SIA "ExpressCredit"

ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2015
AND
CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY EU

Translation from Latvian

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Information on the Company

Name of the Company	ExpressCredit SIA
Legal status of the Company	Limited liability company
Number, place and date of registration	40103252854 Commercial Registry Riga, 12 October 2009
Operations as classified by NACE classification code system	NACE2 64.92 Other credit granting
Address	Raunas street 44, Riga, LV-1039 Latvia
Names and addresses of shareholders (from 30.10.2013)	Lombards 24.lv, SIA (till 05.05.2015. Express Holdings, SIA) (51.00% - till 18.06.2015, 67.55% from 18.06.2015 till 23.12.2015, 65.86% from 23.12.2015), Raunas iela 44k-1, Rīga, Latvija AE Consulting, SIA (24.50%, till 18.06.2015, 32.45% - from 18.06.2015 – 23.12.2015, 31.64% - from 23.12.2015), Posma iela 2, Rīga, Latvija Ebility, SIA (24.50% - till 18.06.2015), Slokas iela 77 - 1A, Rīga, Latvija Private individuals (2.5% - from 23.12.2015)
Names and positions of Board members	Agris Evertovskis - Chairman of the Board Edgars Bilinskis - Member of the Board (till 16.06.2015) Kristaps Bergmanis - Member of the Board Didzis Admidins - Member of the Board
Names and positions of Council members	Ieva Judinska-Bandeniece – Chairperson of the Council Uldis Judinskis - Deputy Chairman of the Council Ramona Tiltina - Member of the Council
Financial year	1 January - 31 December 2015
Name and address of the auditor	SIA Potapoviča un Andersone Certified Auditors' Company Licence Nr. 99 Ūdens Street 12-45, Riga, LV-1007 Latvia Responsible Certified Auditor Kristīne Potapoviča Certificate Nr. 99

Information on the Subsidiaries

Subsidiary	**SIA ExpressInkasso** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	22.10.2010
Number, place and date of registration of the subsidiary Address of the subsidiary	40103211998; Riga, 27 January 2009 Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	66.1 Financial support services except insurance and pension accrual
Subsidiary	**SIA Banknote (till 30.04.2015 – SIA Rīgas pilsētas lombards)** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	23.02.2015
Number, place and date of registration of the subsidiary Address of the subsidiary	40003040217, Riga, 06 December1991 Raunas Street 44 k-1; Riga, LV 1039, Latvia (till 30.04.2015 – Kalēju iela 18/20, Rīga)
Operations as classified by NACE classification code system of the subsidiary	64.92 Other financing services
Subsidiary	**SIA EC Investments** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	06.11.2015
Number, place and date of registration of the subsidiary Address of the subsidiary	40103944745, Riga, 06 November 2015 Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies
Subsidiary	**SIA EC Finance** (parent company interest in subsidiary – 100%)
Date of acquisition of the subsidiary	01.12.2015
Number, place and date of registration of the subsidiary Address of the subsidiary	40103950614, Riga, 01 December 2015 Raunas Street 44 k-1; Riga, LV 1039, Latvia
Operations as classified by NACE classification code system of the subsidiary	64.20 Activities of holding companies

Statement of management`s responsibility

The management of SIA „ExpressCredit" gorup is responsible for the preparation of the consolidated financial statements.

Based on the information available to the Board of the parent company of the Group, the financial statements are prepared on the basis of the relevant primary documents and statements in accordance with International Financial Reporting Standards as adopted by the European Union and present a true and fair view of the Group's assets, liabilities and financial position as at 31 December 2015 and its profit and cash flows for 2015.

The management of the parent company confirms that the accounting policies and management estimates have been applied consistently and appropriately. The management of the parent company confirms that the consolidated financial statements have been prepared on the basis of the principles of prudence and going concern.

The management of the parent company confirms that is responsible for maintaining proper accounting records and for monitoring, controlling and safeguarding the Group's assets. The management of the parent company is responsible for detecting and preventing errors, irregularities and/or deliberate data manipulation. The management of the parent company is responsible for ensuring that the Group operates in compliance with the laws of the Republic of Latvia.

The management report presents fairly the Group's business development and operational performance.

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Agris Evertovskis
Chairman of the Board

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Kristaps Bergmanis
Member of the Board

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Didzis Admidins
Member of the Board

Riga, 29 February 2016

Management report

The Group's operations during the reporting year have been successful. Total revenues for the fiscal year increased by 4.46 % compared to 2014, and totalled EUR 17 369 893.

Due to implementation of the chosen business strategy, the following financial ratios were achieved in 2015:

- during 2015 the Loan portfolio of the Group increased by 4% and as at the reporting date totals 6,5 million euro;
- the Group's assets as at 31 December 2015 equal 10.7 million euro;
- net profit of 2015 amounts to 1 436 086 euro (in 2014 - 1 401 563 euro).

During the year 2015, on 12 February 2015 the Parent company and the Riga City Council has signed a contract on purchase of 569 148 (100%) shares of SIA "Banknote" (till 30.04.2015. SIA "Rigas pilsetas lombards") which were auctioned by the former owner. The purchase price of 880 000 euro was fully paid on 18 February 2015. On 23 February 2015 the transaction was registered in the Companies' Register. During the year the pawnshop operations of SIA "Banknote" were transferred to SIA "ExpressCredit".

In 2015 SIA „ExpressCredit" changed operating brandname of branches from Lombards24.lv to Banknote. Along with the re-branding, the company expanded the range of financial services offered as well as the accessibility of its services, thus creating an unmatched non-banking financial service provider in the Latvian market.

Branches

In the year 2015 the Group continued the work on development of the branch network, loan volume increase, and IT system development. As at 31 December 2015 the Group had 96 branches in 40 cities in Latvia (31.12.2014 93 branches in 38 cities).

Risk management

The Group is not exposed to significant foreign exchange rate risk because basic transaction currency is euro. Significant amount of funding of the Group consist of fixed coupon rate bonds, so that the Group is not significantly exposed to variable interest rate risk. Accurate application of the prudent strategies chosen has allowed the Group to successfully manage its financial risks, particularly the liquidity and credit risk.

Post balance sheet events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2015.

Future prospects

In 2016 the new regulations came in force that reduced the interest rates for the unsecured loans. Regulations have minor impact on pawnshop business. In 2016 the Group plans to strengthen its market leadership and improve the branch network. It is planned that the Group's portfolio will increase, and profit dynamics will be lower than 2015 results.

Distribution of the profit proposed by the Group

The Parent Company's board recommends the profit of 2015 to pay out in dividends, respecting the restrictions applied to debt securities emissions.

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Agris Evertovskis
Chairman of the Board

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Kristaps Bergmanis	Didzis Admidins
Member of the Board	Member of the Board

Riga, 29 February 2016

Profit or loss account for the year ended 31 December 2015

	Notes	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Net sales	1	7 695 452	8 097 673	7 650 397	7 987 859
Cost of sales	2	(5 629 077)	(6 212 337)	(5 596 572)	(5 881 617)
Interest income and similar income	3	8 853 994	9 272 220	8 463 985	8 640 133
Interest expenses and similar expenses	4	(1 161 072)	(1 161 962)	(1 175 458)	(1 216 106)
Gross profit		**9 759 297**	**9 995 594**	**9 342 352**	**9 530 269**
Selling expenses	5	(5 163 687)	(5 230 470)	(4 812 824)	(4 880 420)
Administrative expenses	6	(2 663 375)	(2 699 949)	(1 877 951)	(1 883 023)
Other operating income	7	738 849	807 673	56 328	56 328
Other operating expenses	8	(1 118 598)	(1 165 893)	(1 225 712)	(1 226 186)
Profit before taxes		**1 552 486**	**1 706 955**	**1 482 193**	**1 596 968**
Corporate income tax for the reporting year	9	(283 684)	(297 054)	(263 264)	(286 038)
Deferred tax	9	26 185	26 185	90 633	90 633
Current year's profit		**1 294 987**	**1 436 086**	**1 309 562**	**1 401 563**
Earnings per share		**3.03**	**3.36**	**3.07**	**3.28**

Comprehensive income statement for 2014

	2015 EUR	2015 EUR	2014 EUR	2014 EUR
Current year's profit	**1 294 987**	**1 436 086**	**1 309 562**	**1 401 563**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**1 294 987**	**1 436 086**	**1 309 562**	**1 401 563**

Notes on pages from 11 to 24 are integral part of these financial statements.

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Agris Evertovskis
Chairman of the Board

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Kristaps Bergmanis
Member of the Board

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Didzis Admidins
Member of the Board

Riga, 29 February 2016

Balance sheet as at 31 December 2015		**Parent company**	**Group**	**Parent company**	**Group**
Assets	**Notes**	**31.12.2015.**	**31.12.2015.**	**31.12.2014.**	**31.12.2014.**
Long term investments		**EUR**	**EUR**	**EUR**	**EUR**
Fixed assets and intangible assets	10	516 180	643 796	393 949	393 949
Loans and receivables	15	545 068	545 068	462 610	462 610
Loans to shareholders and management	12	875 267	875 267	1 295 066	1 295 066
Participating interest in subsidiaries	11	888 828	-	2 846	-
Deferred tax asset	13	143 605	143 605	117 420	117 420
Total long-term investments:		**2 968 948**	**2 207 736**	**2 271 891**	**2 269 045**
Current assets					
Finished goods and goods for sale	14	1 595 125	1 595 125	1 345 338	1 345 338
Loans and receivables	15	5 669 464	5 998 473	5 401 363	5 829 700
Receivables from affiliated companies	16	435 490	119 190	484 492	208 873
Other debtors	17	102 075	284 101	80 536	80 676
Deferred expenses	18	33 192	35 163	27 762	30 089
Cash and bank	19	439 271	493 591	1 197 128	1 197 718
Total current assets:		**8 274 617**	**8 525 643**	**8 536 619**	**8 692 394**
Total assets		**11 243 565**	**10 733 379**	**10 808 510**	**10 961 439**

Liabilities					
Shareholders' funds:					
Share capital	20	426 861	426 861	426 861	426 861
Prior years' retained earnings		279 540	387 704	279 540	295 703
Current year's profit		1 294 987	1 436 086	1 309 562	1 401 563
Total shareholders' funds:		**2 001 388**	**2 250 651**	**2 015 963**	**2 124 127**
Creditors:					
Long-term creditors:					
Bonds issued	21	5 489 648	5 489 648	6 471 466	6 471 466
Other borrowings	22	668 491	668 491	596 676	596 676
Total long-term creditors:		**6 158 139**	**6 158 139**	**7 068 142**	**7 068 142**
Short-term creditors:					
Bonds issued	21	1 016 271	1 016 271	992 436	992 436
Other borrowings	22	383 096	383 096	30 341	30 341
Accounts payable to affiliated companies	23	772 709	18 985	-	-
Trade creditors and accrued liabilities	24	674 682	680 503	433 355	454 441
Taxes and social insurance	25	237 280	225 734	268 273	291 952
Total short-term creditors:		**3 084 038**	**2 324 589**	**1 724 405**	**1 769 170**
Total liabilities and shareholders' funds		**11 243 565**	**10 733 379**	**10 808 510**	**10 961 439**

Notes on pages from 11 to 24 are integral part of these financial statements.

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Agris Evertovskis
Chairman of the Board

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Kristaps Bergmanis
Member of the Board

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Didzis Admidins
Member of the Board

Riga, 29 February 2016

Statement of changes in equity of the Parent Company's for the year ended 31 December 2015

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2013	**426 862**	**1 009 259**	**370 280**	**1 806 401**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	370 280	(370 280)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 309 562	1 309 562
As at 31 December 2014	**426 861**	**279 540**	**1 309 562**	**2 015 963**
Dividends paid	-	(1 309 562)	-	(1 309 562)
Profit transfer	-	1 309 562	(1 309 562)	-
Profit for the year	-	-	1 294 987	1 294 987
As at 31 December 2015	**426 861**	**279 540**	**1 294 987**	**2 001 388**

Statement of changes in equity of the Group for the year ended 31 December 2015

	Share capital	Prior years' retained earnings	Current year's profit	Total
	EUR	EUR	EUR	EUR
As at 31 December 2013	**426 862**	**1 016 585**	**379 117**	**1 822 564**
Dividends paid	-	(1 100 000)	-	(1 100 000)
Profit transfer	-	379 117	(379 117)	-
Denomination of the share capital	(1)	1	-	-
Profit for the year	-	-	1 401 563	1 401 563
As at 31 December 2014	**426 861**	**295 703**	**1 401 563**	**2 124 127**
Dividends paid	-	(1 309 562)	-	(1 309 562)
Profit transfer	-	1 417 725	(1 417 725)	-
Profit for the year	-		1 436 086	1 436 086
As at 31 December 2015	**426 861**	**403 866**	**1 419 924**	**2 250 651**

Notes on pages from 11 to 24 are integral part of these financial statements.

Cash flow statement for the year ended 31 December 2015

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Cash flow from operating activities				
Profit before extraordinary items and taxes	**1 552 486**	**1 706 955**	**1 482 193**	**1 596 968**
Adjustments for:				
a) fixed assets depreciation	237 959	245 730	249 346	249 346
b) intangible assets amortisation	238 706	238 706	82 313	82 313
c) intangible assets amortisation			-	-
d) write-off of provisions	982 449		1 044 659	-
e) cessation results	(8 853 994)	(9 272 220)	(8 463 885)	(8 640 133)
f) interest income	1 118 598	1 165 893	1 175 458	1 216 106
g) interest and similar expense	(961)	35 811	(15 723)	(15 723)
h) write-off fixed and intangible assets	24 867	24 867	13 441	13 441
Loss before adjustments of working capital and short-term liabilities	**(4 699 890)**	**(5 854 258)**	**(4 432 198)**	**(5 497 682)**
Adjustments for:				
a) increase in consumer loans issued (core business) and other debtors	(1 436 010)	11 753	(1 541 030)	(575 657)
b) stock increase	(401 626)	(235 253)	(381 806)	(381 806)
c) trade creditors' decrease	144 098	83 607	(105 749)	(87 205)
Gross cash flow from operating activities	**(6 393 428)**	**(5 994 151)**	**(6 460 783)**	**(6 542 350)**
Corporate income tax payments	(349 888)	(394 407)	(247 084)	(249 243)
Interest income	8 950 345	9 368 570	8 324 699	8 500 946
Net cash flow from operating activities	**2 207 029**	**2 980 012**	**1 616 832**	**1 709 353**
Cash flow from investing activities				
Acquisition of affiliated or associated companies shares or parts	(886 000)	(849 233)	-	-
Acquisition of fixed assets and intangibles	(249 510)	(267 655)	(109 720)	(109 720)
Proceeds from sales of fixed assets and intangibles	10 631	10 631	54 656	54 656
Loans issued (other than core business of the Company) (net)	196 470	278 599	704 714	945 706
Assets held for sale			-	-
Net cash flow from investing activities	**(928 409)**	**(827 658)**	**649 650**	**890 642**
Cash flow from financing activities				
Loans received and bonds issued (net)	3 884 400	3 884 400	4 340 000	4 340 000
Redemption of bonds	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
Loans repaid	(2 450 019)	(3 222 728)	(2 773 743)	(3 136 154)
Finance lease payments	(59 848)	(59 848)	(58 805)	(58 805)
Dividends paid	(1 309 562)	(1 309 562)	(1 100 000)	(1 100 000)
Interest paid	(1 101 448)	(1 148 743)	(1 197 559)	(1 238 207)
Net cash flow from financing activities	**(2 036 477)**	**(2 856 481)**	**(1 790 107)**	**(2 193 166)**
Net cash flow of the reporting year	**(757 857)**	**(704 127)**	**476 375**	**406 829**
Cash and cash equivalents at the beginning of the reporting year	**1 197 128**	**1 197 718**	**720 753**	**790 889**
Cash and cash equivalents at the end of reporting year	**439 271**	**493 591**	**1 197 128**	**1 197 718**

Notes on pages from 11 to 24 are integral part of these financial statements.

Notes

Accounting policies

(a) Basis of preparation

These financial statements have been prepared based on the accounting policies and measurement principles as set out below.

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Having regard to the EU's approval procedure, these Notes also list the standards and interpretations that are not yet approved for application by the EU because the said standards and interpretations, if approved, may affect the Company's financial statements in future periods. The valuation of assets and liabilities and net profit data of the company have not been affected in the result of transfer of IFRS.

The preparation of financial statements in accordance with IFRS requires the use of significant estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the information on contingent assets and liabilities at the balance sheet date and the revenues and costs for the reporting period. Although these estimates are based on the information available to the management regarding the current events and actions, the actual results may differ from the estimates used. Critical assumptions and judgements are described in the relevant sections of the Notes to the financial statements.

The following new and amended IFRS and interpretations come into force in 2015, but do not apply to the Company's operations and have no impact on these financial statements:

Amendments to IAS 19 "Employee benefits plans" regarding defined benefit plans (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 February 2015)
Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014, by EU for annual periods beginning on or after 1 February 2015). These amendments include changes that affect 6 standards:
• IFRS 2 "Share-based payment"
• IFRS 3 "Business Combinations"
• IFRS 8 "Operating segments"
• IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"
• IAS 24 "Related party disclosures"

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 January 2015). The amendments include changes that affect 3 standards:
• IFRS 3 "Business combinations"
• IFRS 13 "Fair value measurement" and
• IAS 40 "Investment property"

A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2016, and do not relate to the Bank`s operations or are not endorsed by the European Union:

IFRS 14 "Regulatory deferral accounts" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendment to IFRS 11 "Joint arrangements" on acquisition of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture" regarding bearer plants (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendment to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" on depreciation and amortisation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IAS 27 "Separate financial statements" on the equity method (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)
Amendments to IAS 1 "Presentation of financial statements" regarding disclosure initiative effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Annual improvements 2014 (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU). The amendments include changes that affect 4 standards:

• IFRS 5 "Non-current assets held for sale and discontinued operations"
• IFRS 7 "Financial instruments: Disclosures" with consequential amendments to IFRS 1
• IAS 19 "Employee benefits"
• IAS 34 "Interim financial reporting"

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU)

IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU)

There are no other new or revised standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes (continued)
Accounting policies (continued)

(b) Accounting principles applied

The items in the financial statements have been measured based on the following accounting principles:

a) It is assumed that the company will continue as a going concern;
b) The measurement methods applied in the previous reporting year have been used;
c) The measurement of the items has been performed prudently meeting the following criteria:
   - Only profits accruing up to the balance sheet date have been included in the report;
   - All possible contingencies and losses arising in the reporting year or the previous year have been recognised, even if they became known in the period between the balance sheet date and the issuance of the annual report;
   - All impairment and depreciation charges have been calculated and recognised irrespectively of whether the company has operated profitably or not during the reporting year;
d) All income and expenses relating to the accounting year irrespective of the date of the payments made or the dates of receipt or payment of invoices have been recognised. Revenues are matched with expenses in the reporting year.
e) Assets and liabilities are presented at their gross amounts;
f) The opening balances of the reporting period reconcile with the closing balances of the previous reporting period;
g) All items which may materially affect the assessment or decision-making of the users of the financial statements are presented, immaterial items have been aggregated and their breakdown is presented in the Notes;
h) Business transactions are presented based on their economic substance rather than their legal form.

Asset and liability recognition is performed on historical cost basis. All financial assets and liabilities are classified as held to maturity or loans and receivables.

(c) Recognition of revenue and expenses

- Net sales

Net revenue represents the total value of goods sold and services provided during the year net of value added tax.

- Interest income

The Company presents interest income in the section of the Profit and loss account prior to calculation of gross profit, as this income is related to the basic activities of the Company – charging interest for loans issued in return to pledge held as security or loans issued on other conditions. Interest income is recognised using accruals principle. Interest income is not recognised from the moment the recoverability of principal is considered doubtful. Penalty interest is recognised on a cash basis.

- Other income

Other income is recognised based on accruals principle.

- Penalties and similar income

Of collection exists, is recognised based on cash principle.

- Expenses

Expenses are recognised based on accruals principle in the period of origination, irrespective of the moment of payment. Expenses related to financing of loans is recognised in the period of liability origination and included in the profit and loss items „Interest and similar expenses”.

(d) Foreign currency translation

(d1) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statement items are denominated in euro (EUR), which is the Company's functional and presentation currency.

(d2) Transactions and balances

All transactions in foreign currencies are translated into the functional currency using the exchange rates at the date of the respective transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement of the respective period. At the balance sheet date the rates set by the Bank of Latvia were:

	31.12.2015	**31.12.2014**
	EUR	**EUR**
1 USD	1.0926	1.21410

Notes (continued)
Accounting policies (continued)

(e) Financial instruments – key measurement terms
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. If the market for a financial asset or liability is not active (and for unlisted securities) the Group establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate and may require the application of management's judgement and estimates. Where, in the opinion of the Management, the fair values of financial assets and liabilities differ materially from their book values such fair values are separately disclosed in the notes to the accounts.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments plus accrued interest and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any) are not presented separately and are included in the carrying values of related items on the balance sheet.

The effective interest method is a method of calculating the amortised 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 or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(f) Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(g) Intangible assets and fixed assets
All intangible assets and fixed assets are initially measured at cost. Intangible assets and fixed assets are recorded at historic cost net of depreciation and permanent diminution in value. Depreciation or amortisation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life as follows:

	years
Buildings	20
Constructions	5
Intangibles	3 - 5
Other fixed assets	3 - 5
Low value inventory (worth over 71 EUR)	3

The residual values, remaining useful lives and methods of depreciation are reviewed and, if required, adjusted annually. Fixed asset and intangibles recognition is terminated in case of its liquidation or when no future benefits are expected in connection with the utilisation of the respective asset. Any profit or loss connected with the termination of recognition (calculated as difference between the disposal gains and net book value as at the moment of derecognition), is recognised in the profit or loss account in the period when derecognition occurs. Leasehold improvements are written down on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease. Current repairs and maintenance costs are charged to profit and loss account in the period when the respective costs are incurred.

(h) Investments in the associated companies
In the financial statements the investments in associated companies are carried at equity method. Under this method the value of the investment at the balance sheet date comprises the value of the equity of the associated company corresponding to the share of investment and the book value of the positive goodwill arising at the acquisition of the investment.

At the year-end the amount of the reported item is increased or decreased by reference to the Company's share in the profit or loss of the associated company during the year (in the post-acquisition period), or other changes in equity, as well as by the reduction of the goodwill arising at acquisition to its recoverable amount. Unrealised profit on inter-company transactions is excluded. Profit distribution is presented in the year following the reporting year in which the shareholders adopt a decision on profit distribution.

(i) Impairment of assets
Intangible assets which are not put into operation or which do not have a useful life are not amortised; their value is reviewed annually. The value of the assets subject to depreciation or amortisation is reviewed whenever any events or circumstances support that their carrying value may not be recoverable. Impairment losses are recognised in the amount representing the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of the respective asset's fair value less the costs to sell and the value in use. In order to determine impairment, assets are grouped based on the smallest group of assets that independently generates cash flow (cash generating units).

Notes (continued)
Accounting policies (continued)

(j) Segments
A geographical segment provides products or services within a particular economic environment that is subject to other economic environments characterized by different risks and benefits. A business segment is a share of assets and operations, providing products and services that are subject to other business segments of different risks and benefits.

(k) Inventories
Inventories are stated at the lower of cost or market price. Inventories are measured using the weighted FIFO method. The Company assesses at each balance sheet date whether there is objective evidence that inventories are impaired and makes provisions for slow-moving or damaged inventories. Inventories loss is recognised in the period such loss is identified, writing off the relevant inventory values to the period profit and loss account.

(l) Seized assets
Collateral is repossessed following the foreclosure on loans that are in default. Seized assets are measured at the lower of cost or net realisable value and reported within “Inventories”.

(m) Trade and other receivables
Accounts receivable comprise loans and other receivables (other debtors, advances and deposits) that are non-derivative financial assets with fixed or determinable payments. Loans are carried at amortised cost where cost is defined as the fair value of cash consideration given to originate those loans. All loans and receivables are recognised when cash is advanced to borrowers and derecognised on repayments. The Company has granted consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their debts. Restructured loans are no longer considered to be past due unless the loan is past due according to the renegotiated terms.

The Company assesses at each balance sheet date whether there is objective evidence that loans are impaired. If any such evidence exists, the amount of the allowances for loan impairment is assessed as the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from collateral discounted at the original effective interest rate. The assessment of the evidence for impairment and the determination of the amount of allowances for impairment or its reversal requires the application of management's judgement and estimates. Management’s judgements and estimates consider relevant factors including but not limited to, the identification of non-performing loans (loan repayment schedule compliance), the estimated value of collateral (if taken) as well as other relevant factors affecting loan and recoverability and collateral values. These judgements and estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. The Management of the Company have made their best estimates of losses based on objective evidence of impairment and believe those estimates presented in the financial statements are reasonable in light of available information.

When loans cannot be recovered they are written off and charged against allowances for loan impairment losses. They are not written off until all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The provision in the allowance account is reversed if the estimated recovery value exceeds the carrying amount.

In accordance with the provisioning policy developed by the Company (for non-secured consumer loans with the term of repayment up to 2 years) provisions are made based on the payment delay analysis at following rates:

Days of delay	Provision made
0	0.3%
1-15	6%
16-30	18%
31-60	32%
61-90	42%
91-180	47%
181-360	67%
360-720	92%
721+	100%

Provisions for interest income debts is made in accordance with the policies set by the management of the Company. In accordance with the provisioning policy the Company calculates the provision required based on prior experience of loan volumes that turn out to be doubtful and the statistics of recoverability of such debts. The provision for interest accrued is made in accordance with the provisioning policies set by the management making sure that cashflows from interest receivable are excluded from cashflows used as the basis for principal recoverability testing.

The recoverability of other debtors, advances and deposits paid is valued on individual basis if there are any indications of net book value of the asset exceeding its recoverable amount.

(n) Finance lease
Where the property, plant and equipment are acquired under a finance lease arrangement and the Company takes over the related risks and rewards, the property, plant and equipment items are measured at the value at which they could be purchased for an immediate payment. Leasing interest is charged to the profit and loss in the period in which it arises.

Notes (continued)
Accounting policies (continued)

(o) Operating leases

Company is a lessor
The type of lease in which the lessor retains a significant part of the risks and rewards pertaining to ownership, is classified as operating lease. Lease payments and prepayments for a lease (net of any financial incentives received from the lessor) are charged to the profit and loss under a straight-line method over the lease term.

(p) Taxes
The corporate income tax expense is included in the financial statements based on the management's calculations made in accordance with the requirements of Latvian tax legislation. Deferred tax is provided for using liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of property, plant and equipment at different rates and tax losses carried forward to the future taxation periods. Deferred tax assets are recognised only to the extent that recovery is probable.

(q) Provisions for unused annual leave
The amount of provision for unused annual leave is determined by multiplying the average daily pay of employees during the reporting year by the number of accrued but unused annual leave days the end of the reporting year.

(r) Borrowings
Initially borrowings are recognised at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost which is determined using the effective interest method. The difference between the proceeds received, net of transaction costs and the redemption value of the borrowing is gradually recognized in the profit and loss account over the term of the borrowing.

(s) Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, balances of current accounts with banks and short-term deposits with a maturity term of up to 90 days.

(t) Payment of dividends
Dividends due to the shareholders are recognized in the financial statements as a liability in the period in which the shareholders approve the disbursement of dividends.

(u) Financial risk management

(u1) Financial risk factors
The activities of the Company expose it to different financial risks:
(u1.1) foreign currency risk;
(u1.2) credit risk;
(u1.3) operational risk;
(u1.4) market risk;
(u1.5) liquidity risk;
(u1.6) cash flow and interest rate risk.
The Company's overall risk management is focused on the uncertainty of financial markets and aims to reduce its adverse effects on the Company's financial indicators. The Finance Director is responsible for risk management. The Finance Director identifies, assesses and seeks to find solutions to avoid financial risks acting in close cooperation with other structural units of the Company.

(u1.1) Foreign exchange risk
The Company operates mainly in the local market and its exposure to foreign exchange risk is low. With the current income-expense structure additional monitoring procedures for currency risk monitoring are not deemed necessary. No further risk prevention mechanisms are used on the account that the overall currency risk has been assessed as low.

(u1.2) Credit risk
The Company has a credit risk concentration based on its operational specifics – issuance of loans against pledge, as well as issuance of non-secured loans that is connected with an increased risk of asset recoverability. The risk may result in short-term liquidity problems and issues related to timely coverage of short-term liabilities. The Company's policies are developed in oreder to ensure maximum control procedures in the process of loan issuance, timely identification of bad and doubtful debts and adequate provisioning for potential loss.

(u1.3) Operational risk
Operational risk is a loss risk due to external factors namely (natural disasters, crimes, etc) or internal ones (IT system crash, fraud, violation of laws or internal regulations, insufficient internal control). Operation of the Company carries a certain operational risk which can be managed using several methods including methods to identify, analyse, report and reduce the operational risk. Also self-assessment of the operational risk is carried out as well as systematic approval of new products is provided to ensure the compliance of the products and processes with the risk environment of the activity.

(u1.4) Market risk
The Company is exposed to market risks, basically related to the fluctuations of interest rates between the loans granted and funding received, as well as demand for the Company's services fluctuations. The Company attempts to limit market risks, adequately planning the expected cashflows, diversifying the product range and fixing funding resource interest rates.

Notes (continued)
Accounting policies (continued)
(u) Financial risk management (continued)

(u1.5)Liquidity risk
The Company complies with the prudence principle in the management of its liquidity risk and maintains sufficient funds. The management of the Company has an oversight responsibility of the liquidity reserves and make current forecasts based on anticipated cash flows. Most of the Company's liabilities are short-term liabilities. The management is of the opinion that the Company will be able to secure sufficient liquidity by its operating activities, however, if required, the management of the Company is certain of financial support to be available from the owners of the Company.

(u1.6) Cash flow interest rate risk
As the Company has borrowings and finance lease obligations, the Company's cash flows related to financing costs to some extent depend on the changes in market rates of interest. The Company's interest payment related cash flows depend on the current market rates of interest. The risk of fluctuating interest rates is partly averted by the fact that a number of loans received have fixed interest rates set. Additional risk minimization measures are not taken because the available bank products do not provide an effective control of risks.

(u2) Accounting for derivative financial instruments
The Company does not actively use derivative financial instruments in its operations. Derivative financial instruments are initially recognized at fair value on the date of the contract, and are thereafter measured at fair value at the balance sheet date. Derivative financial instruments are carried as assets if their fair value is positive and as liabilities if fair value is negative. Any gains or losses arising due to the changes in the fair value of the derivative financial instrument are not classified hedges and are recognized directly in the profit and loss.

(u3) Fair value
The carrying value of financial assets and liabilities approximates their fair value. See also note (e).

(u4) Management of the capital structure
In order to ensure the continuation of the Company's activities, while maximizing the return to stakeholders capital management, optimization of the debt and equity balance is performed. The Company's capital structure consists of borrowings from related persons, third party loans and loans from credit institutions and finance lease liabilities, cash and equity, comprising issued share capital, retained earnings and share premium. At year-end the ratios were as follows:

	Parent company 31.12.2015 EUR	**Group 31.12.2015 EUR**	**Parent company 31.12.2014 EUR**	**Group 31.12.2014 EUR**
Loan and lease liabilities	7 557 506	7 557 506	8 090 919	8 090 919
Cash and bank	(439 271)	(493 591)	(1 197 128)	(1 197 718)
Net debts	**7 118 235**	**7 063 915**	**6 893 791**	**6 893 201**
Equity	2 001 388	2 250 651	2 015 963	2 124 127
Liabilities / equity ratio	**3.78**	**3.36**	**4.01**	**3.81**
Net liabilities / equity ratio	**3.56**	**3.14**	**3.42**	**3.25**

(v) Significant assumptions and estimates
The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Latvian law requires the management to rely on estimates and assumptions that affect the reported amounts of assets and liabilities and off-balance sheet assets and liabilities at the date of financial statements, as well as the revenues and expenses reporting in the reporting period. Actual results may differ from these estimates.

The following judgements and key assumptions concerning the future are critical, and other causes of inaccuracies in the calculations as at the date of financial statements, with a significant risk of causing a material change in the balance sheet value of assets and liabilities within the next financial year:

- The Company review the useful lives of it's fixed assets at the end of each reporting period. The management makes estimates and uses assumptions with respect to the useful lives of fixed assets. These assumptions may change and the calculations may therefore change.
- The Company review the value of its fixed assets and intangible assets whenever any events or circumstances support that the carrying value may not be recoverable. Impairment loss is recognised in the amount equalling the difference between the carrying value of the asset and its recoverable value. Recoverable amount is the higher of an asset's fair value less the costs to sell and the value in use. The Company is of the view that considering the anticipated volumes of services no material adjustments due to impairment are required the asset values.
- In measuring inventories the management relies on its expertise, past experience, background information, and potential assumptions and possible future circumstances. In assessing the impairment of the value of inventories consideration is given to the possibility to sell the item of inventories and the net realisable value.
- The Company's management, based on estimates, makes provisions for the impairment of the value of receivables. The Company's management is of the opinion that the provisions for receivables presented in the financial statements accurately reflect the expected cash flows from these receivables and that these estimates have been made based on the best available information.
- The Company is composed with caution savings potential future payment obligations in cases where disputes the validity of such legal obligation, or there are legal disputes about the amount of such liabilities.

(w) Related parties
Related parties include the shareholders, members of the Board of the parent company of the Company, their close family members and companies in which the said persons have control or significant influence.

Notes (continued)
Accounting policies (continued)

(x) Subsequent events

Post-period-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-period-end events that are not adjusting events are disclosed in the notes when material.

(y) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(z) Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to the shareholders with the weighted-average number of shares outstanding during the year.

(1) Intangible and fixed assets of the Parent company

	Concessions, patents, trade marks and similar rights	Other intangible assets	Land and buildings	Other fixed assets and inventory	Advances	Leasehold improvements	Total
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Cost							
31.12.2014	17 084	-	1 423	698 084		286 642	1 003 233
Banknote, SIA initial value (from 01.03.2015.)							
Additions	17 749	-	-	265 924	46 858	39 329	369 860
Disposals	(931)	-	(1 423)	(58 315)	-	-	(60 669)
31.12.2015	**33 902**	**-**	**0**	**905 693**	**46 858**	**325 971**	**1 312 424**
Depreciation							
31.12.2014	11 463	-	1 423	413 224	-	183 174	609 284
Banknote, SIA initial value (from 01.03.2015.)							
Charge for 2015	3 581	-	-	185 002	-	49 376	237 959
Disposals	(856)	-	(1 423)	(48 721)	-	-	(51 000)
31.12.2015	**14 188**	**-**	**-**	**549 506**	**-**	**232 550**	**796 244**
Net book value							
31.12.2015	**19 714**	**-**	**-**	**356 187**	**46 858**	**93 421**	**516 180**
Net book value							
31.12.2014	**5 621**	**-**	**-**	**284 860**	**-**	**103 468**	**393 949**

Notes (continued)

(1) Intangible and fixed assets of the Group

	Concessions, patents, trade marks and similar rights	**Other intangible assets**	**Land and buildings**	**Other fixed assets and inventory**	**Advances**	**Goodwill**	**Leasehold improvements**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Cost								
31.12.2014.	17 084	-	1 423	698 084	-	-	286 642	1 003 233
Banknote, SIA initial value (from 01.03.2015.)	85 372	107 359	-	172 538	-	-	-	365 269
Additions	17 749	486	-	283 583	46 858	127 616	39 329	515 621
Disposals	(86 303)	(107 845)	(1 423)	(248 512)	-		-	(444 083)
31.12.2015.	**33 902**	**-**	**0**	**905 693**	**46 858**	**127 616**	**325 971**	**1 440 040**
Depreciation								
31.12.2014	11 463	-	1 423	413 224	-	-	183 174	609 284
Banknote, SIA initial value (from 01.03.2015.)	85372	98 625	-	154 873	-	-	-	338 870
Charge for 2015	3581	2 138	-	190 635	-	-	49 376	245 730
Disposals	(86228)	(100 763)	(1 423)	(209 226)	-	-	-	(397 640)
31.12.2015.	**14 188**	**0**	**0**	**549 506**	**-**	**-**	**232 550**	**796 244**
Net book value 31.12.2015	**19 714**	**0**	**0**	**356 187**	**46 858**	**127 616**	**93 421**	**643 796**
Net book value 31.12.2014	**5621**	**0**	**0**	**284 860**	**-**	**-**	**103 468**	**393 949**

As at 31 December 2015 the residual value of the fixed assets acquired under the terms of financial lease was 179 293 *euro* (31.12.2014: 109 782 *euro*). The ownership of those fixed assets will be transferred to the Group only after settlement of all lease liabilities.

Notes (continued)

(2) Parent Company's investments in subsidiaries

The Parent company is the sole shareholder of the subsidiary SIA "ExpressInkasso", SIA "Banknote", SIA "EC Investments" and SIA "EC Finance".

a) participating interest in subsidiaries

Name	Acquisition price of subsidiaries		Participating interest in share capital of subsidiaries	
	31.12.2015. EUR	31.12.2014. EUR	31.12.2015. %	31.12.2014. %
SIA ExpressInkasso (from 04.09.2013, before – SIA Lombards 24)	2 828	2 846	100	100
SIA Banknote (from 23.02.2015., before 30.04.2015 – SIA Rīgas pilsētas lombards)	880 000	-	100	100
SIA EC Investments from 06.11.2015.	3 000	-	100	100
SIA EC Finance from 01.12.2015.	3 000	-	100	100

b) information on subsidiaries

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit for the period 31.12.2015. EUR	Profit for the period 31.12.2014. EUR
SIA ExpressInkasso (from 04.09.2013; before – SIA Lombards 24)	Raunas iela 44k-1, LV-1039 Rīga, Latvija	203 756	111 009	92 765	92 001

Basic operations of SIA "ExpressInkasso" are debt collection services.

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit for the period 31.12.2015. EUR	Profit for the period 31.12.2014. EUR
SIA Banknote (from 23.02.2015., before 30.04.2015 – SIA Rīgas pilsētas lombards)	Raunas iela 44k-1, LV-1039 Rīga, Latvija	819 039	878 795	(39 847)	(529 711)

Basic operation of SIA „Banknote" is providing of loans against mortgage.

Name	Address	Shareholders' funds 31.12.2015. EUR	Shareholders' funds 31.12.2014. EUR	Profit for the period 31.12.2015. EUR	Profit for the period 31.12.2014. EUR
SIA EC Investments from 06.11.2015	Raunas iela 44k-1, LV-1039 Rīga, Latvija	(15 319)	-	(18 319)	-
SIA EC Investments from 06.11.2015	Raunas iela 44k-1, LV-1039 Rīga, Latvija	3 000	-	-	-

Basic operations of SIA „EC Investments" un SIA „EC Finance „ are activities of holding companies

(3) The Group's loans to shareholders and management

	Loans to members EUR
Cost	
31.12.2014.	1 295 066
Loans issued	1 649 189
Loan interest paid	34 417
Loans repaid	-2 103 405
31.12.2015.	**875 267**
Net book value as at 31.12.2015	**875 267**
Net book value as at 31.12.2014	**1 295 066**

Notes (continued)

The Group's loans to shareholders and management (continued)

Interest on borrowing is 3.2-4.23% per annum. The loan maturity - 31 December 2017 (including the loan principal amount and accrued interest). The Company's management has assessed the recoverability of the loans and is convinced that a provision is not necessary. All loans are denominated in euro.

(4) Loans and receivables

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Long-term loans and receivables				
Debtors for loans issued against pledge	156 022	156 022	321 288	321 288
Debtors for loans issued without pledge	389 046	389 046	141 322	141 322
Long-term loans and receivables, total	**545 068**	**545 068**	**462 610**	**462 610**
Short-term loans and receivables				
Debtors for loans issued against pledge	2 077 600	2 077 600	1 975 203	1 975 203
Debtors for loans issued without pledge	3 791 853	4 120 862	3 496 152	3 924 489
Interest accrued	510 551	510 551	606 901	606 901
Provisions for bad and doubtful trade debtors	(710 540)	(710 540)	(676 893)	(676 893)
Short-term loans and receivables, total	**5 669 464**	**5 998 473**	**5 401 363**	**5 829 700**
Loans and receivables	**6 214 532**	**6 543 541**	**5 863 973**	**6 292 310**

Long term receivables for the loans issued don't exceed 5 years.

In 30 June 2015 and 30 November 2015 were concluded contracts with SIA “ExpressInkasso” about cession of bad receivable amounts. The carrying value of the claim amount - accordingly EUR 543 792 and EUR 843 436, the amount of compensation according to the independent evaluators' assessment – accordingly EUR 163 138 and 253 032. Losses from this transactions were recognised in the current year. As at 27 May 2015 and 28 December 2015 the subsidiary company SIA "ExpressInkasso" signed a contract with a third party for the bad receivable amounts cession. The carrying value of the claim in the subsidiary's balance sheet - accordingly EUR 231 689 and EUR 171 492, the amount of compensation – accordingly EUR 199 083 and EUR 144 743. Losses from this transactions were recognised in the current year.

The claims in amount of EUR 2 233 622 (31.12.2014: EUR 2 296 491) are secured by the value of the collateral. Claims against debtors for loans issued against pledge is secured by pledges, whose fair value is about 1.5 times higher than the carrying value, therefore provisions for overdue loans are not made. All pledges, for which loan payments are delayed, becomes the Group's property and are realized in the Group's stores.

(4a) Provisions for bad and doubtful trade and other receivables

	Parent company 2015 EUR	Group 2015 EUR	Parent company 2014 EUR	Group 2014 EUR
Provisions for bad and doubtful receivables at the beginning of the year	676 893	676 893	555 590	555 590
Written-off	(4 945)	(4 945)	(22 090)	(22 090)
Additional provisions	38 592	38 592	143 393	143 393
Provisions for bad and doubtful receivables at the end of the year	**710 540**	**710 540**	**676 893**	**676 893**

Notes (continued)

(5) Receivables from affiliated companies

	31.12.2015. EUR	31.12.2015. EUR	31.12.2014. EUR	31.12.2014. EUR
Debts for goods and fixed assets sold, prepayment	1 408	1 408	35 514	36 403
ExpressCreditEesti OU liability for loan issued and loan interest	5 031	5 031	4 149	4 149
SIA A.Kredīts liability for loan issued , loan interest and services delivered	99 379	99 379	102 025	102 025
SIA Ebility liability for loan issued, loan interest and debt for the assigned rights of claim	-	13 335	-	31 876
SIA ExpressInkasso debt for the assigned rights of claim (see Note 15)	289 113	-	333 800	-
Liabilities of the Parent company's board for the loan issued and loan interest	37	37	9 004	34 420
SIA EC Investments liability for loan issued and loan interest	40 522	-	-	-
	435 490	**119 190**	**484 492**	**208 873**

The interest rate on loans to related parties - 3:2-4.23 %. All loans and other claims denominated in euro.

(6) Bonds issued

	Parent company 31.12.2015. EUR	Group 31.12.2015. EUR	Parent company 31.12.2014. EUR	Group 31.12.2014. EUR
Bonds issued	5 500 000	5 500 000	6 500 000	6 500 000
Bonds commission	(10 352)	(10 352)	(28 534)	(28 534)
Total long-term part of bonds issued	**5 489 648**	**5 489 648**	**6 471 466**	**6 471 466**
Bonds issued	1 000 000	1 000 000	1 000 000	1 000 000
Bonds commission	(18 182)	(18 182)	(24 867)	(24 867)
Interest accrued	34 453	34 453	17 303	17 303
Total short-term part of bonds issued	**1 016 271**	**1 016 271**	**992 436**	**992 436**
Bonds issued, total	**6 500 000**	**6 500 000**	**7 500 000**	**7 500 000**
Interest accrued, total	**34 453**	**34 453**	**17 303**	**17 303**
Bonds commission, total	**(28 534)**	**(28 534)**	**(53 401)**	**(53 401)**
Bonds issued net	**6 505 919**	**6 505 919**	**7 463 902**	**7 463 902**

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801280) with the Latvia Central Depository on the following terms – number of financial instruments 5 000 with the nominal value of 600 *euro*, with the total nominal value of 3 000 000 *euro*. Coupon rate - 14%, coupon is paid once a month on the 25th date. The principal amount is repaid once in a quarter in the amount of 50 *euro* per bond. The maturity of the bonds – 25 November 2018. On 28 March 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

As at the date of signing of the annual report the Parent company of the Group has registered secured bonds (ISIN LV0000801322) with the Latvia Central Depository on the following terms – number of financial instruments 3 500 with the nominal value of 1000 *euro*, with the total nominal value of 3 500 000 *euro*. Coupon rate - 15%, coupon is paid once a month on the 25th date. The principal amount is to be repaid once in a quarter in the amount of 125 *euro* per bond starting 25 March 2019. The maturity of the bonds – 25 December 2020. On 14 April 2014 the public quotation of the bonds with NASDAQ OMX Riga Baltic Securities list was started.

The bonds are secured by the commercial pledge of the total assets and shares of the Group, as well as future components of these assets. The bonds are also secured by the financial pledge of the cash assets and financial instruments (if existent) of the Group held at AS "Reģionālā investīciju banka". The bond holders have the rights to recover their assets proportionately to their share of investment in case of pledge realisation if the parent company has breached the conditions of coupon payment or principal repayment.

The following pledge agreements with the total pledge value of EUR 6 million are concluded. The secured amount of each pledge – in the total value of the pledge amount:

- with the parent company on 100% shares of SIA "EkspressInkasso";
- with the parent company and its subsidiary on aggregate movable property and future components of these assets;
- with the parent company on aggregate movable property and future components of these assets. Leased vehicles are excluded from the pledge listing.

Notes (continued)

(7) Parent company's taxes and social insurance

	VAT	**Corporate income tax**	**Real estate tax***	**Business risk charge**	**Social insurance**	**Payroll tax**	**Vehicles tax**	**Natural resource tax**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Liabilities 31.12.2014.	**33 984**	**47 545**	**-**	**100**	**85 648**	**98 884**	**2 112**	**-**	**268 273**
Charge for 2015	345 412	283 684	269	1 311	1 181 147	758 899	12 912	-	**2 583 634**
Penalties calculated for 2015	66	47	-	-	-	849	-	-	**962**
Transferred to other taxes	1951	-	-	-	(1951)	-	-	-	**-**
Paid in 2015	(359 111)	(349 935)	(269)	(1 307)	(1 165 419)	(728 056)	(11 492)	-	**(2 615 589)**
Liabilities 31.12.2015.	**22 302**	**(18 659)**	**-**	**104**	**99 425**	**130 576**	**3 532**	**-**	**237 280**

Group's taxes and social insurance

	VAT	**Corporate income tax**	**Real estate tax***	**Business risk charge**	**Social insurance**	**Payroll tax**	**Vehicles tax**	**Natural resource tax**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Liabilities 31.12.2014.	**33 980**	**69 240**	**-**	**99**	**86 962**	**99 559**	**2 112**	**-**	**291 952**
Acquired Banknote, SIA 01.03.2015.	**984**	**(2 896)**	**-**	**-**	**1 904**	**(447)**	**-**	**-**	**(455)**
Charge for 2015	356 619	297 054	269	1 372	1 220 167	781 591	12 912	14	**2 669 998**
Penalties calculated for 2015	146	47	-	-	4	903	-	-	**1 100**
Transferred to other taxes	456	2 896	-	-	(4 572)	1 220	-	-	**-**
Paid in 2015	(373 572)	(394 454)	(269)	(1370)	(1 203 976)	(751 728)	(11 492)	-	**(2 736 861)**
Liabilities 31.12.2015.	**18 613**	**(28 113)**	**-**	**101**	**100 489**	**131 098**	**3 532**	**14**	**225 734**

* Real estate tax payments are performed also for the leased premises in Riga, Gogoļa Street.

Notes (continued)

(8) Related party transactions

In the annual report there are presented only those related parties with whom have been transactions in the reporting year or in the comparative period.
All the transactions have been performed at market rates.

	2015 EUR	2014 EUR
Parent company transactions with:		
Owners of the parent company (from 30.10.2013)		
Interest paid	-	6 915
Interest received	34 417	66 128
Loans received	-	203 775
Loans repaid	-	203 775
Loans issued	1 649 189	8421
Loan repayment received	2 069 749	721 540
Dividends paid	1 309 562	1 100 000
Services received	3 455	-
Goods sold	24 951	-
Fixed assets sold	268	-
Cession of loans	320 547	-
Subsidiaries		
Cession of loans	623 429	1 044 659
Goods sold	206	-
Goods received	3 570	-
Fixed assets received	63 606	-
Services received	1 411	-
Services delivered	10 065	-
Loans issued	92 480	-
Loan repayment received	52 480	-

	2015 EUR	2014 EUR
Parent company's transactions with ::		
Subsidiaries		
Loans received	199 000	-
Loans repaid	199 000	-
Interest received	799	-
Interest paid	2 500	-
Shares received	6 000	-
Takeover of company independent parts	528 216	-
Companies and individuals under common control or significant influence:		
Loans issued	1 969 900	653 034
Loan repayment received	1 975 050	647 884
Loans received	1 868 500	698 000
Loans repaid	1 868 500	698 000
Interest received	7 059	6 219
Interest paid	11 923	7 963
Services delivered	-	7 680
Bonds sold	385 219	-

	2015 EUR	2014 EUR
Parent company's transactions with:		
Other related companies		
Goods sold	800	18 236
Goods received	20 636	24 495
Fixed assets received	702	9 281
Fixed assets sold	-	32 000
Services received	84 174	139 032
Services delivered	10 790	18 305
Loans issued	869 620	418 913
Loan repayment received	886 870	824 928
Loans received	16 900	95 000
Loans repaid	350	2 159 600
Interest received	20 289	7 142
Interest paid	257	20 002

Notes (continued)

(8) Related party transactions (continued)

	2015 EUR	2014 EUR
Group's transactions with:		
Owners of the parent company (from 30.10.2013)		
Interest paid	-	6 915
Interest received	76 610	67 002
Loans received	-	203 775
Loans repaid	-	203 775
Loans issued	1 649 189	39 421
Loan repayment received	2 100 749	721 540
Dividends paid	1 309 562	1 100 000
Goods sold	24 951	-
Fixed assets sold	268	-
Services received	4 925	-
Cession of loans	338 925	-
Companies and individuals under common control or significant influence		
Cession of loans	-	-
Loans issued	1 969 900	326 875
Loan repayment received	1 999 603	302 725
Loans received	1 868 500	690 000
Loans repaid	1 868 500	690 000
Interest received	7 393	5 543
Interest paid	11 923	7 963
Bonds sold	385 219	-
Other related companies		
Goods sold	800	18 236
Goods received	20 636	24 495
Fixed assets received	702	9 281
Fixed assets sold	-	32 000
Services received	84 174	139 032
Services delivered	10 790	18 305
Loans issued	869 620	418 913
Loan repayment received	886 870	824 928
Loans received	16 900	95 000
Loans repaid	350	2 159 600
Interest received	20 289	7 142
Interest paid	257	20 002

(9) Guarantees issued

As at 31 December 2015 the Parent company has issued guarantees to the owners of the Company and other related companies for the purchase of cars under the terms of financial lease. The total amount guaranteed as at 31.12.2015 - EUR 206 107.

(10) Subsequent events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2015.