

# **Home Credit B.V.**

**Condensed Consolidated Interim Financial Report  
for the nine-month period ended 30 September 2014**

**(unaudited)**

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	Note	30 Sep 2014 TEUR	31 Dec 2013 TEUR
<b>ASSETS</b>			
Cash and cash equivalents	8	1,202,049	926,483
Due from banks, other financial institutions and holding companies	9	624,539	410,233
Loans to customers	10	6,300,977	7,171,284
Positive fair value of derivative instruments	11	71,640	18,908
Financial assets available-for-sale	12	287,961	158,505
Financial assets held-to-maturity		2,976	3,440
Assets classified as held for sale	5	5,419	14,724
Current income tax receivables		22,873	15,898
Deferred tax assets		67,834	49,710
Investments in associates		2,237	3,589
Intangible assets	13	110,678	94,913
Property and equipment	14	213,121	233,267
Other assets	15	203,380	212,413
<b>Total assets</b>		<b><u>9,115,684</u></b>	<b><u>9,313,367</u></b>
<b>LIABILITIES</b>			
Current accounts and deposits from customers	16	4,518,154	5,105,402
Due to banks and other financial institutions	17	1,533,526	604,421
Debt securities issued	18	598,261	1,120,915
Negative fair value of derivative instruments	19	6,620	17,962
Liabilities classified as held for sale	5	-	1,574
Current income tax liabilities		25,552	27,287
Deferred tax liabilities		5,059	5,014
Insurance and other provisions	20	105,388	130,335
Subordinated liabilities	21	575,033	511,461
Other liabilities	22	298,059	256,525
<b>Total liabilities</b>		<b><u>7,665,652</u></b>	<b><u>7,780,896</u></b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	23	659,020	659,020
Share premium	23	299,872	184,377
Statutory reserves	23	16,888	11,672
Foreign currency translation	23	(282,171)	(208,627)
Cash flow hedge reserve	23	3,963	(73)
Reserve for business combinations under common control	23	(80,685)	15,106
Revaluation reserve	23	(467)	431
Other reserves		830,303	867,649
<b>Total equity attributable to equity holders of the parent company</b>		<b><u>1,446,723</u></b>	<b><u>1,529,555</u></b>
<b>Non-controlling interests</b>		<b><u>3,309</u></b>	<b><u>2,916</u></b>
<b>Total equity</b>		<b><u>1,450,032</u></b>	<b><u>1,532,471</u></b>
<b>Total liabilities and equity</b>		<b><u>9,115,684</u></b>	<b><u>9,313,367</u></b>

*Home Credit B.V.*  
*Condensed Consolidated Interim Statement of Comprehensive Income*  
*for the nine-month period ended 30 September 2014*

	Note	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR	3 months ended 30 Sep 2014 TEUR	3 months ended 30 Sep 2013 TEUR
Interest income	24	1,552,760	1,864,177	500,407	649,163
Interest expense	24	(481,893)	(541,381)	(166,615)	(189,331)
<b>Net interest income</b>		<b>1,070,867</b>	<b>1,322,796</b>	<b>333,792</b>	<b>459,832</b>
Fee and commission income	25	389,986	555,657	141,314	161,904
Fee and commission expense	26	(64,763)	(79,823)	(17,445)	(29,028)
<b>Net fee and commission income</b>		<b>325,223</b>	<b>475,834</b>	<b>123,869</b>	<b>132,876</b>
Insurance income	27	34,432	10,193	13,644	5,032
Net gains/(losses) on financial assets and liabilities	28	3,463	(11,723)	4,540	(2,328)
Other operating income	29	66,332	126,506	20,897	30,294
<b>Operating income</b>		<b>1,500,317</b>	<b>1,923,606</b>	<b>496,742</b>	<b>625,706</b>
Impairment losses on financial assets	30	(897,736)	(889,900)	(274,690)	(322,955)
General administrative expenses	31	(570,901)	(595,310)	(173,993)	(199,951)
Other operating expenses	32	(75,800)	(54,920)	(24,405)	(19,071)
<b>Operating expenses</b>		<b>(1,544,437)</b>	<b>(1,540,130)</b>	<b>(473,088)</b>	<b>(541,977)</b>
(Losses)/gains on disposals of associates and subsidiaries		(691)	2,786	(11)	(64)
Share of earnings in associates		1,503	2,968	869	1,640
<b>(Loss)/profit before tax</b>		<b>(43,308)</b>	<b>389,230</b>	<b>24,512</b>	<b>85,305</b>
Income tax expense	33	(23,555)	(95,887)	(12,448)	(26,885)
<b>Net (loss)/profit for the period</b>		<b>(66,863)</b>	<b>293,343</b>	<b>12,064</b>	<b>58,420</b>
(Loss)/profit attributable to:					
Equity holders of the parent company		(64,445)	294,988	12,964	59,380
Non-controlling interests		(2,418)	(1,645)	(900)	(960)
		<b>(66,863)</b>	<b>293,343</b>	<b>12,064</b>	<b>58,420</b>
<b>Other comprehensive income which will be subsequently reclassified to profit or loss:</b>					
Currency translation		(69,364)	(108,343)	(15,754)	(41,274)
Revaluation losses on available-for-sale financial assets		(947)	(6,496)	(1,968)	(4,244)
Revaluation (losses)/gains on available-for-sale financial assets transferred to profit or loss		(443)	4,535	1,133	3,073
Cash flow hedge reserve – effective portion of changes in fair value		5,045	2,006	(2,230)	(143)
Income tax relating to components of other comprehensive income		(517)	(8)	551	264
<b>Other comprehensive income for the period</b>		<b>(66,226)</b>	<b>(108,306)</b>	<b>(18,268)</b>	<b>(42,324)</b>
<b>Total comprehensive income for the period</b>		<b>(133,089)</b>	<b>185,037</b>	<b>(6,204)</b>	<b>16,096</b>
Total comprehensive income attributable to:					
Equity holders of the parent company		(131,132)	186,303	(5,737)	16,649
Non-controlling interests		(1,957)	(1,266)	(467)	(553)
		<b>(133,089)</b>	<b>185,037</b>	<b>(6,204)</b>	<b>16,096</b>

The condensed consolidated interim financial statements as set out on pages 3 to 38 were approved by the Board of Directors on 9 December 2014.

Jiří Šmejce  
Chairman of the Board of Directors





Attributable to equity holders of the parent company

	Share capital	Share premium	Statutory reserves	Foreign currency translation	Reserve for business combinations under common control	Revaluation reserve	Cash flow hedge reserve	Other reserves	Total	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2014	659,020	184,377	11,672	(208,627)	15,106	431	(73)	867,649	1,529,555	2,916	1,532,471
Share premium increase	-	115,495	-	-	-	-	-	-	115,495	-	115,495
Acquisition of PPF Vietnam Finance Company (LLC) and Home Credit Consumer Finance Co., Ltd.	-	-	5,108	(5,019)	(95,791)	-	-	27,575	(68,127)	-	(68,127)
Disposal of subsidiaries	-	-	-	1,300	-	-	-	-	1,300	-	1,300
Changes in non-controlling interests	-	-	-	-	-	-	-	(368)	(368)	2,350	1,982
Transfers	-	-	108	-	-	-	-	(108)	-	-	-
<b>Total</b>	<b>659,020</b>	<b>299,872</b>	<b>16,888</b>	<b>(212,346)</b>	<b>(80,685)</b>	<b>431</b>	<b>(73)</b>	<b>894,748</b>	<b>1,577,855</b>	<b>5,266</b>	<b>1,583,121</b>
Currency translation	-	-	-	(69,825)	-	-	-	-	(69,825)	461	(69,364)
Revaluation of available-for-sale financial assets, net of tax	-	-	-	-	-	(898)	-	-	(898)	-	(898)
Change in cash flow hedge reserve, net of tax	-	-	-	-	-	-	4,036	-	4,036	-	4,036
Loss for the period	-	-	-	-	-	-	-	(64,445)	(64,445)	(2,418)	(66,863)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69,825)</b>	<b>-</b>	<b>(898)</b>	<b>4,036</b>	<b>(64,445)</b>	<b>(131,132)</b>	<b>(1,957)</b>	<b>(133,089)</b>
<b>Total changes</b>	<b>-</b>	<b>115,495</b>	<b>5,216</b>	<b>(73,544)</b>	<b>(95,791)</b>	<b>(898)</b>	<b>4,036</b>	<b>(37,346)</b>	<b>(82,832)</b>	<b>393</b>	<b>(82,439)</b>
<b>Balance as at 30 September 2014</b>	<b>659,020</b>	<b>299,872</b>	<b>16,888</b>	<b>(282,171)</b>	<b>(80,685)</b>	<b>(467)</b>	<b>3,963</b>	<b>830,303</b>	<b>1,446,723</b>	<b>3,309</b>	<b>1,450,032</b>

Attributable to equity holders of the parent company

	Share capital	Share premium	Statutory reserves	Foreign currency translation	Reserve for business combinations under common control	Revaluation reserve	Hedging reserve	Other reserves	Total	Non-controlling interests	Total equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance as at 1 January 2013	659,020	303,969	4,853	(54,590)	15,106	462	(971)	473,962	1,401,811	102,788	1,504,599
Share premium changes	-	(329)	-	-	-	-	-	-	(329)	-	(329)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	73,759	73,759	(100,759)	(27,000)
Other changes in non-controlling interests	-	-	-	-	-	-	-	82	82	2,792	2,874
Transfers	-	-	2,183	-	-	-	-	(2,183)	-	-	-
<b>Total</b>	<b>659,020</b>	<b>303,640</b>	<b>7,036</b>	<b>(54,590)</b>	<b>15,106</b>	<b>462</b>	<b>(971)</b>	<b>545,620</b>	<b>1,475,323</b>	<b>4,821</b>	<b>1,480,144</b>
Currency translation	-	-	-	(108,722)	-	-	-	-	(108,722)	379	(108,343)
Revaluation of available-for-sale financial assets, net of tax	-	-	-	-	-	(1,568)	-	-	(1,568)	-	(1,568)
Effect of hedge accounting, net of tax	-	-	-	-	-	-	1,605	-	1,605	-	1,605
Profit for the period	-	-	-	-	-	-	-	294,988	294,988	(1,645)	293,343
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108,722)</b>	<b>-</b>	<b>(1,568)</b>	<b>1,605</b>	<b>294,988</b>	<b>186,303</b>	<b>(1,266)</b>	<b>185,037</b>
<b>Total changes</b>	<b>-</b>	<b>(329)</b>	<b>2,183</b>	<b>(108,722)</b>	<b>-</b>	<b>(1,568)</b>	<b>1,605</b>	<b>366,646</b>	<b>259,815</b>	<b>(99,233)</b>	<b>160,582</b>
<b>Balance as at 30 September 2013</b>	<b>659,020</b>	<b>303,640</b>	<b>7,036</b>	<b>(163,312)</b>	<b>15,106</b>	<b>(1,106)</b>	<b>634</b>	<b>840,608</b>	<b>1,661,626</b>	<b>3,555</b>	<b>1,665,181</b>

*Home Credit B.V.*  
*Condensed Consolidated Interim Statement of Cash Flows*  
*for the nine-month period ended 30 September 2014*

		9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
	Note		
Net operating cash flow before changes in working capital		1,433,504	1,851,632
Cash flows from operations		772,658	1,481,898
<b>Cash flows from operating activities</b>		<b>306,110</b>	<b>911,889</b>
<b>Cash flows (used in)/from investing activities</b>		<b>(218,487)</b>	<b>328,526</b>
<b>Cash flows from/(used in) financing activities</b>		<b><u>245,453</u></b>	<b><u>(1,079,083)</u></b>
Net increase in cash and cash equivalents		333,076	161,332
Cash and cash equivalents as at 1 January	8	926,483	1,210,087
Effects of exchange rate changes on cash and cash equivalents		<u>(57,510)</u>	<u>(90,503)</u>
<b>Cash and cash equivalents as at 30 September</b>	<b>8</b>	<b><u><u>1,202,049</u></u></b>	<b><u><u>1,280,916</u></u></b>

## 1. Description of the Group

Home Credit B.V. (the “Company”) was incorporated on 28 December 1999 in the Netherlands.

### Registered office

Strawinskylaan 933  
 1077 XX Amsterdam  
 The Netherlands

Shareholders	Country of incorporation	Ownership interest (%)	
		30 Sep 2014	31 Dec 2013
PPF Group N.V.	Netherlands	86.62	86.62
EMMA OMEGA LTD	Cyprus	13.38	13.38

The ultimate controlling party is Mr. Petr Kellner, who exercises control through PPF Group N.V.

### Principal activities

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are the provision of consumer financing to private individual customers in Central European, Commonwealth of Independent States (CIS) and Asian countries as well as deposit taking, saving and current bank account service and maintenance, payments, insurance and other services.

### Board of Directors

Jiří Šmejč	Chairman	
Jan Cornelis Jansen	Vice-chairman	
Rudolf Bosveld	Member	
Pavel Horák	Member	
Jean-Pascal Duvieusart	Member	until 31 May 2014
Mel Gerard Carvill	Member	
Marcel Marinus van Santen	Member	from 1 June 2014
Paulus Aloysius de Reijke	Member	from 1 June 2014
Lubomír Král	Member	from 1 June 2014

## 1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Sep 2014	31 Dec 2013
Home Credit Bank (OJSC)	Belarus	100.00	100.00
PPF Insurance (FICJSC)	Belarus	100.00	100.00
Guangdong Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Home Credit Business Management (Tianjin) Co., Ltd. <sup>1)</sup>	China	100.00	100.00
Home Credit Consumer Finance Co., Ltd. <sup>2)</sup>	China	100.00	-
Sichuan Home Credit Financing Guarantee Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Financial Service Co., Ltd.	China	100.00	100.00
Shenzhen Home Credit Guarantee Co., Ltd.	China	100.00	100.00
Redlione (LLC)	Cyprus	100.00	100.00
Astavedo Limited	Cyprus	100.00	100.00
Enadoco Limited	Cyprus	100.00	100.00
Rhaskos Finance Limited	Cyprus	100.00	100.00
Septus Holding Limited	Cyprus	100.00	100.00
Sylander Capital Limited	Cyprus	100.00	100.00
Talpa Estero Limited	Cyprus	100.00	100.00
Click Credit (LLC)	Czech Republic	100.00	100.00
Home Credit (JSC)	Czech Republic	100.00	100.00
Home Credit Advisory Asia (LLC) <sup>3)</sup>	Czech Republic	-	100.00
Home Credit International (JSC)	Czech Republic	100.00	100.00
HC Broker (LLC)	Czech Republic	100.00	100.00
HC Insurance Services (LLC)	Czech Republic	100.00	100.00
Autotým (LLC) <sup>2)</sup>	Czech Republic	100.00	-
Home Credit Egypt Trade S.A.E. <sup>1)</sup>	Egypt	100.00	100.00
Credis Invest (Hong Kong) Ltd. <sup>3)</sup>	Hong Kong	-	100.00
Favour Ocean Ltd.	Hong Kong	100.00	100.00
Home Credit Asia Limited	Hong Kong	100.00	100.00
Saint World Ltd.	Hong Kong	100.00	100.00
Home Credit India Finance Private Limited	India	100.00	100.00
PT. Home Credit Indonesia	Indonesia	75.00	70.00
JSC Home Credit Kazakhstan	Kazakhstan	100.00	100.00
Home Credit and Finance Bank (SB JSC)	Kazakhstan	100.00	100.00
Eurasia Capital S.A. <sup>4)</sup>	Luxemburg	0.00	0.00
Eurasia Structured Finance No.1 S.A. <sup>1)4)</sup>	Luxemburg	0.00	0.00
Eurasia Credit Card Company S.A. <sup>1)4)</sup>	Luxemburg	0.00	0.00
HC Asia N.V.	Netherlands	100.00	100.00
Home Credit India B.V.	Netherlands	100.00	100.00
Home Credit Indonesia B.V.	Netherlands	100.00	100.00
Home Credit Lab N.V. <sup>5)</sup>	Netherlands	100.00	100.00
HC Philippines Holdings B.V.	Netherlands	100.00	100.00
Eurasia Structured Finance No.3 B.V. <sup>4)</sup>	Netherlands	0.00	0.00
Eurasia Structured Finance No.4 B.V. <sup>4)6)</sup>	Netherlands	0.00	-
HC Consumer Finance Philippines, Inc. <sup>7)</sup>	Philippines	95.34	85.59
PPF Home Credit IFN S.A. <sup>1)</sup>	Romania	100.00	100.00
Home Credit and Finance Bank (LLC)	Russian Federation	100.00	100.00
Financial Innovations (LLC)	Russian Federation	100.00	100.00
Online Technologies (LLC) <sup>8)</sup>	Russian Federation	100.00	100.00
Bonus Center Operations (LLC)	Russian Federation	100.00	100.00

<sup>1)</sup> subsidiaries in the process of liquidation

<sup>2)</sup> subsidiary acquired in 2014

<sup>3)</sup> subsidiaries liquidated in 2014

<sup>4)</sup> special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

<sup>5)</sup> in August 2014 the Group's subsidiary Home Credit Africa N.V. was renamed to Home Credit Lab N.V.

<sup>6)</sup> entity established in 2014

<sup>7)</sup> the Group's share on the voting rights in HC Consumer Finance Philippines, Inc. is 60.00%

<sup>8)</sup> in February 2014 the Group's subsidiary Inko Technopolis (LLC) was renamed to Online Technologies (LLC)



## 1. Description of the Group (continued)

Consolidated subsidiaries	Country of incorporation	Ownership interest (%)	
		30 Sep 2014	31 Dec 2013
Home Credit Insurance (LLC)	Russian Federation	100.00	100.00
PPF Insurance (PSC) <sup>1)</sup>	Russian Federation	-	100.00
HC Finance (LLC) <sup>2)</sup>	Russian Federation	0.00	0.00
HC Finance No. 2 (LLC) <sup>2) 3)</sup>	Russian Federation	0.00	-
Home Credit Slovakia (JSC)	Slovak Republic	100.00	100.00
Collect-Credit (LLC)	Ukraine	100.00	100.00
Homer Software House (LLC)	Ukraine	100.00	100.00
Home Credit US (LLC) <sup>4)</sup>	USA	100.00	-
Home Credit US Holding (LLC) <sup>4)</sup>	USA	100.00	-
Easy Dreams Company Limited	Vietnam	100.00	100.00
PPF Vietnam Finance Company (LLC) <sup>5)</sup>	Vietnam	100.00	-

<sup>1)</sup> subsidiary sold in 2014

<sup>2)</sup> special purpose entities established to facilitate the Group's issues of debt securities and subordinated liabilities

<sup>3)</sup> entity established in 2014

<sup>4)</sup> subsidiaries established in 2014

<sup>5)</sup> subsidiary acquired in 2014

In April 2014 the Group entered into a transaction regarding the sale of its 100% equity stake in PPF Insurance (PSC). The settlement of the transaction took place in May 2014. The sales proceeds amounted to TEUR 8,122.

The special purpose entities were established by the Group with the primary objective of raising finance through the issuance of debt securities and subordinated debt including loan portfolio securitizations. These entities are run according to pre-determined criteria that are part of their initial design. The day-to-day servicing is carried out by the Group under a servicing contract; other key decisions are also made by the Group. In addition, the Group is exposed to a variability of returns from the entities through exposure to tax benefits and cost savings related to the funding activities. As a result, the Group concludes that it controls these entities.

Associates	Country of incorporation	Ownership interest (%)	
		30 Sep 2014	31 Dec 2013
Společnost pro informační databáze (JSC)	Czech Republic	27.96	26.00
Filcommerce Holdings, Inc.	Philippines	40.00	40.00
Equifax Credit Services (LLC)	Russian Federation	25.00	25.00



## 1. Description of the Group (continued)

### Major acquisitions in 2014

In 2012 the Group executed agreements with its shareholder concerning the future acquisition of 100% shares in CF Commercial Consulting (Beijing) Co., Ltd., PPF Vietnam Finance Company (LLC) and Home Credit Consumer Finance Co., Ltd. The transfer of ownership rights was subject to obtaining regulatory approvals by the respective regulators in Vietnam and China. These regulatory approvals were obtained in July and August 2014 for PPF Vietnam Finance Company (LLC) and Home Credit Consumer Finance Co., Ltd. respectively. As a result, the Group exercises control over these two entities.

The transfer of ownership rights to Home Credit Consumer Finance Co., Ltd. was settled in August 2014. The transaction price was TEUR 84,000. In connection with the transaction, PPF Group N.V. increased the Group's share premium by TEUR 45,495.

The price for the acquisition of PPF Vietnam Finance Company (LLC) was TEUR 70,000, and the settlement took place in October 2014. As at 30 September 2014 the balance was reported in other liabilities (Note 22). In connection with the transaction, PPF Group N.V. increased the Group's share premium by TEUR 70,000. The settlement of the share premium increase took place in October 2014. As at 30 September 2014 the balance was reported in other assets (Note 15).

The main reason for both acquisitions is the geographical expansion and diversification of the Group's business.

The transfer of ownership rights to CF Commercial Consulting (Beijing) Co., Ltd. is still subject to obtaining regulatory approvals by the respective regulators in China. Therefore, as of 30 September 2014 this company was not treated as a consolidated subsidiary.

### Acquisition of PPF Vietnam Finance Company (LLC)

The acquisition price of PPF Vietnam Finance Company (LLC) was TEUR 70,000, and the acquisition date was 1 July 2014. The acquisition date fair values of identifiable assets acquired and liabilities assumed of PPF Vietnam Finance Company (LLC) are presented below:

	TEUR
<b>ASSETS</b>	
Cash and cash equivalents	40,689
Due from banks, other financial institutions and holding companies	19,514
Loans to customers	175,119
Deferred tax assets	3,222
Intangible assets	7,495
Property and equipment	2,642
Other assets	10,660
<b>Total assets</b>	<b>259,341</b>
<b>LIABILITIES</b>	
Due to banks and other financial institutions	181,053
Debt securities issued	3,444
Negative fair value of derivative instruments	433
Current income tax liabilities	2,563
Other liabilities	11,241
<b>Total liabilities</b>	<b>198,734</b>

In the period since the acquisition date to 30 September 2014 PPF Vietnam Finance Company (LLC) contributed TEUR 31,936 and TEUR 7,792 to the Group's revenues and profit respectively.

The Group's management estimates that if the acquisition date had been as of the beginning of the annual period, PPF Vietnam Finance Company (LLC) would have contributed TEUR 111,503 and TEUR 22,170 to the Group's revenues and profit respectively in the nine-month period ended 30 September 2014.

## 1. Description of the Group (continued)

### Acquisition of Home Credit Consumer Finance Co., Ltd.

The acquisition price of Home Credit Consumer Finance Co., Ltd. was TEUR 84,000, and the acquisition date was 1 August 2014. The acquisition date fair values of identifiable assets acquired and liabilities assumed of Home Credit Consumer Finance Co., Ltd. are presented below:

	<b>TEUR</b>
<b>ASSETS</b>	
Cash and cash equivalents	9,323
Due from banks, other financial institutions and holding companies	266
Loans to customers	72,976
Deferred tax assets	677
Intangible assets	4,531
Property and equipment	9,558
Other assets	1,713
<b>Total assets</b>	<b>99,044</b>
<b>LIABILITIES</b>	
Due to banks and other financial institutions	57,266
Current income tax liabilities	159
Other liabilities	6,077
<b>Total liabilities</b>	<b>63,502</b>

In the period since the acquisition date to 30 September 2014 Home Credit Consumer Finance Co., Ltd. contributed TEUR 6,605 and TEUR 408 to the Group's revenues and profit respectively.

The Group's management estimates that if the acquisition date had been as of the beginning of the annual period, Home Credit Consumer Finance Co., Ltd. would have contributed TEUR 18,070 and TEUR 786 to the Group's revenues and profit respectively in the nine-month period ended 30 September 2014.

## **2. Basis of preparation**

The condensed consolidated interim financial statements for the nine-month period ended 30 September 2014 comprise the Company and its subsidiaries.

### **(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2013. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

### **(b) Basis of measurement**

The condensed consolidated interim financial statements are prepared on the historic cost basis except for financial instruments at fair value through profit or loss and financial assets available-for-sale that are measured at fair value. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

### **(c) Presentation and functional currency**

These financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's presentation currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

### **(d) Changes in comparative figures**

Stamp duties paid were previously presented as an item reducing penalty fee income. In 2014 they are presented as part of fee and commission expense.

Accordingly, stamp duties of TEUR 6,309 for the nine-month period ended 30 September 2013 were reclassified from penalty fees in fee and commission income to fee and commission expense in order to conform to the presentation in 2014.

The reclassification had no impact on the Group's result or equity.

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

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### **Fair value measurement**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.



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

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the end of the reporting period for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the end of the reporting period.

The fair value of debt and equity securities available-for-sale is based on their quoted market price. Derivative contracts are not exchange traded and their fair value is estimated using arbitrage pricing models where key parameters are relevant foreign exchange rates and interbank interest rates ruling at the end of the reporting period.

### **(f) Basis of consolidation**

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

Subsidiaries are enterprises controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

#### **(ii) Associates**

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

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

### **(iii) Special purpose entities**

The Group has established a number of special purpose entities (SPEs) for the purpose of raising finance. The Group does not have any direct or indirect shareholdings in these entities. These SPEs are controlled by the Group through the predetermination of the activities of SPEs, having rights to obtain the majority of benefits of the SPEs, and retaining the majority of the residual risks related to the SPEs.

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

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

## **3. Significant accounting policies**

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

The accounting policies have been applied consistently by all Group entities and to all periods presented in these condensed consolidated interim financial statements.

### **(a) Changes in accounting policies and accounting pronouncements adopted since 1 January 2014**

The following revised standards effective from 1 January 2014 are mandatory and relevant for the Group and have been applied by the Group since 1 January 2014.

#### IFRS 10 Consolidated Financial Statements IFRS 12 Disclosure of Interests in Other Entities

In May 2011 IASB issued these two new standards as improvements to the accounting requirements for off balance sheet activities and joint arrangements. IASB has declared the effectiveness of the standards, inclusive related standards IAS 27 and IAS 28, from 1 January 2013 but the EU requires the application from 1 January 2014.

IFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

An investor controls an investee when:

- it is exposed or has rights to variable returns from its involvement with that investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

Control is reassessed as facts and circumstances change.

IFRS 10 supersedes *IAS 27 Consolidated and Separate Financial Statements* (as amended in 2008) and *SIC-12 Consolidation – Special Purpose Entities*.

IFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

IAS 27 Separate Financial Statements was issued concurrently with IFRS 10. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.



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

#### IAS 28 Investments in Associates and Joint Ventures

This amended standard supersedes IAS 28 Investments in Associates (2008). IAS 28 (2011) makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

#### **(b) Standards, interpretations and amendments to published standards that are not yet effective and are relevant to the Group's financial statements**

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 30 September 2014, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its financial statements.

#### IFRS 9 Financial Instruments (effective date: 1 January 2018)

This new standard was published on 12 November 2009 as part of phase I of the IASB's comprehensive project to replace IAS 39. It deals with classification and measurement of financial assets. The requirements of this standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities while most of the requirements in IAS 39 were carried forward unchanged to IFRS 9. IFRS 9 has not yet been adopted by the EU.

#### IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)

In May 2014 IASB and the Financial Accounting Standards Board (FASB), responsible for US Generally Accepted Accounting Principles (US GAAP) jointly issued a converged Standard on the recognition of revenue from contracts with customers. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC-31 Revenue-Barter Transactions Involving Advertising Services. IFRS 15 has not yet been adopted by the EU.

#### Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle (effective from 1 July 2014) and Annual Improvements 2012-2014 Cycle (effective from 1 January 2016)

In December 2013 the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle". And in September 2014 the "2012-2014 Cycle" was finalised. The Annual Improvements to IFRSs are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The first two new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations. The "2012-2014 Cycle" contains amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. All these Annual Improvements have not yet been adopted by the EU.



#### 4. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2013.

In 2013 the Group's operations in Russia observed an increase in customer loan delinquencies. In response, the underwriting and collection policies were tightened in order to limit the negative impact of such market changes. Such measures continued to be applied in 2014.

During the interim period there were no other significant changes in the nature or extent of risks arising from financial instruments.

#### 5. Assets and liabilities classified as held for sale

Assets classified as held for sale as at 30 September 2014 represent assets acquired through court decisions on defaulted mortgages.

Assets and liabilities classified as held for sale as at 31 December 2013 represent all assets and liabilities of PPF Insurance (PSC) and assets acquired through court decisions on defaulted mortgages.

In the segment analysis (Note 6), assets and liabilities classified as held for sale are presented within the Russian Federation segment.

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
<b>ASSETS</b>		
Cash and cash equivalents	-	571
Due from banks, other financial institutions and holding companies	-	2,444
Financial assets available-for-sale	-	3,761
Deferred tax assets	-	624
Intangible assets	-	628
Property and equipment	-	15
Other assets	5,419	6,681
<b>Total assets</b>	<b>5,419</b>	<b>14,724</b>
<b>LIABILITIES</b>		
Due to banks and other financial institutions	-	1
Insurance and other provisions	-	1,431
Other liabilities	-	142
<b>Total liabilities</b>	<b>-</b>	<b>1,574</b>

## 6. Segment reporting

Segment information is presented in respect of the Group's geographical segments based on the Group's management and internal reporting structure. Segment information in respect of the Group's business segments is not presented as the Group's operations are concentrated in one main business segment only, consumer lending products.

The Group operates in seven principal geographical areas, the Russian Federation, the Czech Republic, the Slovak Republic, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China. The geographical segments are based on the geographical location of assets which corresponds to the geographical location of customers at the same time.

Vietnam became a new geographical segment in July 2014 following the acquisition of PPF Vietnam Finance Company (LLC) (Note 1).

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. The Group's senior management is the chief operating decision maker which reviews the Group's internal reporting on a regular basis to assess performance of individual segments and to allocate the Group's resources accordingly.

Information on individual segments is presented before consolidation eliminations (which are presented in a separate column). Current and deferred income tax assets and liabilities are excluded from segment assets and liabilities.

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other Unallocated <sup>1</sup>	Eliminations	Consolidated
	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Revenue from external customers <sup>2</sup>	1,414,103	12,047	9,165	67,678	147,350	32,084	314,445	11,039	7,878	2,015,789
Inter-segment revenue	7,708	-	8	-	-	-	-	325	1,029	(9,070)
<b>Total revenue</b>	<b>1,421,811</b>	<b>12,047</b>	<b>9,173</b>	<b>67,678</b>	<b>147,350</b>	<b>32,084</b>	<b>314,445</b>	<b>11,364</b>	<b>8,907</b>	<b>2,015,789</b>
Net interest income from external customers	727,573	4,345	4,032	23,745	80,829	18,875	207,052	8,429	(4,013)	1,070,867
Inter-segment net interest income	7,708	-	8	(712)	(3,920)	(657)	-	124	(3,246)	695
<b>Total net interest income</b>	<b>735,281</b>	<b>4,345</b>	<b>4,040</b>	<b>23,033</b>	<b>76,909</b>	<b>18,218</b>	<b>207,052</b>	<b>8,553</b>	<b>(7,259)</b>	<b>1,070,867</b>

<sup>1</sup> Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

<sup>2</sup> Revenue from external customers comprises interest income, fee and commission income and gross insurance premiums earned.

## 6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	Vietnam	China	Other	Unallocated <sup>1</sup>	Eliminations	Consolidated
	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014	9 months ended 30 Sep 2014
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Income tax benefit/(expense)	18,585	(2,263)	(1,362)	(1,230)	(6,733)	(2,211)	(22,974)	(1,882)	(3,485)	-	(23,555)
<b>Segment result</b>	<b>(108,852)</b>	<b>7,951</b>	<b>4,970</b>	<b>4,487</b>	<b>22,684</b>	<b>7,765</b>	<b>39,414</b>	<b>(31,146)</b>	<b>(14,706)</b>	<b>570</b>	<b>(66,863)</b>
Depreciation and amortization	(41,036)	(798)	(290)	(1,923)	(4,078)	(891)	(2,422)	(12,993)	-	4,641	(59,790)
Other significant non-cash expenses <sup>2</sup>	(756,175)	(1,719)	(1,587)	(9,725)	(43,127)	(8,941)	(83,309)	(2,700)	-	-	(907,283)
Capital expenditure	(31,969)	(1,982)	(578)	(4,910)	(8,775)	(4,871)	(9,352)	(23,632)	-	9,592	(76,477)
<b>Segment assets<sup>3</sup></b>	<b>6,451,951</b>	<b>102,904</b>	<b>61,938</b>	<b>220,361</b>	<b>472,972</b>	<b>287,404</b>	<b>1,293,760</b>	<b>144,239</b>	<b>252,293</b>	<b>(262,845)</b>	<b>9,024,977</b>
Investments in associates	2,237	-	-	-	-	-	-	-	-	-	2,237
<b>Segment liabilities<sup>3</sup></b>	<b>5,623,052</b>	<b>58,440</b>	<b>44,331</b>	<b>183,140</b>	<b>355,430</b>	<b>222,106</b>	<b>893,231</b>	<b>60,040</b>	<b>448,970</b>	<b>(253,699)</b>	<b>7,635,041</b>
<b>Segment equity<sup>3</sup></b>	<b>878,733</b>	<b>47,642</b>	<b>27,557</b>	<b>37,405</b>	<b>118,461</b>	<b>66,440</b>	<b>383,072</b>	<b>85,283</b>	<b>(185,415)</b>	<b>(9,146)</b>	<b>1,450,032</b>

<sup>1</sup> Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

<sup>2</sup> Other significant non-cash expenses are represented by impairment losses on financial and non-financial assets.

<sup>3</sup> Consolidation adjustments are included in Eliminations.



## 6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Other	Unallocated <sup>1</sup>	Eliminations	Consolidated
	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR	9 months ended 30 Sep 2013 TEUR
Revenue from external customers <sup>2</sup>	2,007,180	27,050	22,682	43,961	151,824	201,667	3,121	5,716	-	2,463,201
Inter-segment revenue	4,490	-	-	-	-	-	226	1,904	(6,620)	-
<b>Total revenue</b>	<b>2,011,670</b>	<b>27,050</b>	<b>22,682</b>	<b>43,961</b>	<b>151,824</b>	<b>201,667</b>	<b>3,347</b>	<b>7,620</b>	<b>(6,620)</b>	<b>2,463,201</b>
Net interest income from external customers	1,050,575	15,498	15,789	26,474	77,201	141,792	2,359	(6,892)	-	1,322,796
Inter-segment net interest income	4,490	(103)	(634)	(771)	(2,576)	-	(94)	(267)	(45)	-
<b>Total net interest income</b>	<b>1,055,065</b>	<b>15,395</b>	<b>15,155</b>	<b>25,703</b>	<b>74,625</b>	<b>141,792</b>	<b>2,265</b>	<b>(7,159)</b>	<b>(45)</b>	<b>1,322,796</b>
Income tax expense	(57,321)	(5,471)	(6,107)	(2,134)	(11,173)	(14,272)	(113)	704	-	(95,887)
<b>Segment result</b>	<b>153,466</b>	<b>19,603</b>	<b>20,058</b>	<b>6,980</b>	<b>45,443</b>	<b>52,161</b>	<b>(23,219)</b>	<b>19,391</b>	<b>(540)</b>	<b>293,343</b>
Depreciation and amortization	(39,759)	(831)	(239)	(1,562)	(1,565)	(1,428)	(10,021)	-	1,838	(53,567)
Other significant non-cash expenses <sup>3</sup>	(812,725)	(5,168)	(4,930)	(3,166)	(34,968)	(28,103)	(938)	-	-	(889,998)
Capital expenditure	(58,569)	(794)	(435)	(2,546)	(10,414)	(1,574)	(25,239)	-	5,330	(94,241)

<sup>1</sup> Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

<sup>2</sup> Revenue from external customers comprises interest income, fee and commission income and gross insurance premiums earned.

<sup>3</sup> Other significant non-cash expenses are represented by impairment losses on financial and non-financial assets.

## 6. Segment reporting (continued)

	Russian Federation	Czech Republic	Slovak Republic	Belarus	Kazakhstan	China	Other	Unallocated <sup>1</sup>	Eliminations	Consolidated
	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Segment assets <sup>2</sup>	7,512,335	105,731	77,281	169,755	552,089	775,990	104,345	188,828	(238,595)	9,247,759
Investments in associates	3,589	-	-	-	-	-	-	-	-	3,589
Segment liabilities <sup>2</sup>	6,448,585	34,154	29,491	133,540	417,286	489,835	58,534	366,206	(229,036)	7,748,595
Segment equity <sup>2</sup>	1,093,021	76,100	51,978	33,619	135,311	268,846	47,642	(164,487)	(9,559)	1,532,471

<sup>1</sup> Unallocated items represent items of revenue, operating expense, assets, liabilities and equity which cannot be reasonably allocated to the geographical segments.

<sup>2</sup> Consolidation adjustments are included in Eliminations.

## 7. Fair values of financial instruments

The Group has performed an assessment of fair values of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

Fair values of the following financial instruments differ from their carrying amounts shown in the statement of financial position:

	Note	Carrying amount 30 Sep 2014 TEUR	Fair Value 30 Sep 2014 TEUR	Carrying amount 31 Dec 2013 TEUR	Fair Value 31 Dec 2013 TEUR
Loans to customers	10	6,300,977	6,241,602	7,171,284	7,155,421
Current accounts and deposits from customers	16	(4,518,154)	(4,479,367)	(5,105,402)	(5,086,384)
Debt securities issued	18	(598,261)	(598,034)	(1,120,915)	(1,124,688)
Subordinated liabilities	21	(575,033)	(512,905)	(511,461)	(515,300)

The Group's estimates of fair values of its other financial assets and liabilities are not materially different from their carrying values.

The following table shows an analysis of financial instruments recorded at fair value broken down into those whose fair value is based on quoted market prices (Level 1), calculated using valuation techniques where all the model inputs are observable in the market, typically interest rates and foreign exchange rates (Level 2) and calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
<b>30 Sep 2014</b>					
Positive fair value of derivative instruments	11	-	62,393	9,247	71,640
Financial assets available-for-sale	12	258,443	29,518	-	287,961
Negative fair value of derivative instruments	19	(22)	(6,598)	-	(6,620)
		<b>258,421</b>	<b>85,313</b>	<b>9,247</b>	<b>352,981</b>

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
<b>31 Dec 2013</b>					
Positive fair value of derivative instruments	11	-	8,208	10,700	18,908
Financial assets available-for-sale	12	158,505	-	-	158,505
Negative fair value of derivative instruments	19	-	(17,928)	(34)	(17,962)
		<b>158,505</b>	<b>(9,720)</b>	<b>10,666</b>	<b>159,451</b>

There were no transfers between Level 1, 2 and 3 in the nine-month period ended 30 September 2014 or year ended 31 December 2013.



## 7. Fair values of financial instruments (continued)

Reconciliation of movements in Level 3:	30 Sep 2014	30 Sep 2013
	TEUR	TEUR
<b>Financial assets</b>		
Balance as at 1 January	10,700	10,534
Net gains recorded in profit or loss (included in Net losses on financial assets and liabilities)	460	675
Net losses recorded in other comprehensive income	(176)	(718)
Purchases	-	2,567
Settlements	(1,737)	(2,574)
<b>Closing balance</b>	<b>9,247</b>	<b>10,484</b>

Valuation techniques used for Level 3 financial instruments are based on discounted cash flow models where future contractual cash flows are discounted to the present value. All the financial instruments presented under the Level 3 category were contracted in the Republic of Belarus. The availability of market data to be used for the determination of the discount rates used for these instruments is limited. Therefore, the Group estimated the discount rates based on official interest rates declared by the National Bank of the Republic of Belarus. The effect of change of discount rates for +/- 1% on the positive fair value of derivative instruments is TEUR 22/(22) (31 December 2013: TEUR 33/(34)).

The calculation of fair values of Level 3 is the responsibility of local treasury teams of respective Group entities, which on a monthly basis carry out the calculations based on a pre-determined valuation model and inputs. Heads of the local treasury teams approve the calculation outputs.

## 8. Cash and cash equivalents

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Cash on hand	105,168	216,895
Current accounts	414,050	429,596
Current accounts with central banks	138,313	155,293
Placements with financial institutions due within one month	544,518	124,699
	<u>1,202,049</u>	<u>926,483</u>

## 9. Due from banks, other financial institutions and holding companies

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Loans and term deposits with banks, other financial institutions and holding companies due in more than one month	153,646	166,750
Loans and advances provided under repo operations	427,408	190,937
Minimum reserve deposits with central banks	43,471	52,536
Other	14	10
	<u>624,539</u>	<u>410,233</u>

The minimum reserve deposits are mandatory non-interest bearing deposits whose withdrawals are restricted and which are maintained in accordance with regulations issued by central banks in countries in which the Group's banking entities operate.

## 10. Loans to customers

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Gross amount		
Cash loan receivables	4,497,271	5,009,642
POS loan receivables	1,954,188	2,212,836
Revolving loan receivables	1,010,698	994,790
Mortgage loan receivables	88,645	92,411
Car loan receivables	35,099	44,315
Loans to corporations	4,837	4,504
Other	3,816	1,917
	<b>7,594,554</b>	<b>8,360,415</b>
Collective allowances for impairment		
Cash loan receivables	(813,163)	(808,836)
POS loan receivables	(248,512)	(219,114)
Revolving loan receivables	(207,813)	(136,319)
Mortgage loan receivables	(3,760)	(3,119)
Car loan receivables	(17,961)	(19,112)
Loans to corporations	(993)	(981)
Other	(385)	(386)
	<b>(1,292,587)</b>	<b>(1,187,867)</b>
Specific allowances for impairment		
Loans to corporations	(990)	(1,264)
	<b>(990)</b>	<b>(1,264)</b>
	<b>6,300,977</b>	<b>7,171,284</b>

During the nine-month period ended 30 September 2014 the Group experienced an increase in the balance of allowances for impairment, which was primarily attributable to an increase in customer loan delinquencies across the Russian consumer loan market.

The Group regularly sells pools of certain customer loan receivables to related parties. Under the present contractual setup, the Group sells the receivables at a fixed price above their face value which is regularly agreed between the parties on arm's length principles.

As at 30 September 2014 cash loan receivables of TEUR 125,139 served as collateral for debt securities (31 December 2013: TEUR 135,048). As at 30 September 2014 cash loan receivables of TEUR 60,456 and POS loan receivables of TEUR 40,716 served as collateral for bank loan facilities (31 December 2013: TEUR 0).

## 11. Positive fair value of derivative instruments

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Positive fair value of hedging derivative instruments	54,461	7,642
Positive fair value of trading derivative instruments	17,179	11,266
	<u>71,640</u>	<u>18,908</u>

Cash flows from the hedging derivative instruments are expected to occur in 2014-2016.

## 12. Financial assets available-for-sale

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Debt securities	287,961	152,791
Equity securities	-	5,714
	<u>287,961</u>	<u>158,505</u>

## 13. Intangible assets

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Acquisition cost	236,114	197,896
Accumulated amortization	(125,228)	(102,983)
Impairment	(208)	-
Carrying amount	<u>110,678</u>	<u>94,913</u>

## 14. Property and equipment

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Acquisition cost	387,923	386,174
Accumulated depreciation	(168,334)	(148,642)
Impairment	(6,468)	(4,265)
Carrying amount	<u>213,121</u>	<u>233,267</u>

## 15. Other assets

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Receivable from unpaid share premium	70,000	-
Deferred acquisition costs of insurance contracts	30,411	60,504
Prepaid expenses	30,373	22,199
Trade receivables and settlement with suppliers	22,539	39,965
Outstanding selling price for receivables	21,430	32,976
Other taxes receivable	10,981	7,103
Accrued income from insurance fees	2,898	3,025
Acquisition of subsidiaries	1,000	34,500
Receivables arising out of insurance and re-insurance operations	689	2,915
Goods held for resale	340	526
Non-life amounts ceded to reinsurers from insurance provisions	298	4,254
Other	12,591	4,635
	<b>203,550</b>	<b>212,602</b>
Specific allowances for impairment on settlement with suppliers and other assets	(170)	(189)
	<b>203,380</b>	<b>212,413</b>

Receivable from unpaid share premium relates to the capital increase which took place in connection with the acquisition of PPF Vietnam Finance Company (LLC) (Note 1).

As at 30 September 2014 acquisition of subsidiaries represented the consideration paid for the acquisition of CF Commercial Consulting (Beijing) Co., Ltd., which is not treated as a consolidated subsidiary because the Group is still in the process of obtaining the regulatory approvals for the acquisition of this entity. As at 31 December 2013 the balance also included the consideration paid for the acquisition of Home Credit Consumer Finance Co., Ltd., which was acquired in 2014 (Note 1).

## 16. Current accounts and deposits from customers

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Term deposits	4,155,589	4,632,272
Current accounts and demand deposits	361,199	471,352
Other	1,366	1,778
	<b>4,518,154</b>	<b>5,105,402</b>



## 17. Due to banks and other financial institutions

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Unsecured loans	1,367,357	594,649
Secured loans	67,465	3,636
Loans received under repo operations	93,810	-
Other balances	4,894	6,136
	<u>1,533,526</u>	<u>604,421</u>

As at 30 September 2014 the balance of loans received under repo operations of TEUR 93,810 (31 December 2013: TEUR 0) was secured by financial assets available-for-sale.

As at 30 September 2014 the balances of loans secured by cash loan receivables, POS loan receivables and guarantees were TEUR 35,403 (31 December 2013: TEUR 0), TEUR 23,844 (31 December 2013: TEUR 0) and TEUR 8,218 (31 December 2013: TEUR 3,636) respectively. These amounts represent the balances of loans, and do not necessarily represent the fair value of the collateral.

## 18. Debt securities issued

	Interest rate	Final maturity	Amount outstanding 30 Sep 2014 TEUR	31 Dec 2013 TEUR
Loan participation notes issue 6 of MUSD 500	Fixed	March 2014	-	368,154
Stock exchange RUB bonds issue 01 of MRUB 3,000	Variable	April 2014	-	67,291
Unsecured RUB bonds issue 6 of MRUB 5,000	Variable	June 2014	-	110,908
CZK promissory notes issue of MCZK 500	Zero-coupon	September 2014	-	17,543
Unsecured RUB bonds issue 7 of MRUB 5,000	Variable	April 2015	102,260	112,231
Unsecured CZK bonds issue 4 of MCZK 2,900	Zero-coupon	September 2015	99,364	94,952
Stock exchange RUB bonds issue 02 of MRUB 3,000	Fixed	February 2016	59,836	66,494
Unsecured CZK bonds issue 5 of MCZK 3,750	Fixed	June 2016	139,032	141,450
Long-term registered Certificate of Deposit, 1 <sup>st</sup> tranche of BVND 250	Fixed	August 2016	9,369	-
Long-term registered Certificate of Deposit, 2 <sup>nd</sup> tranche of BVND 273	Fixed	September 2016	10,184	-
Unsecured KZT bond issue 1 of MKZT 7,000	Fixed	November 2016	30,589	32,432
CZK promissory notes issue of MCZK 650	Zero-coupon	March 2018	19,046	-
Unsecured KZT bond issue 2 of MKZT 6,769	Fixed	February 2019	28,962	-
Cash loan receivables backed notes of MRUB 5,000	Variable	November 2021	99,619	109,460
			<u>598,261</u>	<u>1,120,915</u>



## 19. Negative fair value of derivative instruments

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Negative fair value of trading derivative instruments	6,620	16,095
Negative fair value of hedging derivative instruments	-	1,867
	<u>6,620</u>	<u>17,962</u>

## 20. Insurance and other provisions

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Provisions for unearned premiums	92,307	120,809
Provision for litigations	4,371	3,397
Provisions for outstanding claims	2,374	3,760
Other insurance provisions	361	176
Other provisions	5,975	2,193
	<u>105,388</u>	<u>130,335</u>

## 21. Subordinated liabilities

	Final maturity	Amount outstanding 30 Sep 2014 TEUR	31 Dec 2013 TEUR
Loan participation notes issue of MUSD 500	April 2020	410,001	364,925
Loan participation notes issue of MUSD 200	April 2021	165,032	146,536
		<u>575,033</u>	<u>511,461</u>

Subordinated loan participation notes issue of MUSD 500 were issued in October 2012 through Eurasia Capital S.A. (refer to Note 1). The Group has an early redemption option exercisable on 24 April 2018 (the reset date). After the reset date the interest rate is determined as a variable rate.

Subordinated loan participation notes issue of MUSD 200 were issued in October 2013 through Eurasia Capital S.A. (refer to Note 1). The Group has an early redemption option exercisable on 17 April 2019 (the reset date). After the reset date the interest rate is determined as a variable rate.

## 22. Other liabilities

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Accrued employee compensation	73,669	84,999
Outstanding acquisition price for subsidiaries	70,000	-
Settlement with suppliers	57,316	67,933
Accrued expenses	28,701	19,877
Customer loan overpayments	27,542	30,235
Other taxes payable	25,395	24,634
Deferred income and prepayments	5,238	12,927
Advances received	491	663
Other	9,707	15,257
	<u>298,059</u>	<u>256,525</u>

The outstanding acquisition price for subsidiaries relates to the acquisition of PPF Vietnam Finance Company (LLC) (Note 1).

## 23. Equity

At 30 September 2014 the Group's share capital comprised 1,250,000,000 (31 December 2013: 1,250,000,000) ordinary shares at a par value of EUR 0.57 (31 December 2013: EUR 0.57), of which 1,156,174,806 (31 December 2013: 1,156,174,806) shares were issued and fully paid. All issued shares bear equal voting rights. The holders of the shares are entitled to receive distributions of profits and reserves when declared by the general meeting of the Company. No distributions can be made if the total amount of the reserves to be maintained pursuant to the law or the articles of association exceeds the Company's equity and the management board has not given its approval to such distribution.

In August 2014 the Group's shareholder PPF Group N.V. increased the Group's share premium by TEUR 45,495 in connection with the acquisition of Home Credit Consumer Finance Co., Ltd. (Note 1).

In connection with the acquisition of PPF Vietnam Finance Company (LLC) the Group's shareholder PPF Group N.V. increased the Group's share premium by TEUR 70,000 (Note 1). The settlement of the share premium increase took place in October 2014. As at 30 September 2014 the balance was reported in other assets (Note 15).

The creation and use of the statutory reserves is limited by legislation and the articles of each company within the Group. The legal reserve fund is not available for distribution to the shareholders.

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of companies within the Group with a functional currency other than the presentation currency. The translation reserve is not available for distribution to the shareholders.

The cash flow hedge reserve represents the effect of the recognition of the effective portion of changes in the fair value of hedging instruments in other comprehensive income in equity. The cash flow hedge reserve is not available for distribution to the shareholders.

The reserve for business combinations under common control was recognized on acquisitions of HC Asia N.V., Home Credit Consumer Finance Co., Ltd and PPF Vietnam Finance Company (LLC) from the Group's shareholder. The reserve for business combinations under common control is not available for distribution to the shareholders.

The revaluation reserve represents the revaluation deficit or surplus, net of deferred tax, recognized on changes in the fair value of financial assets available-for-sale. The revaluation reserve is not available for distribution to the shareholders.

## 24. Interest income and interest expense

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
<b>Interest income</b>		
Cash loan receivables	973,614	1,239,348
POS loan receivables	317,686	347,471
Revolving loan receivables	211,483	188,251
Mortgage loan receivables	6,693	7,581
Car loan receivables	912	19,968
Due from banks, other financial institutions and holding companies	33,633	23,755
Financial assets available-for-sale	8,249	37,155
Financial assets held-to-maturity	149	343
Other	341	305
	<u><u>1,552,760</u></u>	<u><u>1,864,177</u></u>
<b>Interest expense</b>		
Deposits from customers	308,887	400,101
Due to banks and other financial institutions	88,074	49,687
Debt securities issued	46,359	64,185
Subordinated liabilities	38,573	27,408
	<u><u>481,893</u></u>	<u><u>541,381</u></u>

The Group's measures taken in response to the recent increase in customer loan delinquencies across the Russian consumer loan market included a reduction of new loan volumes. This was the main reason for the decrease in net interest income.

## 25. Fee and commission income

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Insurance commissions	235,260	407,909
Penalty fees	77,900	59,392
Cash transactions	36,661	47,056
Customer payment processing and account maintenance	20,400	16,853
Retailer commissions	15,083	12,348
Other	4,682	12,099
	<u><u>389,986</u></u>	<u><u>555,657</u></u>

The Group's measures taken in response to the recent increase in customer loan delinquencies across the Russian consumer loan market included a reduction of new loan volumes. This was the main reason for the decrease in fee and commission income.

## 26. Fee and commission expense

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Cash transactions	16,029	23,342
Payments to deposit insurance agencies	13,593	17,896
Payment processing and account maintenance	11,770	8,551
Stamp duties	8,631	6,309
Commissions to retailers	8,117	19,895
Other	6,623	3,830
	<u>64,763</u>	<u>79,823</u>

## 27. Insurance income

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Gross premiums earned	73,043	43,367
Earned premiums ceded	(5,472)	(3,200)
Net insurance benefits and claims	(2,525)	(1,096)
Acquisition costs	(30,614)	(28,878)
	<u>34,432</u>	<u>10,193</u>

## 28. Net gains/(losses) on financial assets and liabilities

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Net foreign currency (losses)/gains	(824)	13,681
Net trading gains on other financial assets and liabilities	852	383
Net gains/(losses) on trading derivative instruments	14,066	(10,863)
Net losses on hedging derivative instruments	(10,781)	(14,899)
Other	150	(25)
	<u>3,463</u>	<u>(11,723)</u>



## 29. Other operating income

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Gains on disposal of loan receivables	51,006	83,066
Income from other services provided	10,504	6,781
Income from excess of acquired net fair value over costs	-	30,451
Loss on monetary position	-	(1,814)
Other	4,822	8,022
	<u>66,332</u>	<u>126,506</u>

Gains on disposal of loan receivables relate to sales of customer loan receivables.

Income from excess of acquired net fair value over costs was recognized in the nine-month period ended 30 September 2013 on acquisitions of Home Credit Insurance (LLC), PPF Insurance (PSC) and PPF Insurance (FICJSC).

## 30. Impairment losses on financial assets

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Cash loan receivables	543,262	635,192
POS loan receivables	169,308	161,284
Revolving loan receivables	187,702	87,939
Mortgage loan receivables	(773)	(367)
Car loan receivables	(1,598)	4,439
Financial assets available-for-sale	-	745
Other financial assets	(165)	668
	<u>897,736</u>	<u>889,900</u>

## 31. General administrative expenses

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Employee compensation	268,427	288,817
Rental, maintenance and repair expense	75,364	76,914
Payroll related taxes (including pension contributions)	61,624	59,931
Professional services	40,712	29,962
Telecommunication and postage	37,192	40,668
Advertising and marketing	20,861	24,044
Taxes other than income tax	16,383	13,822
Information technologies	15,830	18,471
Travel expenses	11,969	14,006
Other	22,539	28,675
	<u>570,901</u>	<u>595,310</u>

### 32. Other operating expenses

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Depreciation and amortization	59,790	53,567
Impairment losses on property and equipment	9,273	-
Loss on disposal of property and equipment and intangible assets	6,463	1,255
Impairment losses on intangible assets	208	-
Impairment losses on other non-financial assets	66	98
	<u>75,800</u>	<u>54,920</u>

### 33. Income tax

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Current tax expense	40,058	118,535
Deferred tax benefit	(16,503)	(22,648)
Total income tax expense	<u>23,555</u>	<u>95,887</u>

### 34. Commitments

The Group has outstanding commitments to extend credit. These commitments take the form of approved credit limits related to customer revolving loan accounts, POS loan facilities and cash loan facilities.

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Revolving loan commitments	901,333	964,884
POS loan commitments	43,140	39,777
Cash loan commitments	16,642	18,810
	<u>961,115</u>	<u>1,023,471</u>

The total outstanding contractual commitments to extend credit indicated above do not necessarily represent future cash requirements as many of these commitments will expire or terminate without being funded.

As at 30 September 2014 the Group reported contractual commitments for the acquisition of property and equipment and intangible assets of TEUR 3,666 (31 December 2013: TEUR 385).

As at 30 September 2014 the balance of loan guarantees issued by the Group was TEUR 233,090 (31 December 2013: TEUR 120,554).

## 35. Contingencies

### Taxation

The taxation systems in the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China are relatively new and are characterized by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russian Federation, the Republic of Belarus, the Republic of Kazakhstan, the Socialist Republic of Vietnam and the People's Republic of China suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

The facts mentioned above may create tax risks in respective countries that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian, Belarusian, Kazakhstani, Vietnamese and Chinese tax legislation, official pronouncements and court decisions.

## 36. Related party transactions

The Group has a related party relationship with its ultimate parent company PPF Group N.V., its subsidiaries and associates, the Group's key management personnel and other related parties. Related party transactions are executed on an arm's length basis. Related party transactions arise primarily from funding and treasury transactions as well as from sales of loan receivables reported under other operating income (Note 29) and insurance commissions reported under fee and commission income (Note 27).

### (a) Transactions with the parent company

Balances included in the statement of financial position in relation to transactions with the parent company are as follows:

	Note	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Due from banks, other financial institutions and holding companies		34,500	85,679
Other assets	15	71,000	34,500
Subordinated liabilities		(87,297)	(78,424)
Other liabilities		(70,189)	-
		<u>(51,986)</u>	<u>41,755</u>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company are as follows:

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Interest income	4,081	5,606
Interest expense	(5,657)	(9,792)
Net losses on financial assets and liabilities	-	(351)
General administrative expenses	(189)	(189)
	<u>(1,765)</u>	<u>(4,726)</u>

### 36. Related party transactions (continued)

#### (b) Transactions with fellow subsidiaries

Balances included in the statement of financial position in relation to transactions with fellow subsidiaries are as follows:

	<b>30 Sep 2014</b>	<b>31 Dec 2013</b>
	<b>TEUR</b>	<b>TEUR</b>
Cash and cash equivalents	102,706	39,064
Due from banks, other financial institutions and holding companies	3,637	20,157
Loans to customers	3,828	7,249
Positive fair value of derivative instruments	514	660
Financial assets available-for-sale	27,919	-
Financial assets held-to-maturity	-	3,440
Other assets	25,325	41,143
Current accounts and deposits from customers	(46,856)	(38,616)
Due to banks and other financial institutions	(150,235)	(125,486)
Debt securities issued	(36,632)	(92,398)
Negative fair value of derivative instruments	(6,196)	(14,959)
Subordinated liabilities	(12,929)	(2,065)
Other liabilities	(9,022)	(18,356)
	<u><b>(97,941)</b></u>	<u><b>(180,167)</b></u>

Amounts included in the statement of comprehensive income in relation to transactions with fellow subsidiaries are as follows:

	<b>9 months</b>	<b>9 months</b>
	<b>ended</b>	<b>ended</b>
	<b>30 Sep 2014</b>	<b>30 Sep 2013</b>
	<b>TEUR</b>	<b>TEUR</b>
Interest income	1,539	984
Interest expense	(14,143)	(15,839)
Fee and commission income	2,961	103,425
Fee and commission expense	(1,399)	(244)
Net losses on financial assets and liabilities	(5,909)	(6,628)
Other operating income	65,095	96,905
General administrative expenses	(9,179)	(8,259)
Other operating expenses	(1)	(57)
	<u><b>38,964</b></u>	<u><b>170,287</b></u>

Interest income presented in the table above does not include transaction costs integral to the effective interest rate and incurred with fellow subsidiaries. Such transactions had a negative impact on interest income of TEUR 5,698 (nine-month period ended 30 September 2013: TEUR 5,251).

As disclosed in Note 10, the Group sold receivables to related parties. The related transactions and balances are included in other assets (30 September 2014: TEUR 21,430, 31 December 2013: TEUR 32,976) and other operating income (nine-month period ended 30 September 2014: TEUR 51,006, nine-month period ended 30 September 2013: TEUR 83,066).



### 36. Related party transactions (continued)

#### (c) Transactions with the parent company's associates

Balances included in the statement of financial position in relation to transactions with the parent company's associates are as follows:

	30 Sep 2014 TEUR	31 Dec 2013 TEUR
Other assets	4	971
Debt securities issued	(180,757)	(262,265)
Other liabilities	(192)	(856)
	<u>(180,945)</u>	<u>(262,150)</u>

Amounts included in the statement of comprehensive income in relation to transactions with the parent company's associates are as follows:

	9 months ended 30 Sep 2014 TEUR	9 months ended 30 Sep 2013 TEUR
Interest expense	(8,185)	(8,269)
Fee and commission income	(1,326)	18,260
Insurance income	(1,151)	(19)
Other operating income	1,679	10
General administrative expenses	(269)	(930)
	<u>(9,252)</u>	<u>9,052</u>

#### (d) Transactions with key management personnel and other related parties

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are long-term benefits of TEUR 1,749 (nine-month period ended 30 September 2013: TEUR 2,951) and short-term benefits of TEUR 14,906 (nine-month period ended 30 September 2013: TEUR 17,336) comprising salaries, bonuses and non-monetary benefits.

As at 30 September 2014 the balance of unsecured loans to members of the key management was TEUR 108 (31 December 2013: TEUR 10).

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group.

In 2013 the Group concluded a consultancy service agreement with a company controlled by one of the members of its Board of Directors. The consultancy fees of TEUR 4,500 charged over the nine-month period ended 30 September 2014 (nine-month period ended 30 September 2013: TEUR 4,500) in relation to this agreement are recorded under general administrative expenses, while the related liability of TEUR 500 as of 30 September 2014 (31 December 2013: TEUR 2,498) is recorded under other liabilities.

As at 30 September 2014 the balances due from holding companies included secured loans of TEUR 64,684 (31 December 2013: TEUR 22,287) provided by the Group to a company controlled by one of the members of its Board of Directors. The weighted average interest rate is 6.89% and the repayment date of those loans is 30 June 2016.

### **37. Subsequent events**

In October 2014 the settlement of the Group's share premium increase by TEUR 70,000 in connection with the acquisition of PPF Vietnam Finance Company (LLC) (Note 1) took place.