchange risk may become an inhibiting factor for business growth.

We also intend to become visible player in Albania market, with minimal 500,000 EUR loans issued during H2 2015 and a profitable business from the very first year.

By the end of 2015 the Group aims to become leading unsecured consumer loan provider in Moldova in terms of portfolio size, consumer access and revenues. By the end of 2015 the Group's equity, either by natural growth via profits, or via share capital increase should exceed 1.8 million euros and the annual return on equity should remain constantly above 30%.

The management believes that IuteCredit is a sustainable ongoing business.

3 Consolidated financial statements for the year ended 31 December 2014

3.1 Consolidated statement of comprehensive income (EUR)

	Notes	2014	2013
Interest income	5	1 923 819	1 134 920
Interest expenses	6	-436 760	-245 956
Net interest income		**1 487 058**	**888 964**
Other fees income	7	749 964	460 677
Net other operating income		**749 964**	**460 677**
Impairment of loans	8	-646 676	-299 679
Net income		**1 590 346**	**1 049 962**
Salaries and other personnel expenses	9	-203 239	-121 466
Depreciation and amortization of tangible and intangible assets	11,12	-36 211	-37 723
Other expenses	10	-477 216	-505 331
Total operating expenses		**-716 666**	**-664 520**
Foreign exchange gains and losses on financing activities		-134 677	-144 588
Profit before tax		**739 003**	**240 854**
Income tax		-164 585	-61 175
Profit for the year		**574 418**	**179 679**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		-50 787	-83 224
Other comprehensive income total		**-50 787**	**-83 224**
Profit attributable to:			
Equity holders		523 631	96 455
Total comprehensive incomeattributable to:			
Equity holders		523 631	96 455

EY 20.05.2015 KN
FOR IDENTIFICATION PURPOSES ONLY

3.2 Consolidated statement of financial position (EUR)

	Notes	2014	2013
Assets			
Cash and bank accounts	13	177 997	226 039
Prepayments	14	8 004	7 324
Loan receivables	15	3 914 307	2 746 094
Other receivables	16	80 585	12 766
Other assets	17	5 518	12 235
Property, plant and equipment	11	21 011	21 472
Intangible assets	12	75 933	99 747
Total assets		**4 283 356**	**3 125 677**
Total assets			
Equity and liabilities			
Trade and other payables		28 688	17 990
Payable taxes	18	96 571	2 673
Other liabilities	19	5 046	11 679
Loans and bonds	20	3 278 558	2 667 574
Total liabilities		**3 408 863**	**2 699 916**
Share capital	21,22	275 200	275 200
Unrealised foreign exchange difference		-84 702	-33 915
Retained earnings		109 576	4 797
Profit for the year		574 418	179 679
Total equity		**874 493**	**425 761**
Total liabilities and equity		**4 283 356**	**3 125 677**

EY
29.05.2015
KN
FOR IDENTIFICATION PURPOSES ONLY

3.3 Consolidated statement of changes in equity for the year ended 31 December 2014 (EUR)

	Share capital	Unrealised foreign exchange difference	Retained ernings	Total equity
At 1 January 2013	**275 200**	**49 309**	**4 797**	**329 306**
Profit for the year	0	0	179 679	179 679
Other comprehensive income	0	-83 224	0	-83 224
Total comprehensive income	0	-83 224	179 679	96 445
At 31 December 2013	**275 200**	**-33 915**	**184 476**	**425 761**
At 1 January 2014	**275 200**	**-33 915**	**184 476**	**425 761**
Profit for the year	0	0	574 418	574 418
Other comprehensive income	0	-50 787	0	-50 787
Total comprehensive income	0	-50 787	574 418	523 631
Paid out dividends	0	0	-74 900	-74 900
At 31 December 2014	**275 200**	**-84 702**	**683 994**	**874 492**

Additional information about share capital is pointed out in note 21.

3.4 Consolidated statement of cash flows for the year ended 31 December 2014 (EUR)

	Notes	2014	2013
Cash flows from operating activities			
Profit (loss) for the year		574 418	179 679
Adjustment for:			
Depreciation and amortization of intangible assets and property and equipment	11, 12	36 211	37 723
Provisions for doubtful debts		646 676	253 856
Loss/Profit from foreign currency revaluation		134 677	144 588
Interest income		-1 921 581	-1 134 920
Interest expenses		436 760	245 956
Cash flow from operating activities before changes in assets and liabilities		**-92 839**	**-273 118**
Decrease/Increase in receivables from customers		-1 811 764	-1 254 261
Decrease/Increase loan and bonds liabilities		606 330	1 142 378
Decrease/Increase in other assets		-61 783	-141 328
Decrease/Increase in other liabilities		97 964	-49 706
Interest received		1 742 141	1 070 581
Interest paid		-433 856	-242 365
Decrease/Increase in cash and cash equivalents as a result of operating activities		**46 193**	**252 181**
Cash flows from investing activities			
Acquisition of property and equipment and intangible assets	10, 11	-17 097	-29 469
Decrease/Increase in cash and cash equivalents as a result of investment activities		**-17 097**	**-29 469**
Cash flows from financing activities			
Dividends paid		-74 900	0
Decrease/Increase in cash and cash equivalents as a result of financing activities		**-74 900**	**0**
Net increase/decrease in cash and cash equivalents		**-45 804**	**222 712**
Cash and cash equivalents at the beginning of the year	13	**226 039**	**10 645**
Net increase/decrease in cash and cash equivalents		-45 804	222 712
Effect of changes in exchange rate		-2 238	-7 318
Cash and cash equivalents at the end of the year	13	**177 997**	**226 039**

	31.12.2014	31.12.2013
Cash and Cash equivalents comprises		
Cash on hand	25	560
Non-restricted current account with central bank	177 972	225 479

EY 29.05.2015 kN
FOR IDENTIFICATION PURPOSES ONLY

4 Notes to the consolidated financial statements

1 Summary of significant accounting policies

Corporate Information

The accompanying consolidated financial statements of IuteCredit Europe AS (the "Company") and its subsidiaries (together referred to as the "Group") were authorized for issue in accordance with a resolution of the Management Board on 29 May 2015. Entity's owners have the power to amend the financial statements after issue.

IuteCredit SRL is a credit institution whose shareholder is IuteCredit Europe AS. In the current annual report Group refers to consolidated financial statements of IuteCredit Europe AS and its subsidiaries and their consolidated annual report.

These consolidated financial statements for the year ended 31 December 2014 have been approved for issue by the Management Board and are subject to approval by the shareholders. The MFO Iute Credit began its activities on the financial services market of the Republic of Moldova in August 2008. It has been growing ever since, and since 2012 has held third place in portfolio volume on Moldovan MFO market. Its 100% shareholder is Estonian joint stock company IuteCredit Europe AS.

Since opening IuteCredit is actively developing, following the objective to be a leader in the consumer lending and today has managed to get to the 3rd largest in consumer loan focused MFO in Moldova, with 5% market share in the respective segment.

The Company offers short term loans in the range of 100-200 EUR for a period of up to 18 months at APR 44%-292%, depending on the product. Average portfolio APR exceeds 70%. Annual Percentage Rate (APR) is the equivalent interest rate considering all the added costs to a given loan. Naturally, it is a function of the loan amount, the interest rate, the total added cost, and the terms. The APR would equal the interest rate if there are no additional costs to a given loan.

Total number of IC clients is 31.000 out of which – 8.748 are active clients.

At the moment, the company has its main office in Chisinau, runs 3 branch offices in Balti, Cahul and Comrat and is currently working on opening a new branch in Chisinau.
As well IC has developed good distribution channels with a large number of partners in retail lending.

Basis of Preparation

These consolidated financial statements of AS IuteCredit Europe are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention, except as disclosed in some of the accounting policies below. The Group classifies its expenses by nature of expense method.

When the presentation or classification of items in the consolidated financial statements is amended, comparative amounts for the previous period are also reclassified, if not referred differently in specific accounting principle.

Certain new IFRS standards, amendments and interpretations to existing standards have been published by the time of compiling these financial statements that are mandatory for the company's accounting periods beginning after 1 January 2014 or later periods. The overview of these standards and the Group management estimate of the potential impact of applying the new standards and interpretations are given at the end of this section.

Consolidation

The consolidated accounts for IuteCredit Europe AS include IuteCredit SRL and Iuctecredit Albania

EY 29.05.2015 kv
FOR IDENTIFICATION PURPOSES ONLY

SHA. The accounting principles are applied consistently when consolidating ownership interests in subsidiaries and are based on the same reporting periods as those used for the parent company. When preparing the consolidated accounts, intra-group transactions and balances, along with unrealized gains and losses on transactions between group units, are eliminated.

Subsidiaries are defined as companies over which AS IuteCredit Europe has control, directly or indirectly. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Reporting Currency

The accompanying financial statements are reported in euro. The functional currency of Iute Credit SRL is MDL, the functional currency of IuteCredit Albania SHA is ALL, the functional currency of IuteCredit Europe is euro.

Income and Expense Recognition

Interest income is recognized to the extent that it is probable that the economic benefits will flow to the IuteCredit and the interest income can be reliably measured.

Interest income and expense is recognized in income statement for all interest-bearing financial instruments carried at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all significant fees paid or received between parties (including commission fees as well as admission fees) to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Commission fee income is recognized in the fair value of the consideration received or receivable for the services provided in the ordinary course of the Group's activities. Fees and commissions are generally recognized on an accrual basis when the service has been provided.

Other transaction fee income and other income are recognized on accrual basis at the moment of executing the respective transactions.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in euro at actual rates of exchange set forth by the European Central Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rate of exchange prevailing at the end of the period. Any gain or loss resulting from a change in rates of exchange subsequent to the date of the transaction is included in the income statement as a profit or loss from revaluation of foreign currency positions.

The principal rates of exchange (EUR to 1 foreign currency unit) set by the European Central Bank, National Bank of Moldova and used in the preparation of the Group's balance sheets were as follows:

Reporting date	MDL	USD	ALL
31.12.2013	17,9697	1,3791	140,20
31.12.2014	18,9966	1,2141	140,14

EY 28.05.2015 kV
FOR IDENTIFICATION PURPOSES ONLY

Average period			
01.01.13 - 31.12.13	16,7241	1,3285	140,26
01.01.14 - 31.12.14	18,6321	1,3292	139,70

Corporate income tax

According to the Income Tax Act, the annual profit earned by enterprises is not taxed in Estonia and thus there are no temporary differences between the tax bases and carrying values of assets and liabilities and no deferred tax assets or liabilities arise. Instead of taxing the net profit, the distribution of retained earnings is subject to the taxation at the rate of 20/80 on the amount paid out as net dividends. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

In Estonia income tax (that is accounted for as income tax cost in profit and loss statement) is accounted for only in cases when the taxable event occurs (like payment of dividends and payments decreasing the equity).

For 2014 Iute Credit SRL, according to the Income Tax Act/code the annual profits earned by Moldovan companies are taxed in Moldova at the rate 12%. Also the distribution of retained earnings is subject to the taxation at the rate 6% on the amount paid out as dividends. During 2014 according to the Tax code Iute Credit SRL paid deferred income tax. The amount of it was calculated based on taxable income of 2013.

Cash and Cash Equivalents

For purposes of the cash flow statements cash and cash equivalents comprise cash balances, balances due from banks, due from other credit institutions with original maturity less than 3 months and insignificant risk due to change in value.

Loans and receivables and allowances for loan impairment

Balances due from clients are accounted for as Loans and receivables from clients and are carried at amortized cost. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. All loans and receivables are recognized in the balance sheet when cash is advanced to borrowers.

A credit risk allowances for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due.

Group determines impairment if loans for a group of loans with similar credit risk characteristics and records collective impairment only. The Group reviews their loan portfolio to assess impairment on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any objective indication that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and current economic climate in which the borrowers operate. The methodology and assumptions used are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Nevertheless, it is possible, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected.

When a loan is uncollectible, it is written off against the related allowances for credit losses; subsequent recoveries are credited to the income statement.

If the Group determines that no loss event has occurred for specific loan, it is included in a group of loans with similar credit risk characteristics and collectively assessed for impairment (using statistical approach, where provisions amount is based on historical loss rate for specific group and probability of becoming impaired).

29.05.2015
kV
FOR IDENTIFICATION PURPOSES ONLY

For 2014 the company calculated the provision under estimation of future losses using net present value method (NPV). This method is based on estimation of years during which the debts will be collected (t) the discount rate (r) and estimation of percentages from defaulted loans that will be accounted to loss (Co). The discount rate was established by management of the board at 15% (2013: 10%).

$$NPV = \sum_{t=1}^{T} \frac{C_t}{(1+r)^t} - C_o$$

Where
C_t = net cash inflow during the period

C_o= estimation of percentages from defaulted loans that will be accounted to loss

r = discount rate, and

t = number of years during which the debts will be collected

For loans issued in Oct-Dec 2014 incurred but not reported (IBNR) provision was calculated. The IBNR methodology is based on historical loan performance and is calculated based on the loans net present value.

Financial liabilities

All financial liabilities are initially accounted in acquisition cost, which also includes all expenses related directly with the purchase. Adjusted aquisition cost shall be used for all further reflections. The purchase price for short-term financial liabilities is generally equal to their nominal value, which is why short-term financial liabilities are reflected on the balance sheet in the sum deemed to be paid. In order to calculate long-term financial liabilities' adjusted purchase price, they are accounted by the fair value of gained remuneration. During the following time periods, the interest cost from the obligation is calculated on the basis of internal interest rate method. A financial liability is categorized as being short-term, if the liability is due within twelve months from the date of the balance sheet; or if the undertaking does not have an unconditional right to postpone the fulfilment of the payment liability for longer than twelve months from the date of the balance sheet. Obligations that stem from a loan agreement with a repayment term of up to twelve months from the date of the balance sheet are reflected as short-term, on the condition that the term of the repayment lapses prior to the approval of the annual report.

Property, plant and equipment

Property and equipment and other assets are recorded at cost less accumulated depreciation.
Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
Depreciation is provided using the straight-line method to expense the cost of each asset to their residual value over the estimated useful life of the asset. The following depreciation rates are applied:

Category	Annual Rate
Network and computer equipment	15-20%
Furniture	15-20%
Vehicles	14-20%

Intangible assets

Acquired computer software licenses are recognized as intangible assets on the basis of the costs incurred to acquire and bring to use the software. Amortization of software is calculated based on straight-line method, considering their service life according to each software description/benefits. Depreciation is calculated on a straight-line basis over 3-10 years.

Provisions

Provisions are recognized when IuteCredit has a present legal or constructive obligation as a result

EY 29.05.2015
FOR IDENTIFICATION PURPOSES ONLY

of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The assessment of provisions requires the application of management's judgment and estimates, as to the probability of an outflow of resources, the probability of recovery of resources from corresponding sources including security or collateral or insurance arrangements where appropriate, and the amounts and timings of such outflows and recoveries, if any.

Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values of financial assets or liabilities, including derivative financial instruments, in active markets are based on quoted market prices.

Post-balance sheet events

As of the last day of the reporting year until the date of signing these consolidated financial statements there have been no events requiring adjustment of or disclosures in the consolidated financial statements or notes.

2 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the EU requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of interest incomes and expenses for the reporting period. Although these estimates are based on management's best knowledge and judgment of current events and actions, the actual outcome and the results ultimately may significantly differ from those estimates. More detailed overview of the estimates made is provided under accounting principles or disclosures set out below.

Impairment losses on loans

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under these circumstances. Changes in assumptions may have a significant impact on the financial statements in the period assumptions change. Management believes that the underlying assumptions are appropriate and the Group's financial statements therefore present the financial position and results fairly.

At the moment the provisions are created monthly, according to estimation of future losses from unpaid loans and receivables (related interest, commissions and penalties), which are recognized as non-performing loans (90th day overdue). Under CRM reports the accountant calculates the amount of provision and accounts for them.

3 Adoption of new revised standards and interpretations and new accounting pronouncements

The following new and/or amended IFRSs have been adopted by the Group as of 1 January 2014:

- IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosures of Interests in Other Entities

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

- Amendment to IAS 36 *Impairment of Assets* - This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment did not have any impact on the financial position or performance of the Group, however it resulted in additional disclosures.
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* - The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment did not have any impact on the financial position or performance of the Group, since it does not apply hedge accounting.
- IFRS 10 *Consolidated Financial Statements* - IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. Management has assessed that the amendment has no significant impact.
- IFRS 12 *Disclosures of Interests in Other Entities* - IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures are also required such as disclosing the judgments made to determine control over another entity. The amendment did not have any impact on the financial position or performance of the Group, however it resulted in additional disclosures.

Standards issued but not yet effective

The Group has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 *Presentation of financial statements: Disclosure Initiative* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 16 *Property, Plant & Equipment* and IAS 38 *Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not use revenue-based depreciation and amortisation methods.

Amendments to IAS 16 *Property, Plant & Equipment* and IAS 41 *Agriculture: Bearer Plants* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

EY 29.05.2015 KN
FOR IDENTIFICATION PURPOSES ONLY

Bearer plants will now be within the scope of IAS 16 Property, Plant and Equipment and will be subject to all of the requirements therein. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not have bearer plants.

Amendments to IAS 19 *Employee Benefits* (effective for financial years beginning on or after 1 February 2015)

The amendments address accounting for the employee contributions to a defined benefit plan. Since the Group's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the Group.

Amendments to IAS 27 *Equity method in separate financial statements* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 9 *Financial Instruments* (effective for financial years beginning on or after 01.01.2018, once endorsed by the EU)

IFRS 9 will replace IAS 39 and will have effect on the classification and measurement framework for financial assets, impairment of financial assets and hedge accounting. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 - *Investment Entities: Applying the consolidation exception* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business and partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The Group has not yet evaluated the impact of the implementation of this standard.

Amendment to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions.

IFRS 14 *Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 14 provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities. The implementation of this standard will not have any impact on the Group.

IFRS 15 *Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

Improvements to IFRSs

In December 2013 IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to the following IFRSs (effective for financial years beginning on or after 1 January 2015):

- IFRS 1 *First-time adoption of IFRS*;
- IFRS 3 *Business Combinations*;
- IFRS 13 *Fair value Measurement;*
- IAS 40 *Investment property*.

In December 2013 IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments;*
- IFRS 13 *Fair value Measurement;*
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures;*
- IAS 38 *Intangible Assets.*

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The adoption of these amendments may result in changes to accounting policies or disclosures but will not have any impact on the financial position or performance of the Group.

IFRIC Interpretation 21 *Levies* (effective for financial years beginning on or after 17 June 2014)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group has not yet evaluated the impact of the implementation of this interpretation.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

4 General risk management policies

The management constantly observes the following ratios, and if necessary, makes adjustments into operations, into credit policy or in finance management according to:

1. CPI - customer performance index – is the ratio of actually duly repaid loan installments against expected (contractually required) repayments within a tolerance period for repayment delays, which is normally 30 days; CPI is measured by whole portfolio, by different loan products, by customer groups and by periods. CPI 100 means that all repayments are duly made, as expected according to the contracts. The Group's target is CPI above 90 but it actually varies by loan product, customer group and even issuing offices (Moldovan regions).

2. Group's liabilities versus loan portfolio, where the target is to have loans portfolio increase faster than the Group's liabilities;
3. Debt collection rates;
4. Number of operations performed by each employee, and time spent on various operations – to increase work efficiency;
5. Group's actual performance versus the budgeted performance.

IuteCredit reviews the risk identification and management policies and procedures according to the change of Group's activities and financial situation, several times a year. The usual review period is once a month, but extraordinary events (such as sharp exchange rate fluctuations or competition situation on the market) trigger immediate responses.

Fair values of financial instruments

The carrying amounts of financial instruments, consisting of cash and cash equivalents, trade and other accounts receivable and trade and other payables with a maturity of less than one year (less estimated credit adjustments) The carrying value corresponds to their fair value.

As at 31 December 2014, the fair value of interest-bearing loans and borrowings amounted to EUR 3.914 thousand and EUR 3.279 thousand, correspondingly comparing to the respective carrying amounts of EUR 3.914 thousand and EUR 3.279 thousand
The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. In assessing the fair value of financial instruments, the Group uses a variety of methods and makes assumptions based on market conditions existing at the reporting date. The fair values of interest-bearing loans granted and long-term receivables are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

External risks

Moldovan macroeconomic and legal situation

IC loans are repaid by employees of several thousand Moldovan employers (companies). The economic sustainability of employers is the key to IuteCredit's sustainability and profitability. The Group observes on a daily basis Moldovan media, exchange rates and the developments related to important macroeconomic aspect, such as (i) Moldovan GDP and GDP per capita; (ii) quarterly export volumes, (iii) quarterly internal consumption volumes; (iv) quarterly volume of money transfers home by Moldovans working abroad, (v) monthly unemployment and average salary rates; (vi) quarterly data on banks' loan and deposits portfolios and (vii) changes in legislation or in the Government.
Group is an active member of American Chamber of Commerce (AmCham), one of the few private sector lobby organizations which is heard by the Government in the issues of future economic policy or change in laws that govern finance sector, consumer finance, consumer protection laws or legal enforcement. Also the Groups major competitors participate in AmCham.
Changes in macroeconomic situation affect Group's lending policy. For example, due to relatively good tax collection results, we have encouraged lending to employees of public sector. Due to overall macroeconomic instability in the Balkans and Southern Europe region, the Group has limited the maximum maturity of its loan products with 18 months.

Exchange rate volatility

Calculation of exchange rate volatility is made based on evolution of exchange rate of foreign currency with which company operates, this evolution is estimated in percentage for certain reporting period and are reflected in PL the loss/profit.
The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar and EUR exchange rates, with all other variables held constant.

Exchange rate volatility

Currency	Exchange rate		
	EUR	EUR	EUR
	At 31 Dec 2012	At 31 Dec 2013	At 31 Dec 2014
MDL	15,9967	17,9697	18,9966
USD	1,3194	1,3791	1,2141

Currency	Deviation	Effect on profit before taxation
2014		
MDL	5,71%	-221 181
USD	-11,96%	7 884
2013		
MDL	12,33%	-136 594
USD	4,52%	-7 994

Subsidiary Iutecredit Albania SHA has not yet started actual operations in 2014, and local currency(ALL) influence is not significant.

Exchange rate volatility poses significant risks of loss, because all IC loan products are nominated, issued and repaid according to domestic laws in the national currency (MDL), whereas Group's major liabilities before Investors are assumed in foreign currency. Between 2008 – 2014 the MDL exchange rate fluctuations have been in the range of 20% (+/- 10% to median) in relation to both EUR and USD.

The Group is sensitive to exchange rate volatility only if the exchange rate of the value dates of (i) lending to the Group the principal investment amount and (ii) redemption of the Group of the principal investment amount (bullet payment) differ. Given that the Group's liabilities as at 31.12.2014 were 3.4 mln EUR, weakening of MDL exchange rate versus USD and EUR by investment maturity date by 20% would bring a loss of ca 0.68 mln EUR. The Group's equity is enough to cover that loss, but exchange rate weakening by more than 20% would cause significant difficulties.

The Group is relatively insensitive as regards regular interest payments, because the interest payments (interest expense) amount is 32% of the overall cost base of the group, an amount of approx. 0.44 mln EUR per year. A 20% decrease of MDL value would therefore cause the financial costs to increase to approximately by 87 thousand EUR. Given the Groups margin on its products, it can easily be absorbed.

To mitigate the foreign exchange volatility risks, the Group has taken following measures:

a. Diversification of liability currencies – liabilities have been assumed in EUR (ca 96%), USD (ca 2%) and also MDL (ca 2%);
   Diversification of maturity dates – liabilities are assumed, and become mature in different dates. No single liability exceeds 25% of the total liabilities and becomes mature within 3 months from the other liabilities. The short- or even middle term fluctuations are counterbalanced with different maturity dates

b. Limitation of loan (products) repayment periods to 18 months which makes the Group's loan portfolio relatively dynamic and the loan fees can be adapted to changing market conditions.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.
The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep 40% to 60% of its borrowings at fixed rates of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Loans to customers

2014	Changes in base interest rate, in bps	Effect on profit before tax, EUR
MDL	+/- 100	41 663
MDL	+/- 300	124 988
MDL	+/- 500	208 313

2013	Changes in base interest rate, in bps	Effect on profit before tax, EUR
MDL	+/- 100	27 485
MDL	+/- 300	82 454
MDL	+/- 500	137 423

Loans from creditors

2014	Changes in base interest rate, in bps	Effect on profit before tax, EUR
EUR	+/- 100	31 407
EUR	+/- 300	94 222
EUR	+/- 500	157 037
USD	+/- 100	659
USD	+/- 300	1 977
USD	+/- 500	3 295
MDL	+/- 100	527
MDL	+/- 300	1 581
MDL	+/- 500	2 635

2013	Changes in base interest rate, in bps	Effect on profit before tax, EUR
EUR	+/- 100	24 115
EUR	+/- 300	72 345
EUR	+/- 500	120 575
USD	+/- 100	2 561
USD	+/- 300	7 683
USD	+/- 500	12 805
MDL	+/- 100	433
MDL	+/- 300	1 298
MDL	+/- 500	2 163

EY 29.05.2015 KK
FOR IDENTIFICATION PURPOSES ONLY

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The IC is exposed to credit risk from its operating activities (primarily for issued loan agreements).

Max exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on-balance sheet assets are as follows:	**31.12.2014**	**31.12.2013**
Cash on balances with central banks	177 997	226 039
Loans and advances to customers	4 002 896	2 766 184
Other assets	5 518	12 235
Total:	**4 186 411**	**3 004 458**

Loans issued, maturity

	Up to 1 year	1 to 5 years	Total
Year ended 31 December 2014	3 468 117	703 814	4 171 931
Year ended 31 December 2013	1 907 395	876 070	2 783 465

Loans received, maturity

	Up to 1 year	1 to 5 years	Total
Year ended 31 December 2014	1 401 557	1 877 001	3 278 558
Year ended 31 December 2013	529 574	2 138 000	2 667 574

Liquidity gap

	Up to 1 year	1 to 5 years	Total
Year ended 31 December 2014	2 066 560	-1 173 187	893 373
Year ended 31 December 2013	1 377 821	-1 261 930	115 891

Operational Risk

Damage to Physical Assets or Data

IC's work process is data processing. Loss of data or damage to physical assets that support the work process must be mitigated to the effect that IC is able to continue its work process without significant interruption.

All IC work process data (CRM) is stored at a cloud server with daily backup. Backup is maintained separately and available for system restart within a day.

All IC work process is supported by CRM in such a manner that a team member can perform its tasks from any computer which has basic software and internet connection, independently of physical location. Therefore, loss of a computer or even computers can be mitigated within the same day; and loss of an office can be mitigated within two workdays at the latest (relocation of workplaces to a temporary rental office).

Main physical assets are also insured at their replacement value.

Client fraud or incapability

A client with original fraud intention, or inability to repay is the second biggest possible source of financial loss.

EY 23.05.2015 KN
FOR IDENTIFICATION PURPOSES ONLY

Measures to mitigate that risk belong to specific IuteCredit knowhow and are not disclosed in Annual Report Annex.

We use personal identification, personal contact verification, employment verification, cross-verification of public databases, social links and statistical analysis of performing / nonperforming clients (a scorecard) to make the credit approval / rejection decision.

Approximately 1/3 of new loan applications are rejected by IuteCredit. Client incapability or non-performance risk is mitigated by regulating loan product parameters (maximum loan amount, maximum loan duration, maximum monthly repayment in relation to the client's salary, and commission fee) that particular client qualifies for. Majority of new clients can get loans for up to a year, with a higher APR (annualized percentage rate) to cover the increased risk of loss. Returning clients' choice or products increases, depending on their individual performance. The APR is reduced and the maturity can also be lengthened for up to 18 months.

Internal risks

<u>Internal user fraud or incapability</u>

An internal user with authority to execute loan agreements, payments out or enter false data into system is the first possible source of financial loss.
Measures to prevent internal fraud are manifold and constantly under development:

1) Selection of employees. One of the characteristics required is honesty and punctuality. Whereas honesty is a subjective criteria (until a fraud may be discovered), punctuality and correctness of individual performance are observed by CRM.
2) Individual responsibility and traceability. All important work operations at IuteCredit (entering new loan application, application data checking, application approval, loan agreement execution, loan issue, accounting the loan repayments and debt collection process) are individually traceable by name, date, time and content.
3) System design. Several important operations are double-checked by CRM and the user cannot proceed to next operation unless the prior operation has not been completed up to the parameters required by CRM;
4) Task diversification in loan issue process. Normally, it will take input of at least three different employees, to issue a loan. A single internal user cannot pursue fraudulent objectives.
5) Task diversification in management. IC's finance is managed by two persons, a CFO and a CEO, under direct supervision of Shareholders.

<u>System design errors</u>

IuteCredit CRM automatically generates tasks and other outputs for its users. A mistake in CRM source code or configuration can cause system malfunction, misreporting, slow or increased cost work process.
System design errors are discovered and corrected only by implementing any changes via testing, and then putting into production.
General system design and performance is also counterchecked against randomly selected individual work processes and randomly selected system reports. If the random check results show a nonsense, respective further inquiry and amendment is commenced.

<u>Workplace safety and efficiency</u>

A safe workplace with enough space, controlled temperature and climate mitigates the risks related to loss of attention or concentration, and deteriorating health or overall dissatisfaction thereafter.

Countermeasures have been, and will be, investments into ventilation and heating systems, functional furniture and optimization of work processes.

5 Interest and commission fee income	**2014**	**2013**
	€	**€**
Interest on loans to customers	464 417	289 528
Interest on Leasing	352	2 365
Other interest	56	6
Commission on loans to customers	1 458 994	843 021
	1 923 819	1 134 920

Commission fees include administration fees of loan, lease or other credit enhancement contracts of a short-term nature and are supposed to be part of effective interest rate calculation.

6 Interest expenses	**2014**	**2013**
	€	**€**
Interest on amounts due to creditors	436 760	245 956
Total	436 760	245 956

7 Other fees income	**2014**	**2013**
	€	**€**
Penalties under loans to customers	507 120	290 291
Resign under loans to customers	173 140	124 350
Other fees income	69 173	46 036
Total	749 434	460 677

8 Impairment of loans	**Loans**
	€
At 1 Jan 2013	**204 491**
Arising during the year	299 679
Utilised	-45 823
Exchange differences	-48 209
At 31 Dec 2013	**410 138**
At 1 Jan 2014	**410 138**
Arising during the year	646 676
Utilised	-149 381
Exchange differences	-38 242
At 31 Dec 2014	**869 192**

For 2014 the company calculated the provision under estimation of future losses.

EY 29.05.2015 KN
FOR IDENTIFICATION PURPOSES ONLY

9 Salaries and other personnel expenses	**2014**	**2013**
	€	**€**
Wages and salaries	159 925	96 053
Social security cost	38 150	22 056
Medical insurance cost	5 164	3 357
Total	203 239	121 466

10 Other operating expenses	**2014**	**2013**
	€	**€**
Advertising expenses	129 355	86 176
Offices Rent expenses	46 884	34 001
Outsource services	220 933	326 441
Other operating expenses	80 044	58 713
Total	477 216	505 331

11 Property, plant and equipment	Other furniture and equipment
	€
Cost or valuation	
At 31 Dec 2012	**66 478**
Additions	1 751
Exchange differences	-7 420
At 31 Dec 2013	**60 809**
Additions	10 383
Exchange differences	-3 346
At 31 Dec 2014	**67 846**
At 31 Dec 2012	**31 499**
Depreciation charge for the year	12 138
Exchange differences	-4 300
At 31 Dec 2013	**39 337**
Depreciation charge for the year	9 804
Exchange differences	-2 306
At 31 Dec 2014	**46 835**
Net book value	
At 31 Dec 2014	21 011
At 31 Dec 2013	21 472

12 Intangible assets	Computer hardware	Prepayment for software	Total
	€	**€**	**€**
Cost or valuation			
At 31 Dec 2012	**14 041**	**102 173**	**116 214**
Additions	125 446	0	125 446

EY 29.05.2015 kv
FOR IDENTIFICATION PURPOSES ONLY

Disposals	-345	-97 729	-345
Exchange differences	-390	-4 444	-4 834
At 31 Dec 2013	**124 253**	**0**	**124 253**
Additions	6 714	0	6 714
Exchange differences	143	0	143
At 31 Dec 2014	**131 110**	**0**	**131 110**
Depreciation and impairment			
At 31 Dec 2012	**7 231**	**0**	**7 231**
Depreciation charge for the year	25 585	0	25 585
Exchange differences	-8 310	0	-8 310
At 31 Dec 2013	**24 506**	**0**	**24 506**
Depreciation charge for the year	26 070	0	26 070
Exchange differences	4 600	0	4 600
At 31 Dec 2014	**55 176**	**0**	**55 176**
Net book value			
At 31 Dec 2014	75 933	0	75 933
At 31 Dec 2013	99 747	0	99 747

13 Cash and bank accounts	**2014**	**2013**
	€	**€**
Cash on hand	25	560
Bank accounts	177 972	225 479
Total	177 997	226 039

14 Prepayments	**2014**	**2013**
	€	**€**
Prepayments to suppliers	6 323	5 074
Prepayments of taxes	8	118
Other prepayments	1 673	2 132
Total	8 004	7 324

15 Receivables from customer

As at 31 December 2014	**Neither past due nor impaired**	**Past due, but not impaired**	**Impaired**	**Total**
Loans to private individuals	3 329 640	264 678	571 945	4 166 263
Leasing	5 668	0	0	5 668
Other receivables from customers	0	73 633	537 935	611 568
Provision for loan impairments	0	0	-869 192*	-869 192
Total	**3 335 308**	**338 310**	**240 688**	**3 914 307**

As at 31 December 2013	**Neither past due nor impaired**	**Past due, but not impaired**	**Impaired**	**Total**
Loans to private individuals	2 244 286	187 918	316 261	2 748 465

EY 29.05.2015 kN
FOR IDENTIFICATION PURPOSES ONLY

Loans to private corporate	35 480	0	0	35 480
Leasing	11 792	0	0	11 792
Other receivables from customers	0	97 315	263 181	360 496
Provision for loan impairments	0	0	-410 139*	-410 139
Total	**2 291 558**	**285 233**	**169 303**	**2 746 094**

*Includes IBNR

16 Other receivables	**2014**	**2013**
	€	**€**
Receivables of collection companies	80 570	12 766
Other receivables	15	0
Total	80 585	12 766

17 Other assets	**2014**	**2013**
	€	**€**
Deferred expenses	5 518	12 235
Total	5 518	12 235

18 Taxes payable	**2014**	**2013**
	€	**€**
Corporate tax	96 571	2 658
Other taxes	0	15
Total	96 571	2 673

19 Other liabilities	**2014**	**2013**
	€	**€**
Deferred income	5 025	11 656
Other liabilities	22	23
Total	5 046	11 679

20 Loans and bonds

	31.12.2014	Residual maturity		Interest
		Up to 1 year	1-5 years	
Creditor	2 179 586	302 586	1 877 000	10-17,5%
Bonds B2	73 063	73 063	0	15,00%
Bonds A3	1 006 667	1 006 667	0	16,00%
Accured interest	19 242	19 242	0	
Total	3 278 558	1 401 558	1 877 000	

	31.12.2013	Residual maturity		Interest
		Up to 1 year	1-5 years	
Creditor	1 376 008	308 008	1 068 000	12-17,5%
Bonds A2	197 248	197 248	0	18,00%
Bonds B2	73 063	3 063	70 000	15,00%
Bonds A3	1 006 667	6 667	1 000 000	16,00%
Accured interest	14 588	14 588	0	
Total	2 667 574	529 574	2 138 000	

EY 29.05.2015 KA
FOR IDENTIFICATION PURPOSES ONLY

21 Share capital	**2014**	**2013**
	€	**€**
Share capital	275 200	275 200
Number of shares	43 000	43 000
Nominal value of share	6,40	6,40

All issued shares are authorized and fully paid.

22 Investments in subsidiaries

Name	Country	Portion	
		31.12.2014	31.12.2013
IuteCredit SRL	Moldova	100%	100%
IuteCredit Albania SHA	Albania	100%	-

IuteCredit SRL was bought on November 28, 2008.
IuteCredit Albania SHA was established on August 04, 2014.

23 Fair value of assets and liabilities

The carrying amount of the major part of Group's assets and liabilities is a reasonable approximation of their value.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. For the purposes of current financial statements, mentioned techniques were not used extensively as no such financial assets and financial liabilities exist on the balance sheet of the Group. There have been no transfers between Levels during the period. Loans and accrued receivables, where we have made provisions, are recorded in level 3 as there are significant unobservable inputs.

Fair value hierarchy for financial instruments not measured at fair value as at 31 December 2014:
(euro)

		Fair value measurement using			
	Date of valuation	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets for which fair values are disclosed	31.12.2014				
Loan and accrued receivables from customers		0	0	3 914 307	**3 914 307**
Liabilities for which fair values are disclosed	31.12.2014				
Loan and accrued interest payables		0	3 278 558	0	**3 278 558**

Assets for which fair values are disclosed	31.12.2013				
Loan and accrued receivables from customers		0	0	2 746 094	**2 746 094**
Liabilities for which fair values are disclosed	31.12.2013				
Loan and accrued interest payables		0	2 667 574	0	**2 667 574**

24 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties are defined as shareholders, members of the Supervisory Council and the Management Board, key management personnel, their close relatives and companies in which they have a controlling interest as well as associated companies. Transactions are entered into with related parties in the normal course of business. The volumes of related party transactions, outstanding balances at the year end and relating income and expense for the year are follows:

	2014	**2013**
Interest paid on loans		
Shareholders	16 693	55 013
Purchases		
Shareholders	59 001	43 381
Other related parties	0	63 046
Loans received		
Shareholders	218 500	71 400
Liabilities and accrued expenses		
Shareholders	756	68 000
Loans issued		
Other related parties	0	61 500
Interest acrrued from loans		
Other related parties	0	480

EY 23.05.2015 kN
FOR IDENTIFICATION PURPOSES ONLY

25 Unconsolidated financial statements of parent company as a separate company

The parent company´s unconsolidated financial statements have been prepared in accordance with Accounting Act of the Republic of Estonia, and do not constitute parent company´s separate financial statements in the meaning of IAS 27 „Consolidated and separate financial statements".

1 Statement of comprehensive income for the year ended 31 December 2014

	2014	2013
Interest income	210 668	210 485
Interest expenses	-433 873	-243 115
Net interest income	**-223 205**	**-32 630**
Other fees income	0	3 134
Net other operating income	**0**	**3 134**
Total income	**-223 205**	**-29 496**
Salaries and other personnel expenses	-29 091	0
Other expenses	-71 607	-100 225
Depreciation and impairment of fixed and intangible assets	-3 530	-1 067
Total operating expenses	**-104 229**	**-101 292**
Foreign exchange gains and losses on financing activities	15 940	4 289
Dividends received	413 000	0
Pre-tax operating profit	**101 507**	**-126 499**
Taxes	0	-19 658
Loss for the year	**101 507**	**-146 157**

2 Statement of financial position at 31 December 2014

	2014	2013
Assets		
Cash and bank accounts	22 957	85 961
Loans and other receivables	2 689 831	2 144 443
Prepayments	682	1 330
Property, plant and equipment	1 871	0
Intangible assets	5 333	8 533
Investment in subsidiaries	383 581	275 934
Total assets	**3 104 254**	**2 516 201**
Total assets		
Equity and liabilities		
Loans and bonds	3 224 434	2 667 536
Trade and other payables	4 720	171
Total liabilities	**3 229 154**	**2 667 707**
Share capital	275 200	275 200
Share premium	37 761	37 761
Retained earnings	-539 367	-318 310
Profit for the year	101 507	-146 157

Total equity	**-124 899**	**-151 506**
Total liabilities and equity	**3 104 254**	**2 516 201**

3 Statement of changes in equity for the year ended 31 December 2014

	Share capital	Share premium	Retained ernings	Total
At 1 January 2013	**275 200**	**37 761**	**-318 310**	**-5 349**
Profit for the year	0	0	-146 157	-146 157
Total comprehensive income	0	0	-146 157	-146 157
At 31 December 2013	**275 200**	**37 761**	**-464 467**	**-151 506**
At 1 January 2014	**275 200**	**37 761**	**-464 467**	**-151 506**
Profit for the year	0	0	101 507	101 507
Total comprehensive income	0	0	101 507	101 507
Paid out dividends	0	0	-74 900	-74 900
At 31 December 2014	**275 200**	**37 761**	**-437 860**	**-124 899**

The adjusted and unconsolidated equity of parent company (the calculation of what would the parent's equity be if they would account for their subsidiary using the equity method) at 31.12 is:

	31.12.2014	**31.12.2013**
Parent Company separate owner's equity	-124 899	-151 506
Affiliated company's value in parent company's separate statement of financial position (minus)	-383 581	-275 934
Affiliated company's value calculated based on equity method (plus)	1 382 973	853 201
TOTAL	**874 493**	**425 761**

4 Statement of cash flow for the year ended 31 December 2014

	2014	2013
Cash flows from operating activities		
Profit (loss) for the year	101 507	-146 157
Adjustment for:		
Depreciation and amortization of intangible assets and property and equipment	3 530	1 067
Loss/Profit from foreign currency revaluation	-15 940	-4 289
Interest income	-210 668	-210 485
Interest expenses	433 873	243 115
Cash flow from operating activities before changes in assets and liabilities	**312 302**	**-116 749**
Increase/Decrease in loan and bonds liabilities	555 415	1 304 033
Increase/Decrease in other assets	-318 612	-1 047 391
Increase/Decrease in other liabilities	4 549	-4 396
Interest received	480	196 931
Interest paid	-432 390	-239 420
Correction of dividends	-413 000	0
Increase/Decrease in cash and cash equivalents as a result of operating activities	**-291 256**	**93 008**
Acquisition of property and equipment and intangible assets	-2 201	-9 600
Dividends received	413 000	0
Contribution into subsidiary	-107 647	0
Increase/Decrease in cash and cash equivalents as a result of investment activities	**303 152**	**-9 600**
Dividends paid	-74 900	0
Increase/Decrease in cash and cash equivalents as a result of financing activities	**-74 900**	**0**
Increase/Decrease in cash and cash equivalents	**-63 004**	**83 408**
Cash and cash equivalents at the beginning of the year	85 961	2 553
Increase/Decrease in cash and cash equivalents	-63 004	83 408
Cash and cash equivalents at the end of the year	**22 957**	**85 961**

	31.12.2014	31.12.2013
Cash and Cash equivalents comprises		
Cash on hand	0	500
Non-restricted current account	22 957	85 461

EY 29.05.2015
FOR IDENTIFICATION PURPOSES ONLY

Building a better
working world

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Eesti

Tel: +372 611 4610
Faks: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Äriregistri kood: 10877299
KMKR: EE 100770654

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Estonia

Phone: +372 611 4610
Fax: +372 611 4611
Tallinn@ee.ey.com
www.ey.com

Code of legal entity: 10877299
VAT payer code: EE 100770654

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS IuteCredit Europe

We have audited the accompanying consolidated financial statements of AS IuteCredit Europe, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (Estonia). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 management, as well as evaluating the overall presentation of the 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 present fairly, in all material respects, the financial position of AS IuteCredit Europe as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Tallinn, 29 May 2015

Olesia Abramova
Authorised Auditor's number 527
Ernst & Young Baltic AS
Audit Company's Registration number 58

Tiina Leif
Authorised Auditor's number 441

A member firm of Ernst & Young Global Limited

6 Profit allocation proposal

The Management Board of IuteCredit Europe makes a proposal to the shareholders to allocate profit to retained earnings as follows:

Company retained earnings:

Retained earnings as at 31.12.2013	184 476
Paid out dividends year 2014	-74 900
Profit of the financial year 2014	574 418
Total retained earnings as at 31.12.2014	683 994
Dividend distribution	-171 000
Balance of retained earnings after allocations	512 994

7 Signature of the management board to the Annual report 2014

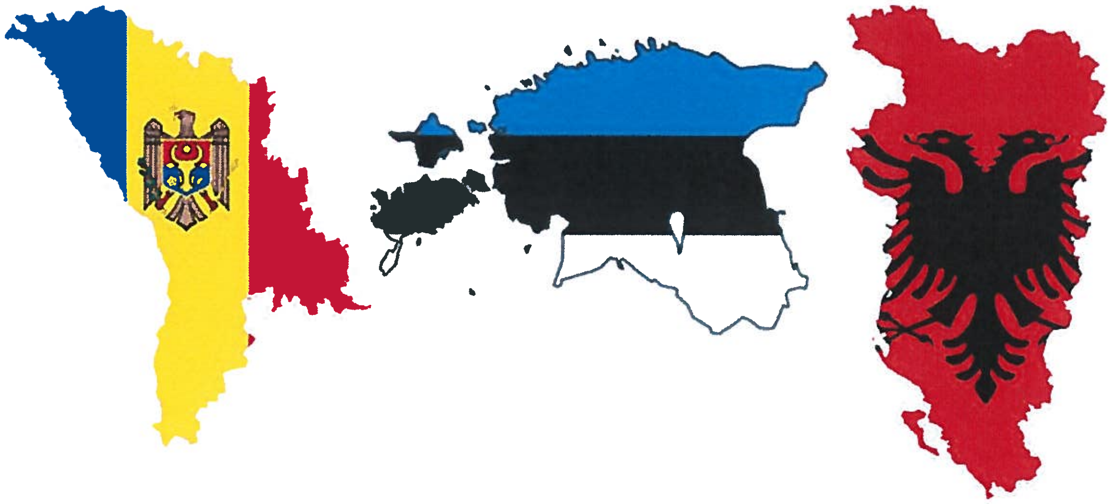
The Company's Management Board has approved the Management Report and Annual Accounts for the year 2014.

The Annual Report as compiled by the Management Board consists of the Management Report, Annual Accounts, Profit allocation proposal and Auditor's Report. The Company's Supervisory Board has reviewed the Annual Report and has approved it for submission to the General Meeting of Shareholders.

May 29, 2015

Tarmo Sild

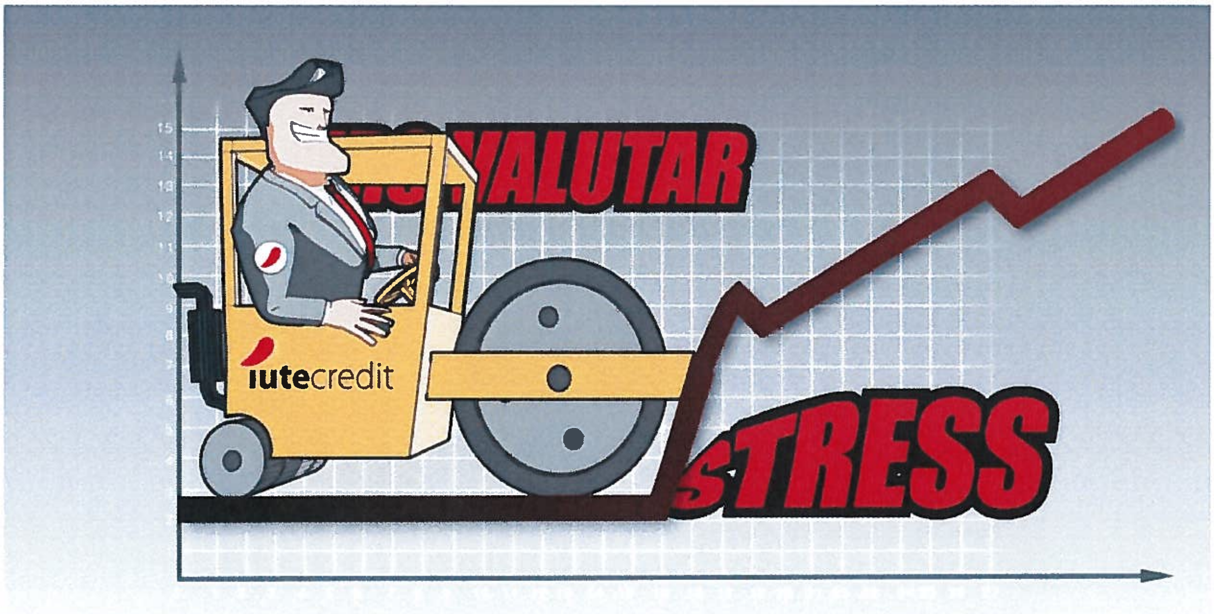
Member of the board




Bani la mână
chiar și
seara și în zilele
de odihnă
DESCHIS
BANCA
iutecredit
www.iutecredit.md
022 801 500


...ești sătul de
lucrurile vechi?
iutecredit
calea rapidă spre bani
tel. 57 - 40 - 57
str. Izmail 56/1 B
www.iutecredit.md


MOS I BJER
MURIT
ME KOKË!
KREDI NË 1 ORË!
E THJESHTË, E SHPEJTË, PA KOLATERAL, PA GARANTOR SA HERË QË JU DUHET.
iutecredit


VALUTAR
iutecredit
STRESS