

Eurogiro A/S
Central Business Registration No
31056667
Telegade 1, 1st floor
2630 Taastrup

Annual report 2015

The Annual General Meeting adopted the annual report on 09.05.2016

Chairman of the General Meeting

Name: Walter Pinci

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Entity details

Entity

Eurogiro A/S
Telegade 1, 1st floor
2630 Taastrup

Central Business Registration No: 31056667

Founded: 05.02.1993

Registered in: Denmark

Financial year: 01.01.2015 - 31.12.2015

Internet: www.eurogiro.com

E-mail: eurogiro@eurogiro.com

Board of Directors

Walter Pinci, Chairman

André G. Costa, Deputy Chairman

Jonathan William Elkins

Guy-David Schneider

Achim Lebeau

Thomas Hadorn

Christian Westerhaus

Wolfgang Hanzl

Executive Board

Michel Louis Jean Marie Stuijt, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Eurogiro A/S for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Taastrup, 09.05.2016

Executive Board

Michel Louis Jean Marie
Stuijt
CEO

Board of Directors

Walter Pinci
Chairman

André G. Costa
Deputy Chairman

Jonathan William Elkins

Guy-David Schneider

Achim Lebeau

Thomas Hadorn

Christian Westerhaus

Wolfgang Hanzl

Independent auditor's reports

To the owners of Eurogiro A/S

Report on the financial statements

We have audited the financial statements of Eurogiro A/S for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Independent auditor's reports

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 09.05.2016

Deloitte

Statsautoriseret Revisionspartnerselskab

Jens Ringbæk

State Authorised Public Accountant

Martin Pedersen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The goals of Eurogiro A/S is to maintain and develop a worldwide business to business framework for its members and associated partners with a core interest in retail and wholesale financial services and to provide services to its members enabling them to position their organisations as important players in their markets. The framework shall secure a constructive and cost efficient coordination of the most relevant commercial (and technical) issues for all of its members and to expand in terms of reach, member base and overall transaction volumes of the whole business community.

The Eurogiro concept is to act as a gateway for and between various international payment products, geographical areas and members/partners. This will provide income opportunities for Eurogiro's bank and postal members and partners while giving significant cost reductions for the company and its customers.

Development in activities and finances

After the restructuring of the company in 2009, Eurogiro has redefined its Mission Statement and Objectives. "Eurogiro, your global payments community" – is the mission statement of Eurogiro and in order to fulfil its mission, Eurogiro has set objectives that it aims to achieve during the coming 5 years.

- 25 new members and no loss of large members
- 100 new corridors; with focus on large remittance corridors and corridors that are partly outside SEPA
- Growth in revenue by 3.5 % p.a. and growth in costs of maximum 2 % p.a.
- High member satisfaction which will be regularly measured.

In order to achieve our objectives, Eurogiro's strategy is based on four strategic pillars.

Pillar 1: Raise number of transactions and strengthen loyalty of existing members: This will be achieved through emphasising the community aspect, as well as through examining options for opening governance structure to members from outside Europe. A prerequisite in order to keep the existing members is to offer a service and (pro-active) support based on a reliable system that is of high quality.

Pillar 2: Gain new members: In order to fulfil the mission of being a global payments community and to realise growth in corridors and revenue, the network has to expand into countries where Eurogiro is not yet represented. Eurogiro will focus on prospects that are favoured by existing members, as well as on prospects with which major remittance corridors to existing members can be covered.

Pillar 3: Utilise new business opportunities: As new technologies are being implemented for sending transactions, Eurogiro is pursuing new business opportunities. The focus is on cards and mobile payments.

Pillar 4: Make access easier: Easiness of access to the Eurogiro Community will become more and more crucial. All actions that can be done to make it easier to join Eurogiro will be investigated and explored.

The earnings before interest and tax were KDKK 5.532 (KEUR 741), against a profit of KDKK 2,426 (KEUR 326) in 2014.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The annual report for 2015 is presented in DKK.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

Income statement

Gross profit or loss

In compliance with section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Revenue

Revenue from the sale of services is recognised in the income statement as the part of sales that relates to services delivered in the financial year.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including cleaning, management charges, electricity, water and heating and office rent.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Financial income is recognised in the income statement at the amounts relating to the financial year.

Other financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting policies

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Licences and software are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, however maximally 3 years.

Licenses and software are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, however maximally 3 years.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Tangible and intangible assets are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		11.819.733	14.774.066
Staff costs		(6.080.622)	(11.437.763)
Depreciation, amortisation and impairment losses		(206.938)	(909.983)
Operating profit/loss		5.532.173	2.426.320
Other financial income		1.183.672	563.259
Other financial expenses		(864.268)	(75.775)
Profit/loss from ordinary activities before tax		5.851.577	2.913.804
Tax on profit/loss from ordinary activities	1	(1.400.983)	(744.536)
Profit/loss for the year		4.450.594	2.169.268
Proposed distribution of profit/loss			
Retained earnings		4.450.594	2.169.268
		4.450.594	2.169.268

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Acquired intangible assets		0	135.709
Intangible assets		0	135.709
Other fixtures and fittings, tools and equipment		91.971	130.524
Property, plant and equipment		91.971	130.524
Other receivables		155.396	154.000
Fixed asset investments		155.396	154.000
Fixed assets		247.367	420.233
Trade receivables		2.525.939	2.240.802
Deferred tax assets		171.567	147.076
Other short-term receivables		134.392	313.189
Prepayments		793.440	783.610
Receivables		3.625.338	3.484.677
Cash		39.150.737	34.184.008
Current assets		42.776.075	37.668.685
Assets		43.023.442	38.088.918

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital		2.507.900	2.507.900
Other reserves		(3.278.858)	(3.278.858)
Retained earnings		39.477.888	35.027.293
Equity		<u>38.706.930</u>	<u>34.256.335</u>
Trade payables		1.195.597	991.834
Income tax payable		607.474	127.165
Other payables		1.827.097	2.027.240
Deferred income		686.344	686.344
Current liabilities other than provisions		<u>4.316.512</u>	<u>3.832.583</u>
Liabilities other than provisions		<u>4.316.512</u>	<u>3.832.583</u>
Equity and liabilities		<u><u>43.023.442</u></u>	<u><u>38.088.918</u></u>
Contingent liabilities	2		
Ownership	3		

Statement of changes in equity for 2015

	Contributed capital DKK	Other reser- ves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.507.900	(3.278.858)	35.027.294	34.256.336
Profit/loss for the year	<u>0</u>	<u>0</u>	<u>4.450.594</u>	<u>4.450.594</u>
Equity end of year	<u>2.507.900</u>	<u>(3.278.858)</u>	<u>39.477.888</u>	<u>38.706.930</u>

Eurogiro's stock of treasury shares amounts to 4,000 at a nominal value of DKK 100, corresponding to 15.95 % of the nominal share capital.

Notes

	2015	2014
	DKK	DKK
1. Tax on ordinary profit/loss for the year		
Current tax	1.425.474	907.312
Change in deferred tax for the year	(14.465)	(179.490)
Effect of changed tax rates	(10.026)	16.714
	1.400.983	744.536

2. Contingent liabilities

The Company has entered into a tenancy agreement which is non-cancelable by the lessor until 30 November 2016. The company has the option to terminate the tenancy with 9 months' notice. The present annual rent is approximately KDKK 311. Including monthly heating and management charges the obligation amounts to KDKK 377.

The Company has entered into a service agreement. There will be a notice of 2 months. The total amount of the obligation is KEUR 36, which equals KDKK 269.

The Company has entered into an agreement regarding the lines made available for the transactions. The total amount of the obligation is KUSD 54, which equals KDKK 369.

The Company has entered into a cooperation agreement on network control. There will be a notice of 6 months. The total amount of this obligation is KDKK 2,274.

The Company has an agreement regarding mobile phones. There will be a notice of 6 months. The total amount of the obligation amounts to KDKK 15.

Notes

3. Ownership

The following shareholders are recorded in the company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

SF2, 34 rue de la Fédération, F-75 015 Paris, France

BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG, Seitzergasse 2-4, A-1010 Vienna, Austria

La Poste, Centre Monnaie, B-1000 Bruxelles, Belgium

Poste Italiane SpA, Viale Europa 190, I-00144 Rome, Italy

An Post, O'Connell Street, Dublin 1, Ireland

Deutsche Postbank AG, Friedrich-Ebert-Allee 114 - 126, D-53113 Bonn, Germany

CTT - Correios de Portugal S.A, Rua S. José no. 20, 1166-001 Lisboa, Portugal

Swiss Post Postfinance, Engelhaldenstrasse 37, CH-3030 Berne, Switzerland

Deutsche Bank AG, Taunusanlage 12, D-60325 Frankfurt am Main, Germany

Eurogiro A/S, Telegade 1, 1st floor, 2630 Taastrup, Denmark