Translation from Bulgarian

EASY ASSET MANAGEMENT AD (PLC)

Annual Financial Statements

December 31, 2018

Contents of the Financial Statements

The Management presents its Annual Financial Statements as of December 31, 2018, prepared in accordance with the International Financial Reporting Standards (IFRS). These Statements have been certified by Moor Stephens Bulgaria – Audit OOD

ANNUAL INDIVIDUAL REPORT ON THE ACTIVITY

CORPORATE INFORMATION

EASY ASSET MANAGEMENT AD (PLC) ("the Company") is a shareholder company established on December 8, 2005 and doing business in Bulgaria. The registered seat and management address of the Company are: 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The Company is managed by a Board of Directors which consists of:

- Stanimir Svetoslavov Vasilev – Chairman of the Board of Directors;
- Nedelcho Yordanov Spasov – Member of the Board of Directors;
- Stefan Krasimirov Kolev – Member of the Board of Directors and Executive Director;

The Company is represented by Stefan Krasimirov Kolev – Executive Director.

Stefan Krasimirov Kolev does not participate in business companies as an unlimitedly responsible partner, does not possess more than 25 percent of the capital of another company.

Nedelcho Yordanov Spasov does not participate in business companies as an unlimitedly responsible partner. Possesses more than 25 percent of the capital of the following companies: "Management Financial Group" AD (PLC) (Vice-Chairman of the Board of Directors), "Yuvo Group" OÜ, "Liquid Dreams" OOD (LTD) (Managing Director of the Company), "Hiron Management" (Member of the Board of Directors). In the companies "Seawines" AD, "Easy Asset Management" INF.S.A., "Axi Finance" IFN S.A., "Armada Capital" AS, „Easy Asset Management Asia" Limited, "MFG" AB, "Agency for control of outstanding debts" S.R.I., "Lucent Investments" AD, OÜ ORBISE Corp., "Prospect Capital" AD he participates in the Management as Member of the Board of Directors. Nedelcho Spasov is Managing Director in the following companies: "Agency for control of outstanding debts" EOOD, "MFG Investments" EOOD, and "MFG Partners" EOOD. He is Member of the Board of Directors of Society Endeavour Bulgaria – a non-profit public benefit organization.

Stanimir Svetoslavov Vasilev does not participate in business companies as an unlimitedly responsible partner. He possesses more than 25 percent of the capital of the following companies: "Management Financial Group" AD (Chairman of the Board of Directors), "Yuvo Group" OÜ, "Liquid Dreams" OOD (Managing Director of the Company), "Hiron Management" (Member of the Board of Directors). In the companies "Seawines" AD, "Easy Asset Management" INF.S.A., "Axi Finance" IFN S.A., „Easy Asset Management Asia" Limited, "MFG" AB, "Agency for control of outstanding debts" S.R.I., "Lucent Investments" AD, OÜ ORBISE Corp., "Prospect Capital" AD, and "Fintrade Finance" AD, he participates in the Management as Member of the Board of Directors. Nedelcho Spasov is Managing Director in "MFG Investments" EOOD.

The Members of the Board of Directors do not obtain remuneration in their capacity of Members of the Board and in 2018 have not acquired or assigned any shares or bonds of the Company.

The shareholder capital has not been increased during the year by issuing of ordinary shares with the right to vote. The number of issued ordinary shares is 8,503,000 with face value of BGN 1, amounting to a total shareholder capital of BGN 8,503 thous. as of December 31, 2018. Each ordinary share gives the right to vote in the General Meeting of the shareholders, the right to dividend and to a liquidation share. Each share gives the right to one vote. The right to dividend and to a liquidation share is determined in proportion with the face value of the share. The Company may redeem its shares under the order and terms provided by law.

„Easy Asset Management"AD (PLC) is a non-banking financial institution focused in the field of microcrediting and using the trade mark Easy Credit. The Company extends small unsecured short-term loans to customers with low and medium income. The Company exercises its activity through a wide distribution network, which consists of more than 180 offices throughout the country. As of December 31, 2018 the total number of employees working on employment contracts amounts to 1,386 people.

The Company possesses 100% of Easy Credit LLC ("Subsidiary"). The Subsidiary is registered in accordance with Ukrainian law and the regulatory requirements for non-banking financial institutions. The value of the initially registered capital of the Subsidiary amounts to 6,922 Ukrainian hryvnia (UAH), which as of the date of the capital's registration were equal to EUR 800 thous. or BGN 1,565 thous. In 2015, decision was taken to increase the capital up to UAH 102,460, equal to EUR 4,581 thous. or BGN 8,960 thous. as of the date of the capital's increase. In 2016, the capital reached the equivalent of BGN 13,797 thous.

The Company possesses 100% (99.9995416%) of STs Easy Asset Management IFN AD (PLC) ("Subsidiary"). The Subsidiary is registered in accordance with Romanian law and the regulatory requirements for non-banking financial institutions. The total number of shares is 459 800 pcs., and the capital amounts to BGN 861 thous. (equal to EUR 440 thous.). The currency in which the Subsidiary's capital is registered is Romanian lei (RON). In 2018, decision was taken to increase the capital and, as of

December 31, 2018 the shareholder capital of the Company amounts to RON 4,303 thous., equal to EUR 2,200 thous. (BGN 10,261 thous.).

The Company possesses 100% of I Credit SP.Z.O.O. – in liquidation ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Polish law and the regulatory requirements for non-banking financial institutions. The value of the registered capital of the Subsidiary amounts to BGN 2 thous. (equal to 5 thous. Polish zlotas [PLN]) as of the date of registration. In 2016, decision was taken to increase the capital to 200 thous. Polish zlotas [PLN].

The Company possesses 100% of I Credit S.R.O. – in liquidation ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Czech law and the regulatory requirements for non-banking financial institutions. The value of the registered capital of the Subsidiary amounts to BGN 142 thous. (equal to 2 million Czech krones [CZK]) as of the date of establishment. In 2018, the Company did not exercise any business activity and its liquidation was undertaken.

The Company possesses 92% of Easy Payment Services EOOD ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 1,000 thous. The activity of the Company is related with the performance of payment operations, issuing of payment instruments, and/or acceptance of payments by payment instruments. In 2018, decision was taken to increase the registered capital to BGN 3,000 thous.

The Company possesses 98% of Easy Asset Management Asia Limited ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the law and the regulatory requirements of the Republic of the Union of Myanmar. The value of the registered capital of the Subsidiary amounts to USD 200 thous., equal to BGN 345 thous. as of the date of establishment. In 2018, the Company did not exercise any business activity.

In 2017, "Easy Asset Management" AD (PLC) initiated acquisition of the shares of the local division of the British group for non-banking user crediting International Personal Finance (IPF) – "Provident Financial Bulgaria" OOD. The Company possesses 100% of Financial Bulgaria EOOD ("Subsidiary"). The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 51 million.

DEVELOPMENT, RESULTS FROM THE ACTIVITY AND STATUS OF THE COMPANY IN 2018.

Easy Credit is among the biggest companies in Bulgaria for non-banking user credits extended at the customers' homes and one of the most quickly developing companies in its segment in Central and Eastern Europe. In Bulgaria, the Company lends money all over the country through more than 3,000 credit advisors and more than 180 offices servicing over 1,200 settlements. The loans of Easy Credit are also offered in the branches of „Balgarski Poshti (Bulgarian Posts)". In 2018, the partners of the Company offering the products of Easy Credit increased.

Since its start more than 10 years ago, the group of Easy Credit has extended over 1 million credits in Europe. The credit advisors of the Company are increasingly winning the trust of Bulgarians who prefer user credits extended directly at their homes. During the past year 2018, the Company has extended to users credits for over BGN 162 million (BGN 139 million in 2017), by 16% more compared to 2017. The collected sum for the period exceeds BGN 230 million (BGN 204 million in 2017) which marks growth rate of 13%. The gross credit portfolio of the Company as of December 2018 reaches BGN 67 million which marks decrease rate of 8% compared to the previous year.

Bulgaria – Dynamics of the portfolio (in BGN thous.)

	January - December 2018	**January - December 2017**	**Change in %**
Portfolio:			
Extended amounts	162 066	139 037	16%
Collected amounts	230 902	204 472	13%
Receivables from customers:			
Total	67 536	73 381	-8%
of which regular	22 446	21 164	6%
between 4 and 90 days	24 892	21 473	16%
between 91 and 360 days	19 207	29 767	-35%
with undefined date of payment (incl. judicial)	991	977	1%
Active customers	130 445	144 082	9%
Number of extended credits	263 387	232 204	13%

In its activity, the Company operates on a highly developed and competitive market of financial services, on account of which it is affected by price risk. Part of the Company's competitors are banking and financial institutions having access to cheap financial resource which gives them advantage at price formation of competitive products.

„Easy Asset Management" AD (PLC) manages the risk of failed payment by the customers of the amounts due under credits and the due interests through developed internal credit activity management rules. The rules regulate the requirements for extending of credits, classification of risk expositions and formation of provisions for losses from depreciation.

For the purpose of managing credit risk, the Company has developed strict procedures for analysis and assessment of potential borrowers, including developed scoring procedures and detailed verification of the provided data. Easy Credit has a developed credit system for monitoring of payments, as well as active measures for collecting of receivables. The Management monitors closely its exposition to this risk at any stage of the credit.

With respect to liquidity, „Easy Asset Management“ AD (PLC) maintains continuously liquid assets (including cash on hand and on payment accounts), sufficient to satisfy the demand of loans and the coverage of current payments. This is required because of the specific distribution network of the Company – more than 180 regional offices and over 3,000 credit advisors who must dispose on a daily basis with available funds in order to be able to achieve one of their basic purposes: to provide quick and easy service and extend credits within 24 hours from filing the application.

	2017	2018
Advisors	3 203	3 075
Offices	179	181
Credits	232 204	263 387

A thorough review of the financial results, as well as of the financial instruments and the risks related therewith is provided in the Notes to the Financial Statements of the Company, pages 8–58. The major risks faced by the Company, including credit, currency, interest rate risk and capital management are clarified in the Notes to the Financial Statements.

In 2018, the Company has not performed any research and development activity.

The Company has no branches.

Expected development of the Company and prospects

The correct attitude and the security, discreteness, speed and convenience, which Easy Credit provides to its customers, are the main reasons for the users' preference for the Company loans.
We continue to follow the strategy for expansion of new markets in Europe where the services provided by us are quite familiar to the users and demanded by them. Our ambitions are to establish ourselves as one of the leaders in the region in our sector in the long run. Our strategy also envisages expansion of new markets outside Europe.

Important events which have occurred after the end of the reporting period

The Company has not identified any significant or correcting events having occurred between the reporting date and the preparation date of the Annual Financial Statements, which are related with its activity during 2018 and which should be disclosed separately or call for changes in the Financial Statements as of December 31, 2018.

Responsibilities of the Management

The Management of Easy Asset Management AD (PLC) has prepared the Financial Statements for 2018 which provide a true and fair idea of the status of the Company as of the end of the year and of its accounting results. The Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The Management confirms that it has applied consistently adequate accounting policy and that, during the preparation of the Financial Statements as of December 31, 2018, the principle of cautiousness in the measurement of assets, liabilities, revenue and expenditure has been observed.

The Management also confirms that it has stuck to the applicable accounting standards, whereas the Financial Statements have been prepared based on the going concern principle.

The Management is responsible for the correct keeping of the accounting registers, for the expedient management of the assets and for undertaking of the required measures to avoid and identify possible misuses and other irregularities.

(Sgd. illegible)	*Round seal of*
Stefan Kolev	*Easy Asset Management AD (PLC),*
Executive Director	*City of Sofia*

Date: March 25, 2019

NON-FINANCIAL DECLARATION OF „EASY ASSET MANGEMENT" AD (PLC) FOR 2018

This non-financial declaration has been prepared in accordance with the requirements of Article 41 and Article 48 of the Accountancy Act and it is an inseparable part of the Annual Report on the Activity

1. Business model

„Easy Asset Management" AD (PLC) is a shareholder company established on December 8, 2005 and doing business in Bulgaria. The headquarters and the management address of the mother company are: 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The major activity of the Company in accordance with the Credit Institutions Act is extending of funds which have not been raised by public attraction of deposits or other restorable funds.
As of the preparation date of these Financial Statements, the Company is managed by a Board of Directors composed of 3 people and is represented by the Executive Director.

2. Firm policies

Ecological policy

Easy Asset Management AD (PLC) does not produce any produce and does not perform any activity related with pollution of environment and water.

Social policy

For the Management of „Easy Asset Management" AD (PLC) it is very important that the employed staff is satisfied with their work and feel empathic with the problems and achievements of the Company. The Company believes that the social benefits of the staff are an important prerequisite for the business development of the Company and its provision with highly qualified staff.

Policy with respect to the employees

Driven by the serious deficiency of qualified working force and market dynamics, the Management of the Company is focused on providing continuous care aiming to make each employee feel satisfied with the provided working conditions and options for personal and professional development. The major tasks faced by the Company are the following:

- **Equal treatment and respect for human rights**

The Management of the Company observes strictly the Constitution and the laws of the Republic of Bulgaria, and in particular, any other regulatory acts concerning labour and legal relations. There is equal treatment at employment, not allowing discrimination based on gender, race, nationality, ethnicity, citizenship, religion, political affiliation, disability or age.

- **Health and safety at work**

The Management of the Company appreciates the significance of the provision of additional benefits in the field of health security as an important instrument for staff motivation and keeping and, through a contract with a health insurance company, offers additional health coverage to all employees working on employment contracts for the Company.

- **Professional development**

The Management of the Company provides opportunity to each working employee to increase their qualification through participation in workshops and training courses.

Gender equality in managerial positions
The Company practices effectively equal treatment of men and women at their employment for managerial position, as well as balanced representation of men and women in the decision-taking process.

Anti-corruption policy
„Easy Asset Management" AD (PLC) does not tolerate any form of bribery or corruption. In particular, the Company accepts to refrain from any actions or behaviour which might be regarded as active or passive bribery.

Major ecological risks
The activity of the Company does not create any ecological risks.

(Sgd. illegible)
Stefan Kolev
Executive Director

Round seal of
Easy Asset Management AD (PLC),
City of Sofia

Sofia, Bulgaria
March 25, 2019

MOORE STEPHENS BULGARIA
AUDIT

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REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF EASY ASSET MANAGEMENT AD (PLC)

Report regarding the audit of the Financial Statements

Opinion
We performed audit of the Financial Statements of EASY ASSET MANAGEMENT AD (PLC) ("the Company") containing the Report on the Financial Status as of December 31, 2018 and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ending on this date, as well as the clarification appendixes to the Financial Statements also containing summarized disclosure of the essential accounting policies reflected from page 8 to page 57.
In our opinion, the enclosed Financial Statements provide a trustworthy presentation in all essential aspects of the financial status of the Company as of December 31, 2018 and its financial results from the activity and its cash flows for the year ending on this date, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

Basis for expression of an opinion
We performed our audit in accordance with the International Auditor's Standards (IAS). Our responsibilities according to these standards are described additionally in the section of our report Auditor's Responsibilities for the Audit of the Financial Statements. We are independent on the Company in accordance with the International Ethics Standards Board for Accountants of the International Accounting Standards Board (IESBA Code) together with the ethics requirements of the Independent Financial Audit Act (IFAA) applicable with respect to our audit of the Financial Statements in Bulgaria, whereas we also implemented the other ethic responsibilities of ours in accordance with the requirements of the IFAA and IESBA. We believe that the auditor's evidence obtained by us is sufficient and relevant to provide basis for our opinion.

Key auditor's issues
The key auditor's issues are those issues which, according to our professional judgment, have been most important during the audit of the Financial Statements for

the current period. These issues have been considered as part of our audit of the Financial Statements as a whole and the formation of our opinion about it, whereas we do not present a separate opinion regarding these issues.

Key auditor's issues	*(illegible)*
Depreciation of credits extended to customers We focus our work in this field since the Management makes subjective estimates with respect to both the time period of recognition of depreciations, as well as with respect to the measurement of the sums which should be recognized. The identification of depreciations and the determination of the recoverable values of the extended credits are part of the Company's estimates which also include assessment of the availability of objective evidence for depreciations, the probability for failed implementations, the financial status of the credit receivers and the expected future cash flows. The use of various assumptions could result in different values of the expenditure for depreciation of the credits extended to customers. Since this position constitutes a material part of the sum of the Company's asset and, on account of the uncertainty with respect to estimates related with it, we believe this to be a key auditor's issue.	Our auditor's approach includes assessment of the management of processes related with formation of depreciations of credits extended in the Company. We assessed the methodology's compliance with IFRS 9 *Financial Instruments.* With respect to the depreciations calculated on a collective basis, we made tests of the used models and the adequacy of the key input data as probabilities for failed implementation and losses from failed implementation and, in the cases where we had available information, we compared the data and the assumptions with the historical results. For the individually depreciated loans, based on sampling, we made detailed review of credit files. We assessed critically the assumptions related with the identification of depreciations and the measurement of expected cash flows. Our tests did not identify any material omissions. We did not find out any material inaccuracies as a result of our work.

Other information different from the Financial Statements and the Auditor's Report on them

The Management bears responsibility for the other information. The other information consists of Report on the Activity, including Non-financial Declaration, prepared by the Management according to Chapter Seven of the Accountancy Act, but does not include the Financial Statements and our Auditor's Report on them.

Our opinion regarding the Financial Statements does not comprise the other information and we do not express a certainty conclusion of any form about it, except as explicitly stated in our Report and insomuch as stated.

In relation with our audit of the Financial Statements, our responsibility lies in reading the other information and thus judging whether this other information is in material discrepancy with the Financial Statements or with our knowledge acquired during the audit or in some other way seeming to contain materially incorrect reporting.

If, based on the work we have done, we arrive at the conclusion that this other information contains some materially incorrect reporting, we shall be required to report this fact.

We have nothing to repot in this aspect.

Responsibilities of the Management and the persons responsible for the general management of the Financial Statements

The Management is responsible for the preparation and trustworthy presentation of these Financial Statements in accordance with the IFRS applicable in EU and for such an internal controlling system as the Company deems to be necessary to provide for the preparation of Financial Statements which do not contain any materially incorrect reportings, regardless of whether due to fraud or mistake.

During the preparation of the Financial Statements, the Management has the responsibility to assess the Company's ability to continue functioning as a going concern while disclosing, where applicable, issues related with the going concern assumption and using the accounting basis based on the going concern assumption, except where the Management intends to liquidate the Company or terminate its activity, or the Management in practice has no other alternative, but to proceed in this way.

The persons responsible for the general management are responsible for the supervision of the process of the Company's financial reporting.

Responsibilities of the auditor for the audit of the Financial Statements

Our objectives are to obtain a reasonable degree of certainty as to whether the Financial Statements on the overall do not contain any materially incorrect reportings, regardless of whether due to fraud or mistake and to issue an Auditor's Report including our auditor's opinion. The reasonable degree of certainty is a high degree of certainty but it is not a guarantee that an audit performed in accordance

with IAS will always identify a materially incorrect reporting, where such one is available. Incorrect reportings might arise as a result of fraud or mistake and they are deemed material, if it may be reasonably expected that they, individually or in the aggregate, might affect the business decisions of the users taken based on these Financial Statements.
As part of the audit, in accordance with IAS, we apply professional judgment and preserve professional scepticism throughout the audit. We also:

- identify and assess the risks of materially incorrect reportings in the Financial Statements, regardless of whether due to fraud or mistake, develop and apply auditor's procedures in answer to these risks and obtain auditor's evidence which is sufficient and relevant to provide basis for our opinion. The risk of not disclosing a materially incorrect reporting which is the result of fraud is higher than it is for a materially incorrect reporting which is the result of mistake since fraud may involve secret agreement, falsification, deliberate omissions, statements to delude the auditor, as well as neglecting or evading internal control.
- understand internal control referring to audit in order to develop auditor's procedures which are appropriate for the specific circumstances but not for the purpose of expressing an opinion regarding the effectiveness of the Company's internal control.
- assess the relevance of the used accounting policies and the reasonableness of the accounting approximations and disclosures related with them, made by the Management.
- arrive at a conclusion regarding the relevance of the application by the Management of the accounting basis based on the going concern assumption and based on the auditor's evidence as to whether a material uncertainty is available, concerning events or conditions which might give rise to material doubts regarding the Company's ability to continue functioning as a going concern. If we arrive at the conclusion that a material uncertainty is available, we shall be required to draw attention in our Auditor's Report to disclosures in the Financial Statements related with this uncertainty or, in case these disclosures are inadequate, to modify our opinion.
- our conclusions are based on the auditor's evidence obtained up to the date of our Auditor's Report. Future events or conditions, however, may cause the Company to terminate its functioning as a going concern.
- evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements present the transactions and events which are fundamental for it in a manner achieving trustworthy presentation.

We communicate to the people responsible for the general management, among other issues, the planned scope and implementation term of the audit and the material conclusions from the audit, including material drawbacks in internal control, which we identify during the audit we perform.

We also present to the people responsible for the general management a statement stating that we have implemented the applicable ethics requirements in relation with independence and that we shall communicate to them all relationships and other issues which might reasonably be considered as relevant to our independence and where applicable, with the precautionary measures related with them.

Among the issues communicated to the people responsible for the general management, we define these issues which have been most important during the audit of the Financial Statements for the current period and which, therefore, are key auditor's issues. We describe these issues in our Auditor's Report, except for the cases where some law or regulation prevents the public disclosure of information regarding this issue or where, in exceptionally rare cases, we decide that a certain issue should not be communicated in our report, since it might be reasonably expected that the unfavourable consequences of this action might exceed the benefits from the viewpoint of the public interest from this communication.

Report in relation with other law and regulatory requirements

Additional issues placed for reporting by the Accountancy Act

In addition to our responsibilities and reporting according to the IAS described above in section Other Information Different from the Financial Statements and the Auditor's Report on Them, with respect to the Report on the Activity and the Non-financial Declaration, we also applied the procedures added to those required under IAS, according to the Instructions of the Professional Organization of Certified Expert Accountants and Registered Auditors in Bulgaria – Institute of Certified Public Accountants of Bulgaria (ICPAB). These procedures refer to verification of the availability, as well as verification of the form and contents of this other information for the purpose of assisting us in forming opinions as to whether the other information includes the disclosures and reportings envisaged in Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion in relation with Article 37, para. 6 of the Accountancy Act

Based on the implemented procedures, our opinion is that:

a) The information included in the Report on the Activity presented from page 1 to page 7 for the financial year for which the Financial Statements have been prepared complies with the Financial Statements.
b) The Report on the Activity has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.
c) The Non-financial Declaration for the financial year for which the Financial Statements have been prepared has been submitted and prepared in accordance with Chapter Seven of the Accountancy Act.

Reporting according to Article 10 of Regulation (EU) No. 537/2014 in relation with the requirements of Article 59 of the Independent Financial Audit Act

According to the requirements of the Independent Financial Audit Act, in relation with Article 10 of Regulation (EU) No. 537/2014, we also report additionally the information presented here below.

- "Moore Stephens Bulgaria - Audit" OOD has been appointed mandatory auditor of the Financial Statements for the year ending on December 31, 2018 of "Easy Asset Management" EAD ("the Company") by Letter for Undertaking of Auditor's Commitment of October 1, 2018 for a period of one year.
- The audit of the Financial Statements of the Company for the year ending on December 31, 2018 constitutes a second complete continuous commitment for mandatory audit of this entity performed by us.
- We confirm that the auditor's opinion expressed by us complies with the additional report submitted to the Auditing Committee of the Company according to the requirements of Article 60 of the Independent Financial Audit Act.
- We confirm that we have not provided outside the audit the forbidden services specified in Article 64 of the Independent Financial Audit Act.
- We confirm that, in implementing the audit, we have preserved our independence with respect to the Company.

The partner responsible for the auditing commitment resulting in this Report of the Independent Auditor is Ivan Simov.

Registered Auditor:
(Sgd. illegible)
Ivan Simov

MOORE STEPHENS BULGARIA – AUDIT OOD:
(Sgd. illegible)
Stefan Nenov
Managing Partner, Registered Auditor

Oval seal of Moore Stephens Bulgaria – Audit OOD, Sofia, Registration No. 131

June 24, 2019
Sofia, Bulgaria

(all amounts are in BGN thousand)

	Appendix	December 31 2018	2017
ASSETS			
Cash and cash equivalents	11	3,756	11,455
Credits and receivables from customers	12	43,531	44,621
Extended individually significant loans to legal entities and natural persons	13	56,360	52,265
Commercial and other receivables	14	2,243	2,481
Investments in subsidiaries	15	8,950	6,018
Property, plant and equipment	16	374	277
Intangible assets	17	71	193
Assets under deferred taxes	8	330	297
Total assets		**115,615(**	**117,607**
CAPITAL			
Capital and owners reserves			
Shareholders capital	21	8,503	8,503
Redeemed own shares	22	(74)	(73)
Reserves	21	15,910	15,910
Undistributed profit	21	48,917	42,287
Total equity		**73,256**	**66,627**
LIABILITIES			
Liabilities to banks	18	5	4,904
Liabilities to staff and insurance institutions	19	5,811	5,270
Commercial and other liabilities	20	36,481	40,806
Liabilities for corporate tax		62	-
Total liabilities		**42,359**	**50,980**
Total equity and liabilities		**115,615**	**117,607**

The financial results from page 8 to page 56 have been approved on March 25, 2019.

Executive Director	*Round seal of*	Chief Accountant
(Sgd. illegible)	*Easy Asset Management AD (PLC),*	*(Sgd. illegible)*
Stefan Kolev	*City of Sofia*	Stefan Dzhuglarski

Certified according to Auditor's Report by: *(Sgd. illegible)*
Ivan Simov
Registered Auditor — *Oval seal of Moore Stephens Bulgaria – Audit OOD, Sofia, Registration No. 131*
Date: *June 24, 2019*

The Appendixes on pages from 8 to 58 constitute an inseparable part of these Financial Statements.

EASY ASSET MANAGEMENT AD (PLC)
STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2017
(all amounts are in BGN thousand)

	Appendix	December 31 2018	December 31 2017
Revenue from interests and penalties in case of failed implementation of contractual obligations	3	100,501	92,377
Expenditure on interests	4	(561)	(1,302)
Net interest revenue		**99,940**	**91,075**
Other financial revenue/(expenditure), net	5	5,131	834
Expenditure for depreciation of financial assets	12, 13, 15	(37,969)	(38,462)
Net interest revenue after depreciations		**67,102**	**53,447**
Expenditure for staff	6	(44,143)	(39,225)
Amortization	16, 17	(376)	(405)
Other operating expenditure, net	7	(13,410)	(11,841)
Profit before taxes		**9,173**	**1,976**
Expenditure on taxes	8	(928)	(216)
Net profit for the period		**8,245**	**1,760**
Other comprehensive revenue		-	-
Total comprehensive revenue		**8,245**	**1,760**
Revenue per share		0,97	0,21

The financial results from page 8 to page 56 have been approved on March 25, 2019.

Executive Director	*Round seal of*	Chief Accountant
(Sgd. illegible)	*Easy Asset Management AD (PLC),*	*(Sgd. illegible)*
Stefan Kolev	*City of Sofia*	Stefan Dzhuglarski

Certified according to Auditor's Report by: *(Sgd. illegible)*
Ivan Simov
Registered Auditor — *Oval seal of Moore Stephens Bulgaria – Audit OOD, Sofia, Registration No. 131*
Date: *June 24, 2019*

The Appendixes on pages from 8 to 58 constitute an inseparable part of these Financial Statements.

EASY ASSET MANAGEMENT AD (PLC)
STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2017

(all amounts are in BGN thousand)

Referring to equity holders

	Equity	Reserves	Premium reserve	Own shares	Undistribut. profit	**Total** capital
Balance as of January 1, 2017	**8,503**	**15,910**	**-**	**(67)**	**42,261**	**66,607**
Profit for the year	-	-	-	-	1,760	1,760
Paid-up dividend	-	-	-	-	(1,600)	(1,600)
Redeemed own shares	-	-	-	(6)	(134)	(140)
Balance as of December 31, 2017	**8,503**	**15,910**	**-**	**(73)**	**42,287**	**66,627**
Balance as of January 1, 2018	**8,503**	**15,910**	**-**	**(73)**	**42,287**	**66,627**
Profit for the year	-	-	-	-	8,245	8,245
Paid-up dividend	-	-	-	-	(1,600)	(1,600)
Redeemed own shares	-	-	-	(1)	(15)	(16)
Balance as of December 31, 2018	**8,503**	**15,910**	**-**	**(74)**	**48,917**	**73,256**

The financial results from page 8 to page 56 have been approved on March 25, 2019.

Executive Director	*Round seal of*	Chief Accountant
(Sgd. illegible)	*Easy Asset Management AD (PLC),*	*(Sgd. illegible)*
Stefan Kolev	*City of Sofia*	Stefan Dzhuglarski

Certified according to Auditor's Report by: *(Sgd. illegible)*
Ivan Simov
Registered Auditor — *Oval seal of Moore Stephens Bulgaria – Audit OOD, Sofia, Registration No. 131*
Date: *June 24, 2019*

The Appendixes on pages from 8 to 58 constitute an inseparable part of these Financial Statements.

EASY ASSET MANAGEMENT AD (PLC)
STATEMENT OF CASH FLOWS
DECEMBER 31, 2017
(**all amounts are in BGN thousand**)

	December 31	
	2018	**2017**
Cash flows from operating activity		
Extended credits to customers	(162,429)	(139,037)
Paid-up credits by customers, incl. paid-up interests	229,186	204,472
Extended individually significant credits	(27,052)	(23,986)
Repayments under extended individually significant credits, incl. repayments of interests	17,698	22,237
Payments to providers and other counterparts	(5,104)	(15,290)
Payments to staff and social security institutions	(40,514)	(36,541)
Payments for taxes	(886)	(1,183)
Net cash flow from operating activity	**10,899**	**10,672**
Investment activity		
Acquisition of fixed assets	(333)	(551)
Other cash flows from investment activity	(5,432)	(526)
Acquisition of fixed assets	2,099	169
Net cash flow from investment activity	**(3,666)**	**(908)**
Cash flow from financial activity		
Redemption of shares	(16)	(140)
Obtained loans from banks	23,476	42,780
Payment-up of obtained bank loans, incl. repayments of interests	(28,408)	(42,908)
Paid-up dividends	(1,421)	(1,002)
Obtained commercial loans, net, incl. redemption of interests	(8,401)	(4,077)
Other	(162)	(222)
Net cash flow from financial activity	**(14,932)**	**(5,569)**
Net (decrease)/increase of cash	**7,699**	**4,195**
Cash in the beginning of the year	11,455	7,260
Cash in the end of the year	**3,756**	**11,455**

The financial results from page 8 to page 56 have been approved on March 25, 2019.

Executive Director
(Sgd. illegible)
Stefan Kolev

Round seal of
Easy Asset Management AD (PLC),
City of Sofia

Chief Accountant
(Sgd. illegible)
Stefan Dzhuglarski

Certified according to Auditor's Report by: *(Sgd. illegible)*
Ivan Simov
Registered Auditor
Date: *June 24, 2019*

Oval seal of Moore Stephens Bulgaria – Audit OOD,
Sofia, Registration No. 131

The Appendixes on pages from 8 to 58 constitute an inseparable part of these Financial Statements.

Appendixes to the Financial Statements

1. General Information

EASY ASSET MANAGEMENT AD (PLC) ("the Company") is a shareholder company established on December 8, 2005 and doing business in Bulgaria, UIC (Unified Identification Code) 131576434. The registered seat and management address of the Company are: 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The Company is managed by a Board of Directors which consists of:

- Stanimir Svetoslavov Vasilev – Chairman of the Board of Directors;
- Nedelcho Yordanov Spasov – Member of the Board of Directors;
- Stefan Krasimirov Kolev – Member of the Board of Directors and Executive Director;

The Company is represented by Stefan Krasimirov Kolev – Executive Director.

The shareholder capital has not been increased during the year by issuing of ordinary shares with the right to vote. The number of issued ordinary shares is 8,503,000 with face value of BGN 1, amounting to total shareholder capital of BGN 8,503 thous. as of December 31, 2018. Each ordinary share gives the right to vote at the General Meeting of the shareholders, the right to dividend and to a liquidation share. Each share gives the right to one vote. The right to dividend and to a liquidation share is determined in proportion to the face value of the share. The Company may redeem its shares under the order and terms determined by law.

„Easy Asset Management" AD (PLC) is a non-banking financial institution, with focus in the field of microcrediting and uses the trade mark Easy Credit. The Company extends small unsecured short-term loans to customers with low or medium income. The Company carries out its business through a wide distribution network which consists of more than 180 offices throughout the country. As of December 31, 2018, the total number of the employees working on employment contracts amounts to 1,386 people.

The Company has the following investments in subsidiaries:
- Easy Credit LLC (Ukraine) – 100%
- STs Easy Asset Management IFN AD (Romania) – 100% (99.9995416%)
- I Credit SP.Z.O.O. (Poland) – 100%
- I Credit S.R.O. – in liquidation (Czechia) – 100%
- Easy Payment Services EOOD (Bulgaria) – 92%
- Easy Asset Management Asia Limited (Myanmar) – 98%
- Financial Bulgaria EOOD – 100%

Detailed information about the investments is presented in Note 15.

In accordance with the requirements of IFRS 10 Consolidated Financial Statements, the Company also prepares consolidated Financial Statements, which will be issued in June 2019.

2. Accounting policy

The major accounting policies applied during the preparation of these individual Financial Statements are specified here below. These policies have been applied systematically for all presented reporting periods, except where stated otherwise.

The individual Financial Statements include Individual Statement of Comprehensive Income, Individual Report on the Financial Status, Individual Statement of Changes in Equity, Individual Statement of Cash Flows and Clarification Notes to them. The Individual Financial Statements have been prepared in keeping with the principle of the historical price, except for the positions in the Report on the Financial Status requiring presentation at fair value in accordance with the applicable accounting standards. The Company classifies its expenditure in accordance with their nature.

The accounting policy applied during the preparation of the Financial Statements is described here below.

The policy has been applied consistently for all presented years, except where explicitly specified otherwise.

2.1 Basis for preparation of the Financial Statements

These Financial Statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), adopted by the European Union (IFRS, adopted by EU) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). These Financial Statements have been prepared in keeping with the principle of the historical price, except for the cases of carried out depreciation of lands and buildings, disposable financial assets for sale and financial assets and liabilities (including derivative instruments), reported at fair value in the profit or loss.

The preparation of the Financial Statements in accordance with IFRS requires the use of accounting approximations. When applying the accounting policy of the entity, the Management based itself on its own judgment. The elements of the Financial Statements the presentation of which involves higher degree of judgment or subjectivity, as well as those elements for which the assumptions and measurements have significant effect on the Financial Statements on the overall, have been disclosed separately.

2.1.1. Going concern principle.

The Management has reasonable expectations that the Company avails of adequate resources to continue operating in the foreseeable future. Therefore, the Company continues to assume the going concern principle during the preparation of its Individual Financial

Statements.

2.1.2. Changes in the accounting policy and disclosures

/a/ New and amended standards, adopted by the Company.

Initial application of new amendments to available standards and clarifications which have taken effect during the current reporting period.

The Company applied for the first time the following standards and amendments for its annual reporting period starting on January 1, 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and assessment of the transactions with share-based payment – Amendments to IFRS 2
- Annual improvement cycle for the period 2014–2016
- Assignment of investment estates – Amendments to IAS 40
- Interpretation 22: Foreign Currency Transactions and Advance Consideration

The Company also chose to adopt earlier the following amendments: 6

- Annual improvements to the IFRS Standards 2015–2017

The Company has chosen to not recalculate comparative data during the adoption of IFRS 9 and therefore, both amendments (if any) have been processed as of the date of the initial application (January 01, 2018) and have been presented in the Statement on Changes in Equity as of December 31, 2018. Most of the remaining amendments (IFRS 15) had no effect on the amounts recognized during previous periods and are not expected to have material effect on the current or future periods.

/New standards and amendments – effective January 01, 2018/

- **IFRS 9 Financial Instruments**

IFRS 9 replaces the plural classification and measurement models in IAS 39 Financial Instruments: Recognition and Measurement by a single model which initially had only two classification categories: amortized value and fair value.
The classification of the debt assets will be determined by the enterprise's business model for management of financial assets and characteristics of contractual cash flows of financial assets. Debt instruments are measured at amortized value, if: a) the objective of the business model is to hold the financial asset for the purpose of collecting the contracted cash flows, and b) the contracted cash flows under the instrument constitute only payments on the principal and the interest.
All other debt and capital instruments, including investments in complex debt instruments and capital investments, must be recognized at fair value.
All movements of the financial assets' fair value are reported in the Statement of Income,

except for capital investments which are not held for trading and which may be recorded in the profit or loss or in the reserves (without subsequent transformation in the profit or loss).
For the financial liabilities which are measured by companies with fair value option, the part of the fair value which is due to changes in their own credit risk in another comprehensive income, and not in the profit or loss, will have to be recognized.
Effective date: January 1, 2018.

- **Application of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4**

In September 2016, the International Accounting Standards Board (IASB) published amendments to IFRS 4 which consider the concerns of insurance companies regarding the various dates of entry into effect of IFRS 9 Financial Instruments and the standards for new forthcoming contracts. The amendment envisages two different solutions for insurance companies: temporary release from IFRS 9 for companies complying with some specific requirements (applied at the level of a reporting enterprise) and "overlaying approach", both approaches not being mandatory.
IFRS 4 (amendments including) will be replaced by the forthcoming standard for new insurance contracts. Accordingly, both the temporary release, as well as the "overlaying approach", are expected to cease to be applicable when the new insurance standards become effective.
Effective date: January 1, 2018 or when the entity applies for the first time IFRS 9.

- **IFRS 15 Revenue from Contracts with Customers**

The IASB published a new standard for revenue recognition. It will replace IAS 18, which covers the contracts for goods and services, and IAS 11, which covers the building contracts.
The new standard is based on the principle that the revenue is recognized when the control over the goods or services is transferred to the customer – therefore, the concept of control replaces the available concept of risks and benefits.
Before recognizing the revenue, a five-step process must be applied:

- identification of contracts with customers
- identification of the individual obligations to be implemented
- determination of the price of the transaction under the contract
- allocation of the price of transaction among the individual obligations to be implemented, and
- the recognition of the revenue for each obligation to be implemented is fulfilled

The key amendments to the current practice are:

- All groups of goods or services which are separate must be recognized separately, and all discounts or discounts under the contracted prices must be usually allocated among the individual elements.
- The revenues may be recognized earlier than with the previous standards, if the remuneration is different for reasons (such as, stimuli, discounts, bonuses, author's and license remunerations and so on) – the minimal sums must be recognized, if not exposed to material risk of being returned.
- The point at which the revenues may be recognized may change: some revenues

which currently are recognized at a given moment in the end of a certain contract may now be recognized during the period of the contract and vice versa.
- New specific rules for licenses, guarantees, advance payment fees which are not restored and other are available.
- As with every new standard, enhanced disclosure is available.

These accounting changes may have effect on the business practices of the entity with respect to the systems, processes and control, compensations and bonus plans, contracts, tax planning and investor communications.
The entities will have the option to choose between totally retrospective application and future application with additional disclosures.
Effective date: January 1, 2018.

- **Classification and evaluation of the transactions with share-based payment – Amendments to IFRS 2**

The amendments made to IFRS 2 in June 2016 clarify the basis for measurement of share-based payments made in cash and the reporting of the amendments which change the remuneration from ones settled in cash to ones settled in shares. They also introduce an exception from the classification principles in IFRS 2. When the employer is obliged to retain a sum for the tax liability of the employee related with share-based payment and pay this sum to the tax administration, the entire remuneration will be treated in such a way, as if it has been settled in shares, provided it would have been paid by capital instruments without the characteristics of a net settlement.
Subjects with the following agreements would probably be affected by these amendments:
- remunerations settled in shares which involve elements of net settlement, related with tax liabilities;
- share-based payments settled in cash which involve implementation conditions, and
- agreements settled in cash which have been changed to share-based payments settled in shares.

Effective date: January 1, 2018.

- **Annual improvements for the period 2014–2016**

The following improvements were completed in December 1916:
- IFRS 1 – the short-term exceptions, comprising the previous provisions of IFRS 7, IAS 19 and IFRS 10, which are no longer applicable, are deleted.
- IFRS 28 – clarifies that the choice of risk capital, mutual funds, share trusts companies and the like entities to measure investments in associates and joint ventures at fair value in the profit or loss should be made separately for each associate or joint venture at the initial recognition.

Effective date: January 1, 2018.

- **Assignment of investment property – amendments to IAS 40**

The amendments clarify that assignments to or from investment property may be made only, if a change in use is available, supported by evidence. A change in use occurs when the property complies or ceases to comply with the definition for investment property. A change

in intention is not sufficient to support the assignment.
In the standard, the list with proofs for change in use was re-categorized as a non-exclusive list with examples to help illustrate the principle.
The Board provided two options for transition:

- prospective, with each reflection from the pre-classification recognized as correction for detecting of undistributed profit as of the date of the initial recognition, or
- retrospective – authorized only without the use of backward correction.

Additional disclosures are required, if the Company adopts the requirements in future.
Effective date: January 1, 2018.

- **Interpretation 22 Foreign Currency Transactions and Advance Consideration**

The interpretation clarifies how to determine the date of the transaction for the exchange rate which must be used during the initial recognition of a related asset, expenditure, or income, when the entity pays or receives advance remuneration for contracts denominated in foreign currency.
For single payment or invoice, the date of the transaction should be the date on which the entity recognizes initially the non-cash asset or liability resulting from the advance payment (the obligation for advance payment or deferred revenue/contract).
If there are several payments or invoices for one element, the date of the transaction must be determined as above for each payment or invoice.
The entities may choose to apply the interpretation:

- retrospectively, for each presented period
- prospectively, for objects within the scope which have been initially recognized on or after the beginning of the reported period in which the interpretation is applied initially, or
- prospectively, from the beginning of a previous reported period presented as comparative information.

Effective date: January 1, 2018.

/New standards and clarifications issued by the IASB which have not been adopted yet by the Company/
As of May 31, 2018, the following standards and interpretations have been issued, but which are not mandatory for the annual reporting periods ending on December 31, 2018

- **IFRS 16 Lease**

IFRS 16 will affect mainly the accounting on the part of the Lessees and will result in recognition of nearly all leases in the Balance Sheet. The standard removes the current difference between operating and financial lease and requires recognition of an asset (right to use of the lease asset) and financial liability for payment of leases for nearly all lease contracts. Exception for short-term and low-effective leases is possible.
The Profit and Loss Account will also be affected, since usually the total expenditure is higher during the earlier years of the lease contract and lower during the later years. Moreover, the operating expenditure will be replaced by interests and amortization and therefore, the key indicators, such as EBITDA will change.
The operating cash flows will be higher since the payments in cash for the basic part of the

lease liability are classified within the financial activities. Only the part of the payments reflecting the interest may continue to be presented as operating cash flows.
The accounting on the part of the Lessors will not change materially. Some difference may arise as a result of the new trends regarding the determination of the lease contract. According to IFRS 16, the contract contains a lease, if the contract assigns the right to controlling the use of a certain asset for a definite period of time against remuneration.
Effective date: January 1, 2019. Early adoption is allowed only in case of simultaneous adoption of IFRS 15.

- **IFRS 17 Insurance Contracts**

IFRS 17 was issued in May 2017 as a substitute to IFRS 4 Insurance Contracts. It requires a current measurement model with which the forecasts are measured for each reporting period. The contracts are measured using the structural elements of:

- the cash flows discounted with probability
- explicit risk correction, and
- agreed contract service margin (CSM) representing the unrealized profit from the contract which is recognized as revenue during the coverage period.

The standard allows a choice between recognition of the changes in the discount percents either in the Profit and Loss Account or directly in some other comprehensive income. The choice will probably reflect the manner in which insurers will report their financial assets according to IFRS 9.
Effective date: January 1, 2021.

- ***Long-Term Interests in Associates and Joint Ventures* - Amendments to IAS 28**

The amendments clarify the reporting of long-term interests in associates and joint ventures which, in their essence, constitute a part of the net investment in the associate or joint venture but, with respect to which accounting of equity is not applied. The subjects must report these interests according to AASB 9 Financial Instruments before applying the requirements for allocation of losses and depreciation in AASB 128 Investments in Associates and Joint Ventures.
Effective date: January 1, 2019.

- **Annual improvement of the standards for IFRS 2015–2017**

The following improvements were completed in December 2017:

- IFRS 3 – clarified that the acquisition of control over an entity which is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that the party which acquires joint control over an entity which is a joint operation should not depreciate its former interest in the respective operation.
- IFRS 12 – clarifies that the tax consequences of dividends on financial instruments classified as equity should be recognized depending on the fact where the former transactions or events generating distributable profits have been recognized.
- IFRS 23 – clarifies that, if a specific borrowing remains incomplete after the respective complying-with-the-conditions asset is ready for its intended use or sale, it becomes a

part of the total loans.
Effective date: January 1, 2019.

- **Sale or Contribution of Assets between an Investor and its Associate or Joint Venture– Amendments to IFRS 10 and IAS 28**

The International Accounting Standards Board (IASB) made restricted amendments to the scope of IFRS 10 Consolidated Financial Reports and IAS 28 Investments in Associates and Joint Ventures.
The amendments clarify the accounting treatment of sales or the contribution of assets between an investor and its associates and joint ventures. They confirm that the accounting treatment depends on the fact whether the non-cash assets sold or invested in an associate or joint venture constitute "business" (as defined in IFRS 3 Business Combinations).
When the non-cash assets constitute business activity, the investor shall recognize the complete profit or loss from the sale or from the asset contribution. If the assets do not comply with the definition for business, the profit or loss shall be recognized by the investor only up to the amount of the investments of the other investor in the associate or joint venture. The amendments shall be applied prospectively.
** In December, the IASB decided to postpone the effective date of this amendment until the point in which the IASB will conclude its research project after the equity method.

2.2 Transactions in foreign currency

(a) Functional currency and presentation currency

The individual elements of the Financial Statements of the Company are evaluated in the currency of the basic economic environment in which the entity carries out its business ("functional currency"). The Annual Financial Statements are presented in thousands of Bulgarian Lev (BGN), which is the functional currency and the presentation currency.

Bulgarian Lev is fixed to the Euro (EUR) through the mechanism of the currency board introduced in the Republic of Bulgaria since January 1, 1999.

(b) Transactions and balances

The transactions in foreign currency are transformed into functional currency, applying the official exchange rate for the respective date. The profits and losses from currency rate changes arisen as a result from settlements under transactions in foreign currency, as well as from depreciation under conclusive currency rate of assets and liabilities denominated in foreign currency are recognized in the Statement of Income.

The profit and loss from transactions in foreign currency, which refer to receivables and cash on hand, are presented in the Statement of Income as *Financial revenue or expenditure*. All other profits and losses are presented in the Statement of Income as *Other (losses)/profits – net*.

The monetary assets and liabilities in foreign currency are reported at the conclusive exchange rate of the Bulgarian National Bank as of the date of the Balance Sheet.

Significant exchange rates:

	December 31, 2017 BGN	December 31, 2017 BGN
1 US dollar equals	1,70815	1.63081
1 Euro equals	1.95583	1.95583

2.3. Losses from depreciation of credits and receivables

The Company reviews the portfolio of credits and receivables and determines the losses from depreciation and non-collectability on a monthly basis. When determining the amount of depreciations, the Company makes assessments and assumptions regarding the availability of measurable reduction of the expected future cash flows of the loan and credit portfolio before this reduction may be established in the credit pool. Analysis is made of all available indications of available problems in the credit and payment status of the borrowers, the possible changes in the economic environment at local and national level are analysed. Because of the fact that the Company has no significant concentration of credit risk on the individual positions of the microcredit portfolio, the analyses are made for the entire credit pool as of a certain moment. In making these assessments and analyses, the Company uses historical data about the realized losses from assets with similar risk characteristics. The methodology and the basic assumptions of the models used to calculate the amounts and the time structure of the future cash flows are analysed periodically, so as to correspond more precisely to the losses actually occurred.

Detailed analysis of the losses from depreciation under credits measured on portfolio basis is presented in Note 12.

Provisions for depreciation of individually significant credits and receivables are charged in cases where objective evidence is available that the Company will not be able to collect all amounts due under the credit. The amount of depreciation is determined as the difference between the reporting value and the restorable value as of the end of each month.

Detailed analysis of the losses from depreciation under credits measured on individual basis is presented in Note 13.

2.4. Financial assets and liabilities

All financial assets and liabilities which may also include derivative financial instruments must be recognized in the Report on the Financial Status and must be measured in accordance with their categorization.

The Company categorizes financial assets into the following groups: financial assets reported at fair value in the profit or loss; investments held until payment date; financial assets available for sale. The Management of the Company determines the categorization of the financial instruments at their initial recognition.

Financial assets reported at fair value in the profit and loss

This category consists of two subcategories: instruments held for trading, and instruments which, at their initial recognition, have been determined to be reported at fair value in the profit or loss and which subsequently are revaluated at fair value.

A financial asset is classified as held for trading, if it has been acquired for the purpose of short-term resale or reacquisition, or if it is a part of a portfolio of identified financial instruments which are managed jointly and for which a recent practice is available for short-term obtaining of profits through purchase or sale. Derivative instruments are also categorized as held for sale, except where they have been determined to serve as hedging instruments and play effectively this role. Financial assets held for trading consist of debt instruments, capital instruments, as well as financial assets with embedded derivatives.

At their initial recognition, the instruments of this category are indicated at fair value. Transaction expenditure is indicated directly in the Statement of Comprehensive Income. All changes in the fair value are reflected in the Statement of Comprehensive Income as profit or loss. The revenue from interests is reported as such in the profit or loss using the effective interest rate method. The revenue from dividends is indicated as other operating revenue at obtaining the right to dividend. The instruments of this category are stricken-off at withdrawal of the rights to obtain cash flows related with them, or at the factual transfer of all risks and benefits related with their possession, if the transfer complies with the conditions for striking-off.

The Company may classify certain financial assets at their initial recognition as instruments reported at fair value in the profit or loss (so-called reporting at fair value option). This classification may not be changed subsequently. The reporting at fair value option is applied only in the cases where the following conditions are satisfied:

- the application of the reporting at fair value option reduces or eliminates accounting discrepancies between assets and liabilities, revenue and expenditure; or
- financial assets are part of a portfolio of financial instruments which is managed and reported based on fair value according to documented investment strategy and risk management; or
- financial assets contain debt and embedded derivative(s), which modify cash flows to a material degree and, therefore, must be separated and reported separately.

Investments held until payment date

Financial assets held until payment date are non-derivative financial instruments with payments which are fixed or may be determined and with definite term, and which the Company has positive intention and possibility to keep until payment date, except for:

(a) the instruments classified as held for trading
(b) the instruments reported at fair value in the profit or loss
(c) financial assets and liabilities which comply with the definition for credits and receivables arisen at the Company.

The initial recognition is made at acquisition price, which also includes the expenditure related with the effecting of the transactions and reflects the fair value as of this moment. The subsequent measurement is made at amortized cost using the effective interest rate method, reduced by the accrued depreciations. At calculation of the amortized cost, premiums and discounts are included, related with the acquisition, commission and other expenditure or revenue related with the transaction, as well as all other revenue and expenditure which are an integral part of the effective profitability of the instrument. The revenue from interests is specified as such in the Statement of Comprehensive Income. The amortized part, included in the calculation of the effective interest for the period, is indicated as correction of the interest revenue in the Statement of Comprehensive Income. The losses from depreciation are included in the Statement of Comprehensive Income for the period of effecting the depreciation.

As of December 31, 2018 and December 31, 2017 the Company does not possess any investments held until payment date.

Financial assets available for sale

Investments available for sale are financial assets which are intended to be held for an indefinite period of time which may be sold in response to liquid needs or changes in the interest rates, exchange rates or prices of shares, or which have not been classified as loans or receivables, investments held until payment date or financial assets reported at fair value in the profit or loss for the period. Financial assets available for sale include shares and interests, as well as debt securities. The Company has not classified any credits and receivables as being available for sale.

Financial assets available for sale are initially recognized at fair value, which is the paid-up remuneration and the expenditure related with the transaction, and are measured subsequently at fair value, whereas the profits and losses from depreciation are recognized in the other comprehensive revenue, except for the losses from depreciation and the profits and losses from change of the exchange rates. At the investment's release, the cumulative profit or loss which has been indicated in the equity is recognized in the Statement of Comprehensive Income, in position *Other operating revenue*. In the cases where the Company possesses more than one investment in the same financial instrument, the value of the sold instruments is calculated after the method "first in, first out price". The interests obtained for the period of holding are reported as revenue from interests using the effective interest rate method. If a financial asset available for sale is depreciated, the cumulated profit or loss which has been previously recognized in the equity is transferred to the Statement of Comprehensive Income. The revenue from dividends is recognized in the profit or loss for the period in which the right to obtain payment has been undoubtedly established.

Investments in subsidiaries are presented in the group of financial assets available for sale.

2.5. Investment property

Investment property is property (land, building, parts of a building or building under construction), which is held for the purpose to be let for rent under the conditions of operating lease or for the purpose of increasing the capital's value, or both, in accordance with IAS 40 Investment Property, and which is not expected to be used in the common business activity of the Company.

Investment property is recognized as an asset only where it is possible for future economic benefits related with the property to be obtained by the Company and where the acquisition price may be determined reliably. Recognition is usually made from the time when all benefits and risks related with the asset are transferred to the Company.

Investment property is initially evaluated at acquisition price, including the expenditure related with the transaction. The current expenditure related with the asset's servicing is not included in the reporting value, but is reported as direct expenditure for investment property in the Statement of Comprehensive Income for the period.

Easy Asset Management AD (PLC) applies the model of the acquisition price for subsequent reporting of investment property. The model of the acquisition price requires that investment property is reported at the acquisition price reduced by the charged amortizations and losses from depreciation. Amortization is effected based on the linear method. The land classified as investment property is not amortized. The Company does not possess any investment property.

Investment property should be examined for depreciation every time when indications arise that the reporting value of the asset may not be restored. Loss from depreciation is recognized up to the amount of the positive difference between the reporting value and the restorable value of the asset. The restorable value is determined as the higher of the fair value reduced by the expenditure for realization and the value of the asset in use.

The Company classifies investment property in level 3 of the fair value hierarchy.

Profits or losses resulting from decommissioning or release of investment property are determined as the difference between the net revenue from release and the balance sheet value of the asset and are recognized in the profit or loss in the period of their decommissioning or release.

2.6. Credits and receivables

Credits and receivables are non-derivative financial assets with payments which are fixed or subject to determining, which are not quoted on the active market, and which are not:

(a) credits which the Company intends to sell immediately, which are classified as held for trading, and those which, after the initial recognition, are determined as reported at fair value in the profit or loss;
(b) credits which the Company, after the initial recognition, has classified as available for sale; or
(c) credits for which the Company may not restore to a significant degree the entire initial investment for a reason different from deterioration of the borrower's status.

These financial assets are initially reported at fair value and subsequently, at amortized cost, using the effective interest rate method, reduced by losses from depreciation and non-collectability.

The amortized cost is calculated taking into account all provided discounts or premiums at acquisition and includes fees which are an inseparable part of the valid interest rate, as well as the expenditure related with the transaction. Credits and receivables are indicated in the Report on the Financial Status as loans and advances extended to customers. The accrued interest in included in the Statement of Comprehensive Income as Revenue from interests. In case of depreciation, the loss from depreciation is reported as withholding from the balance sheet value of the investment and is recognized in the Statement of Comprehensive Income as Loss from Depreciation. The amortized part included in the calculations of the effective interest for the period is indicated as Correction of the interest revenue in the Statement of Comprehensive Income. The losses from depreciation are included in the Statement of Comprehensive Income for the period of effecting the depreciation.

The Company may undertake commitments for crediting where the loans are classified as held for trading since the intention is to sell the credits in the short run. These undertaken commitments for crediting are indicated as derivatives and are evaluated at fair value in the profit or loss for the period.

The credit commitments which are expected to be held by the Company after they have been extended are indicated as liability only in the cases where an encumbering contract is available, which will possibly result in loss.

2.7. Financial liabilities

Financial instruments issued by the Company which do not constitute equity elements in their essence and which are not reported at fair value in the profit or loss for the period are classified as liabilities ("attracted funds"), if the contractual agreement results in arising of an obligation for the Company to either provide cash on hand or some other asset to the holder or to implement the obligation through exchange of a fixed amount in cash or some other financial asset for a fixed number of own shares. Financial liabilities are initially recognized at fair value, net of the direct expenditure related with their arising.

After the initial recognition, the issued bonds and the other attracted funds are measured at amortized cost using the effective interest rate method. The amortized cost is calculated taking into account all discounts or premiums provided at acquisition and it includes fees and remunerations which are an inseparable part of the effective interest rate, as well as the expenditure related with the transaction. The expenditure for interests is indicated in the Statement of Comprehensive Income.

A designed financial instrument, which contains simultaneously debt and capital component, is divided on the issue date. The part of the net revenue from the instrument, allocated to the debt component on the issue date, is calculated based on the fair value (determined based on a quoted market price for similar debt instruments). The part of the revenue, allocated to the capital component, is equal to the residual sum upon withholding of the sum attributed to the debt instrument. The value of all embedded derivatives (such as, call options), which are different from the capital component, is included in the debt component.

Striking-off of financial assets and liabilities

A financial asset (or in the cases where applicable, a part of a financial asset or a part of a group of similar financial assets) is stricken-off when the rights to obtain cash flows from this asset have expired, or the Company has transferred its right to obtain cash flows from the asset, or has undertaken a commitment to pay the obtained cash flows in full and with no material delay to a third party under a transfer agreement, and the Company has transferred to a material degree all risks and benefits related with the asset, or the Company has neither received, nor retained to a material degree all risks and benefits from the asset, but has transferred the control over the asset.

In the cases where the Company has transferred its rights to obtain cash flows from the asset or has concluded a transfer agreement but has neither transferred nor retained to a material degree all risks and benefits from the asset or has not transferred the control over the asset, the asset is recognized up to the degree of the Company's continuing interest in it. In this case, the Company also recognizes the liability related with the asset. The transferred asset and the liability related with it are measured in a way which reflects the rights and obligations preserved by the Company.

The continuing interest in the form of guarantee over the transferred asset is measured by the smaller of the original balance sheet value of the asset and the maximal value of the remuneration which might be required from the Company as back payment.

A financial asset is stricken-off in the cases where the liability is paid-up, cancelled or expires. In the cases where an available financial liability is replaced by another liability with the same creditor under materially different conditions or the conditions of the available liability are changed materially, this change or modification is treated as termination of the recognition of the initial liability and recognition of a new one. The difference between the balance sheet value of the original financial liability and the paid remuneration is indicated in the profit or loss for the period.

2.8. Measurement of the fair value

For financial instruments which are traded on active markets, the measurement of the fair value is based on market prices or dealer price quotes. A financial instrument is deemed to be traded on an active market, if the quoted prices are regularly available with a stock exchange, dealer, broker, company of the respective industry or regulatory agency and these prices represent actual and regularly effected transactions on the market. If the above-mentioned criteria are not satisfied, the market is deemed to be inactive.

For all other financial instruments, the fair value is measured using measurement models. They include the discounted cash flow method, comparison with similar instruments, for which appropriate-for-observation market prices are available, option pricing models, credit models, and other relevant measurement models. In applying these models, the fair values are calculated based on observed data with respect to similar financial instruments, use of measurement models for the current value of the expected future cash flows or other measurement techniques, which use input data available as of the date of the Report on the Financial Status. Some of the input data for these models may not be observable on active markets and therefore, they are measured based on assumptions. The results of a given model represent a measurement or approximation, which may not be determined with absolute certainty and it is possible for the used measurement techniques to not reflect completely all factors corresponding to the positions occupied by the Company. Therefore, the measurements and models are corrected, where appropriate, to allow the inclusion of additional factors, model risks and credit risks including. In the cases where the fair value of a non-quoted capital instrument may not be measured for sure, the instruments are reported at acquisition price minus depreciation. The fair values of the credits and advance payments, as well as the liabilities to third parties, are determined using a current value model based on agreed cash flows, taking into account the credit quality, liquidity and expenditure; their fair value does not differ materially from their net balance sheet value. The fair values of contingent liabilities and non-cancellable liabilities under loans correspond to their balance sheet values.

For financial assets and financial liabilities with short-term payment date (less than three months), it is assumed that the balance sheet value is close to their fair value. This assumption is also applied with respect to demand deposits and termless savings deposits.

IFRS 7 Financial Instruments: Disclosure requires the clarification appendixes to the Financial Statements to contain information about determining the fair value in accordance with IFRS 13 Fair Value Measurement of the financial assets and liabilities which have not been presented at fair value in the Report on the Financial Status. IFRS 13 defines a hierarchy of the measurement techniques depending on the degree to which the models' input data may be observed or not. Input data which may be observed include market information obtained from external information sources; input data which may not be observed include assumptions and assessments of the Company.

These two types of input information define the following fair value measurement hierarchy:

- Level 1 – quotes from active markets for identical financial instruments. This includes listed capital and debt instruments.
- Level 2 – input data different from the data of Level 1, which may be observed directly or indirectly (i.e. may be derived from market prices).
- Level 3 – input data which may not be observed and/or based on external market information. This group includes instruments, the significant components of which may not be observed.

The above-mentioned hierarchy of the measurement methods requires the use of market information wherever possible. In performing the measurements, the Company takes into account the respective possible-for-observation market prices in the cases where this is possible.

Fair value of the financial instruments:

	As of December 31, 2018		*As of December 31, 2017*	
Financial assets	*Balance sheet value*	*Fair value*	*Balance sheet value*	*Fair value*
Cash and cash equivalents	3,756	3,756	11,455	11,455
Credits and receivables from customers	43,531	43,531	44,621	44,621
Extended individually significant loans to legal entities and natural persons	56,360	56,360	52,265	52,265
Commercial and other receivables	2,243	2,243	2,481	2,481
Investments in subsidiaries	8,950	8,950	6,018	6,018
Total assets	**114,840**	**114,840**	**116,840**	**116,840**
Financial liabilities				
Liabilities to banks	5	5	4,904	4,904
Liabilities to staff and social security institutions	5,811	5,811	5,270	5,270
Commercial and other liabilities	36,481	36,481	40,806	40,806
Total liabilities	**42,297**	**42,297**	**50,980**	**50,980**

In relation with the requirements of IFRS 13 Fair Value Measurement, the Company considers with particular attention the financial instruments of Level 3, to which prices determined by use of input data refer, where observable market information is lacking or where there is small (if any at all) market activity for the asset or liability on the measurement date. The entity prepares observable input variables using the best available information under the given circumstances, which may be entity's own data, while taking into account the whole available information for the assumptions of the market participants.

When considering credits extended to customers, which are presented in the reports at amortized cost, measurement techniques are used, based on the revenue approach, which transform future sums (cash flows or revenue and expenditure) into one current (discounted) sum. The measure of the fair value is determined based on the value which is imposed by the current market expectations regarding these future sums.

When determining the fair value of the extended credits from the segment of individually significant credits, detailed analysis is made of the restorable values and forecast cash flows, used for measurement by entity. The Company reasonably accepts that the fair value of these financial assets is equal to their balance sheet value.

The following table provides information about the financial instruments as of December 31, 2018, for which disclosure of fair value is required in accordance with IFRS 7, distributed depending on the used evaluation method:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	3,756	-	-	3,756
Credits and receivables from customers	-	-	43,531	43,531
Extended individually significant loans to legal entities and natural persons	-	-	56,360	56,360
Commercial and other receivables	-	-	2,243	2,243
Financial liabilities				
Liabilities to banks	-		5	5
Liabilities to staff and social security institutions	-	-	5,811	5,811
Commercial and other liabilities	-	-	36,481	36,481

Capital investments in subsidiaries totalling BGN 8,950 thous. have been represented at acquisition price, since their fair value as of December 31, 2018 may not be determined reliably.

Compensation of financial instruments

Financial assets and liabilities are netted and the net sum is indicated in the Report on the Financial Status in the cases where there is executable right to compensate the recognized sums and there is intention to achieve agreement on a net basis or to simultaneously realize the asset and settle the liability.

Depreciation of financial assets

(A) Depreciation of assets reported at amortized cost

The Company determines at each reporting date whether objective evidence is available that a financial asset or a group of financial assets have been depreciated. A financial asset or a group of financial assets are depreciated only in the cases where objective evidence of depreciation is available, resulting from one or more events which have occurred after the initial recognition of the asset („event of loss”) and this event (or events) of loss has had negative effect on the expected future cash flows from the financial asset or group of financial assets of the Company, which may be measured reliably. The criteria used by the Company to determine whether objective evidence of loss from depreciation is available include:

(a) material financial difficulties of the obligated person;
(b) violation of a contract, such as failed implementation or delay of interest or principal payment instalments;
(c) available objective data pointing out that a measurable reduction of the expected future cash flows from a financial asset portfolio is available after the time of the initial recognition of these assets in spite of the fact that the reduction with respect to the individual financial assets in this portfolio may not be identified yet;
(d) unfavourable changes in the payment status of the borrowers in the portfolio.

Other circumstances may also exist (such as, fraud, unfavourable changes in the employment rate and so on), which are assumed to be an indication of the credits' depreciation. The Company determines the availability of objective evidence for depreciation of individual credits or groups of credits. The Company forms a portfolio of credits with similar credit risk characteristics, which are not individually significant, and measures them collectively for available depreciation.

The sum of the loss is measured as the difference between the balance sheet value of the asset or group of assets and its/their restorable value which is the current value of the expected future cash flows (except for the future credit losses which have not arisen).

The balance sheet value of the loans is reduced by the amount of the depreciation and the sum of the loss is recognized in the Statement of Comprehensive Income for the period in which the loss has occurred.

The future cash flows of a group of financial assets which are examined for depreciation on a portfolio basis are calculated based on the contractual cash flows, taking also into account historical losses from assets with similar credit risk characteristics. The methodology and the assumptions used to measure future cash flows are reviewed on a regular basis to reduce the differences between the expected values of the losses and the actual losses. In the cases where a certain loan may not be paid-up, it is stricken-off against the accumulated depreciation. These loans are stricken-off after all required procedures have been completed and the sum of the loss has been measured. If, during a next period, the sum of the loss for depreciation is reduced and the reduction is objectively related with an event which occurs after the depreciation's recognition, the loss from depreciation which has been recognized before is restored in the Statement of Comprehensive Income.

(B) Depreciation of assets classified as available for sale

The Company determines as of each date of the Report on the Financial Status whether objective evidence is available that a financial asset or a group of financial assets have been depreciated. The material or continuous reduction of the fair value of a financial asset available for sale constitutes objective evidence for depreciation which results in recognition of loss from depreciation. If such evidence exists with respect to assets held for sale, the cumulative loss measured as the difference between the value at acquisition and the current fair value is transferred from the capital and is indicated in the profit or loss for the period.

If, during a subsequent period, the fair value of a debt instrument classified as available for sale is increased and the increase is due to an event which has occurred after the period when the depreciation has been recognized in profits or losses, the depreciation is restored through the Statement of Comprehensive Income.

Losses from depreciation recognized in the profit or loss as investments in capital instruments classified as „available for sale" are not restored in the profit or loss.

(C) Depreciation of ***non-financial assets***

As of each reporting date, the Company determines whether indications are available that the value of a certain asset has been depreciated. If indications for depreciation are available, the restorable value of the asset is measured. In case the restorable value of a certain asset is lower than its balance sheet value, the balance sheet value is reduced up to the amount of the restorable value. Irrespective of whether there are indications for depreciation or not, the Company examines for depreciation all intangible assets with undefined useful life or intangible assets still not available for use on an annual basis.

The restorable value of an asset or cash flow generating unit is the higher of the fair value reduced by the sale-related expenditure of this asset and its value in use. The restorable value is determined for an individual asset, except for the case where, during the asset's use, cash flows are generated which are materially dependent on the cash flows generated by other assets or groups of assets. If this is so, the restorable value is determined for the cash flow generating unit to which the asset pertains. As of each reporting date, the Company determines whether indications are available that a loss from depreciation of a non-financial asset, different from reputation recognized in previous years, may be no more existing or may have been reduced. If such indications are available, the restorable value of the respective asset is measured.

The loss from depreciation of an asset is restored only where a change has occurred in the measurements used during the initial measurement of the asset's restorable value, after the recognition of the last loss from depreciation. In this case, the balance sheet value of the asset is increased to its restorable value, whereas this value does not exceed the balance sheet value, which would have been measured upon withholding amortization provided, during previous years, no loss from depreciation of the asset has been recognized.

2.9. Lease

Lease contracts are reported in accordance with IAS 17 and IFRSIC 4. The contracts are classified as financial lease or operating lease, depending on the degree to which the risks and benefits from the ownership of the leased asset are for the Lessor or for the Lessee. The judgment as to whether a given agreement constitutes or contains a lease is based on the essence of the agreement, upon determining whether the agreement's implementation depends on the use of the specific asset, as well as determining whether and to what degree the agreement transfers the right to the asset's use. The judgment as to whether a given agreement involves a lease is made in the beginning of the contract.

Re-judgment as to whether a given agreement involves a lease after its beginning is made, if only one of the following conditions is satisfied:

(a) a change in the contractual conditions is available, except where the goal of the change is only to renew or extend the agreement;
(b) the renewal option has been exercised or extension of the agreement has been agreed by the parties, except for the case where the term of the renewal or extension has been initially included in the lease period;
(c) a change in the judgment as to whether the implementation depends on the specific asset is available;
(d) a material change in the asset is available, such as material physical change;

If a given agreement is subject to re-judgment and it is determined that it involves a lease (or does not involve a lease), the accounting of the lease is applied (or terminated) from the time of arising of the change of the circumstances which have caused the re-judgment to be made or accordingly, from the beginning of the period of renewal or extension.

Lease contracts where not all material risks and benefits resulting from the ownership of the asset are transferred are classified as operating lease. Lease payments under operating lease are recognized as expenditure in the Statement of Comprehensive Income proportionally over the whole period of the lease contract. At termination of a lease contract before expiration of the contract's term, expenditure amounting to the penalties or other payments due to the Lessor, related with the contract's termination, is recognized in the Statement of Comprehensive Income on a current basis.

Lease contracts where all significant risks and benefits resulting from the ownership of the asset are transferred are classified as financial lease. In the beginning of the lease term, financial lease is recognized as asset and liability in the Report on the Financial Status with amount equal to the fair value of the leased property in the beginning of the lease term or, if it is lower – to the current value of the minimal lease payments determined in the beginning of the lease contract. The initial direct expenditure is added to the value recognized as an asset. The obligation for future lease payments, reduced by the financial expenditure for future periods, is reflected in the Report on the Financial Status.

The minimal lease payments are distributed between the financial expenditure and the reduction of liability. Financial expenditure is distributed by periods over the term of the lease contract, so as to obtain constant interest rate for the periods on the residual amount of the liability. The amortizable sum of the leased asset is distributed on a systematic basis for each reporting period during the expected use in accordance with the amortization policy adopted by the Company. If there is sufficient degree of certainty that the right to ownership will be obtained by the end of the lease contract's term, the period of expected use is equal to the useful life of the asset; otherwise, the asset is amortized during the shorter of the two terms — the term of the lease contract or the useful life of the asset.

2.10. Recognition of revenue and expenditure

Revenue is recognized to the degree to which economic benefits are available, which are possible to pass over to the Company, and these economic benefits may be measured reliably. The Company observes the following specific criteria for recognition of revenue:

(a) For all financial instruments reported at amortized cost, interest-bearing financial assets classified as available for sale, and financial instruments reported at fair value, the revenue and expenditure from interests are reported in the Financial Statements as Revenue from interests and Expenditure from interests using the effective interest rate method. This is a method for calculation of the amortized cost of a financial asset or financial liability and allocation of the revenue from interests or expenditure for interests for the respective period. Effective interest is the interest rate which discounts precisely the measured future cash flows over the life cycle of the financial instrument or where required – over a shorter period with respect to the net carry-over sum of the financial asset or financial liability.

During the calculation of the effective interest rate, the Company measures the cash flows which take into account all contractual conditions of the financial instrument (such as, advance payment options), but does not take into account future credit losses. The calculation includes all fees and commissions paid-up or obtained between the parties to the contract, which constitute an inseparable part of the effective interest rate, transaction expenditure, and all other given or obtained premiums and discounts.

The revenue from penalties and in case of failed implementation of the contractual obligations of the borrowers under extended credits is recognized proportionally to the credit's term. In the cases of payment ahead of time, the residual amount of the receivable is recognized as revenue on the date of the ahead-of-time payment.

(b) The revenue from fees and commissions is charged at the time of the service's provision. The fees obtained for provision of services over a definite period of time are charged within this period of time. The fees for obligations for extension of loans, which most probably will be drawn, and other fees related with credits, are deferred (together with all additional expenditure) and are recognized by changing the effective interest rate on the loan. Dividends are indicated as revenue in the Statement of Comprehensive Income after the right to their obtaining is established.

(c) The credits extended under customer loyalty programmes constitute a separate subject-to-identification component of the transaction under which they have been extended. The fair value of the obtained remuneration with respect to the initial sale is distributed among the credits and the other components of the transaction. The credits extended under loyalty programmes are reported as a correction of the balance sheet value of the credit portfolio and the interest revenue for the period.

2.11. Cash and cash equivalents

Cash and cash equivalents indicated in the Statement of Cash Flows include cash on hand, current accounts and bank deposits with initial date of payment less than three months.

2.12. Property, plant and equipment

Fixed tangible assets are measured at historical price excluding the expenditure for current maintenance minus the accumulated amortization and depreciations. The historical price also includes expenditure which may be directly included in the acquisition price of the respective asset. Subsequent expenditure is capitalized in the value of the asset or is recognized as a separate tangible asset only in the cases where it is possible to generate future economic benefits and where this additional expenditure may be measured reliably. The carry-over value of a replaced part of a fixed tangible asset is stricken-off. All other expenditure for repair and maintenance are recognized in the Statement of Comprehensive Income in the period of their arising.

The amortizations of fixed assets are calculated after the linear method, so that their wearing-out corresponds to the useful life envisaged for them as of December 31, 2018 and December 31, 2017, as follows:

Equipment	3.33 years
Vehicles	4 years
Computers and periphery	2 years
Other	6.7 years

2.13. Intangible assets

Intangible assets consist of software, licenses and other separately identifiable assets. Fixed intangible assets are reported at acquisition price minus the accumulated amortization and the accumulated losses from depreciation. The amortizations of fixed assets are calculated after the linear method, so that their wearing-out corresponds to their envisaged useful life.

The management of the Company recalculates the carry-over value and the residual useful life of intangible assets as of each reporting date. In case of occurred changes in the residual useful life of the assets, the method or the amortization period is changed, which is treated as change of accounting estimates. Intangible assets with indefinite useful life are not amortized, but are examined from time to time for available indications of depreciation. Review for available indications of depreciation is made on an annual basis for all intangible assets. In case such indications are available as of the date of the Report on the Financial Status, the assets are subject to additional analysis to establish whether their balance sheet value is restorable. In case the balance sheet value of an intangible asset is lower than the restorable value, loss from depreciation is recognized in the Statement of Comprehensive Income.

The acquired licenses for program software are recognized in the cases where they may be separated or they result from contractual or other legal rights, the expenditure related with their acquisition may be measured reliably, and it is possible for future economic benefits to arise from their use. Software has maximal expected useful life of 2 years.

The other intangible assets are initially recognized when they are identified or arise as a result of contractual or other legal rights, the expenditure related with their acquisition may be measured reliably and (in the case of intangible assets which have not been acquired as a result of business combinations), when expected future economic benefits related with the assets are available. The other intangible assets are measured at prime cost reduced by the accumulated amortization and depreciation. These assets are amortized over their useful period of use in a way which reflects their contribution to the future cash flows of the Company.

2.14. Provisions

Provision for legal or constructive obligation is recognized when the Company has current liability as a result of past events; it is highly probable that, to pay-up the obligation, an outgoing flow of resources will be required; reliable measurement of the value of liability may be made. The expenditure in relation with all provisions is presented in the Statement of Comprehensive Income without compensation. The Company does not recognize provisions for future operating losses. In the cases where there are multiple liabilities of similar nature, the probability for settlement is determined considering these similar liabilities as a whole. Provision is recognized even where the probability for payment of a given separate liability from the group of similar liabilities is low. Provisions are discounted when the effect is material, whereas in these cases, the sum of the provision represents the current value of the payments which are expected to be made to cover the liability. The discount percent is the percent before taxation which reflects the current market measurement of the time differences in cash value and liability-specific risks. The discount percent does not reflect risks for which the future cash flows have been already recalculated. The increase of the provision due to lapse of time is recognized as expenditure for interests.

2.15. Payments based on shares

The staff of the Company obtains remunerations based on shares, whereas the employees provide services for remuneration obtained in the form of capital instruments. The expenditure for transactions related with shares is recognized together with the respective increase of the capital for the period during which the implementation and/or the conditions for provision of services have been satisfied as of the date on which the respective employees obtain full right to their receival („date of rights acquisition"). The cumulative expenditure recognized for the transactions related with shares for each reporting date until the date of acquisition of rights reflects the degree to which the period of rights acquisition has elapsed and the best measure of the Company regarding the capital instruments for which rights will be ultimately acquired. The expenditure is indicated as *Expenditure for staff*. In the cases where the conditions for payments based on shares are changed, the minimal expenditure recognized in *Expenditure for staff* are the expenditures such as they would have been, if the conditions had not been changed. Additional expenditure for all modifications is recognized, which increases the total value of the agreement for payment by shares or is otherwise beneficial for the employee. In the cases where payments based on shares are cancelled, the cancellation is treated as transferred right from the date of cancellation and all expenditures which have still not been recognized by the cancellation date are recognized immediately.

If, in the place of an old programme for payment by shares, a new programme is introduced, the cancelled programmes and the new programmes are treated in such a way, as if they are a modification of the original programme, as described above.

The expenditure for payments based on shares is measured initially at fair value using a price formation model taking into account the conditions under which the instruments have been provided. This fair value is indicated as expenditure for the period of the rights' acquisition. The liabilities under the programme are recalculated at fair value in each Report on the Financial Status until the settlement date including, whereas the changes in the fair value are reported in the Statement of Comprehensive Income.

2.16. Current income tax

The Company charges current taxes according to Bulgarian law. Profit tax is calculated based on the taxable profit for the period determined in accordance with the rules established by the tax regulatory actions. The tax effect related with transactions or other events is reported in the Statement of Comprehensive Income. The tax effect related with transactions or other events, reported directly in the equity, is referred directly to the equity. The current tax assets and liabilities for the current year and the previous years are the amount which is expected to be restored by or paid to the tax authorities. The tax tariffs used during the calculations are those which have been established by law as of the date of the Report on the Financial Status.

2.17. Deferred taxes

The receivables and liabilities under deferred taxes are reported for all temporary differences subject to taxation using the balance sheet method of the liabilities, applied on the difference in the tax basis of the assets and liabilities and their reporting value indicated in the Financial Statements. Deferred taxes are reported for all temporary differences subject to withholding up to the degree to which it is possible to have available future taxable profit against which the respective withholdings are to be made.

Deferred taxes are recognized as revenue or expenditure and are included in the net profit for the period, except for the cases where these taxes arise from a transaction or an event reported for the same period or a different period directly in the equity. Deferred taxes are calculated in or withheld directly from the equity where these taxes refer to positions which are charged or withheld during the same period or a different period directly in the equity.

Deferred taxes are recognized as revenue or expenditure using the tax tariffs applicable as of the date of preparation of the Financial Statements. Deferred taxes are not recognized in the cases where they arise from the initial reporting of an asset or liability with a transaction for which, as of the time of transaction, there is no reflection on the accounting profit or the tax profit (loss). Deferred taxes arisen as a result of investments in subsidiaries and operations abroad are recognized in the Statement of Comprehensive Income and the Report on the Financial Status, except for the cases where the period of calculation (or withholding) of these temporary differences is controlled by the Company and it is highly probable that the temporary difference will not be displayed retrospectively in the future.

2.18. Redeemed own shares and own share contracts

The equity instruments of the Company which have been acquired by it or by its subsidiaries (own Company shares) are withheld from the capital and are reported at weighted average acquisition price. The paid-up or obtained remuneration for purchase, sale, issuing or cancellation of the Company’s equity instruments is recognized directly in the equity. The profits or losses are not recognized in the Statement of Comprehensive Income. The contracts for own shares which are related with issuing of own shares for a remuneration are classified as capital and are added to or withheld from the capital. The contracts for own shares which require net settlement in cash or provide a settlement choice while preserving the value of the contractual obligation, resulting in change of the number of shares or change of their fair value, are classified as financial liabilities.

2.19. Dividends

The dividends related with ordinary shares are recognized as liability and are withheld from the capital in the cases where they have been approved by the Company shareholders. Intermediate dividends are withheld from the capital in the cases where they have been declared. The dividends for the year, which have been approved after the end of the reporting period, but before the date of issuing of the Report on the Financial Status, are disclosed as an event after the date of issuing of the Report on the Financial Status.

2.20. Staff revenue

The Company makes contributions to different public or privately administered pension schemes and funds. The effected payments in relation with this short-term staff revenue are recognized as staff expenditure for the period.

The Company is obliged to pay to its employees income at retirement, provided a number of legal grounds are satisfied in accordance with the respective labour law. The Company recognizes expenditure for compensations at termination of employment contracts, if the following conditions are satisfied: a solid commitment and a detailed plan for termination of employment relationships and a legally established obligation for payment of such short-term income to the staff are available. Staff income which is due for a period longer than one year after the date of the report is discounted to its current value.

In accordance with Bulgarian labour law, the Company is obliged to pay 2 or 6 gross monthly working remunerations to its employees at retirement, whereas the amount depends on the length of service with the Company. If the length of service of the employee with the Company is more than 10 years, the income at retirement amounts to 6 gross monthly salaries; in the other cases, the sum of the compensation at retirement amounts to 2 gross monthly salaries. These liabilities for payment of income at retirement are not secured by funds collected in a special fund (i.e. the obligations are not funded). The Management of the Company has calculated the current value of these liabilities as of the preparation date of the Financial Statements based on actuary calculations after the forecast unit method.

2.21. Comparative data

Except for the cases where some standard or standard interpretation requires or admits otherwise, all values in the report are indicated or disclosed together with comparative information for previous periods. In the cases where IAS 8 is applied, comparative data are corrected, so as to comply with the changes in presentation during the current year.

2.22. Related entities

For the purposes of these Financial Statements, the Company presents as related entities the partners, their subsidiaries and associated companies, company officers, as well as close members of their families, including the companies controlled by all above-mentioned persons, are considered and treated as related entities.

2.23. Significant accounting calculations and approximations

According to IFRS, the presentation of the Financial Statements requires of the Management to make the best approximations and reasonably grounded assumptions which affect the reported values of the assets and liabilities and the disclosure of contingent receivables and liabilities as of the date of the report, and accordingly, the values of the revenue and expenditure for the reporting period.

The approximations and the related assumptions are based on historical experience and other factors which are reasonable under these circumstances, the results of which form a basis for approximations regarding the balance sheet value of the assets and liabilities, which are not evident from other sources. The actual results may differ from the preliminary approximations made.

Accounting approximations and basic assumptions are reviewed on a regular basis. Correction of accounting approximations is made in the year of the second reviewing of approximations, if the correction refers to the current year and the future years. The approximations of the Management in applying IFRS, which have material effect on the financial reports and the accounting approximations with material risk of material correction during the next year are presented here below.

(in all Appendixes the amounts are indicated in BGN thous., except where stated otherwise)

3. Revenue from interests and penalties in case of failed implementation of the contractual obligations

	2018	2017
Revenue from interests and penalties in case of failed implementation of the contractual obligations of the borrowers under extended credits	100,501	92,376
Revenue from interests on deposits and current accounts	-	1
	100,501	**92,377**

4. Expenditure for interests

	2018	2017
Interests on bank loans	(31)	(76)
Interests on financings	(135)	(1,104)
Other interests on transferred financial assets	(395)	(122)
	(561)	**(1,302)**

5. Other financial revenue/(expenditure), net

	2018	2017
Revenue:		
Revenue from currency operations and depreciations	418	133
Revenues from ceded receivables	5,396	2,413
	5,814	**2,546**
Expenditure:		
Expenditure under currency operations and depreciations	(248)	(729)
Expenditure under operations with financial assets and instruments	(175)	(110)
Expenditure related with foreign currency trading	-	(645)
Expenditure for fees and commissions	(260)	(228)
	(683)	**(1,712)**
	5,131	**834**

6. Expenditure for staff

	2018	2017
Salaries and remunerations	(38,911)	(34,862)
Social security contributions	(5,232)	(4,363)
	(44,143)	**(39,225)**

7. Other operating expenditure, net

	2018	2017
Other operating revenue:		
Revenue from provision of services	111	160
Other operating revenue	10	53

	121	213
Other operating expenditure:		
Expenditure for materials	(1,487)	(1,269)
Operating lease	(3,035)	(2,315)
Advertising and marketing	(3,612)	(2,910)
Telecommunication and postal expenditure	(807)	(615)
Transport and business trips	(1,008)	(1,290)
Advisor's, legal services	(410)	(362)
Consumables, electricity including	(402)	(373)
Office security	(106)	(122)
Insurances	(332)	(144)
Repair and technical maintenance	(300)	(248)
Representative and not related with the activity	(714)	(684)
Other operating expenditure	(1,318)	(1,722)
	(13,531)	(12,054)
	(13,410)	**(11,841)**

8. Temporary tax differences

The Company has no contingent receivables or liabilities related with taxation, and it does not expect any significant changes in its tax status, related with changes in tax tariffs or tax acts in subsequent reporting periods.

	2018	**2017**
Expenditure for current corporate tax	961	290
Effect from deferred taxes	(33)	(74)
Total	**928**	**216**

The applicable tariff for tax liabilities in Bulgaria for 2018 is 10% (2017: 10%). The calculation of the tax expenditure and the accounting profit multiplied by the applicable tax tariff for the years ending on December 31, 2018 and December 31, 2017 is, as follows:

	2018	**2017**
Profit before taxes	9,173	1,976
Expenditure for tax with effective tax tariff of 10% (2016: 10%)	917	198
Tax effect from expenditure not recognized for tax purposes and other	44	92
Tax effect from deferred taxes	(33)	(74)
Expenditure for tax	**928**	**216**

The following table shows the effect of deferred tax assets and liabilities in the Report on the Financial Status and the Statement of Comprehensive Income:

	2018	2017
Assets under deferred taxes	**330**	**297**

	2018	2017
In the beginning of the year:	297	223
(Expenditure)/Revenue in the Statement of Income	33	74
In the end of the year	**330**	**297**

The movement of the temporary tax differences (before compensation of the sums in the respective tax jurisdiction) during the period is, as follows:

Assets/ liabilities under deferred taxes	Unused leaves	Staff income	Other	Total
As of January 01, 2017	**103**	**90**	**30**	**223**
(Expenditure)/Revenue in the Statement of Income	53	4	17	74
As of December 31, 2017	**155**	**95**	**47**	**297**
As of January 01, 2018	**155**	**95**	**47**	**297**
(Expenditure)/Revenue in the Statement of Income	(4)	6	31	33
As of December 31, 2018	**151**	**101**	**78**	**330**

9. Revenue per share

The major revenue per share is calculated dividing the net profit for the year which is due to the ordinary shareholders by the weighed average number of ordinary shares which have not been paid during the respective year. The Company has not issued or obtained any financial instruments reducing the value of the profit per share. There have been no material transactions including ordinary shares or potential ordinary shares between the reporting date and the date of approval of these individual Financial Statements which might require recalculation of the revenue per share.

The following table shows the data used in the calculations of the profit per share:

	2018	2017
Net profit distributable for the shareholders	8,245	1,760
Number of ordinary shares	8,503	8,503
Revenue per share	**0,97**	**0.21**

10. Dividends

In 2018, dividends amounting to BGN 1,600 thous. (BGN 1,600 thous. in 2017) have been distributed and paid-up.

11. Cash and cash equivalents

	2018	**2017**
Cash on current accounts	2,946	10,249
Cash on hand	635	1,118
Cash in transit	175	88
	3,756	**11,455**

Cash and cash equivalents represent cash on hand and cash on bank accounts.

12. Credits and receivables from customers

	2018	**2017**
Principles and charged interests	66,545	72,404
Other receivables, including judicial	991	977
Minus: charged losses from depreciation	(24,005)	(28,760)
	43,531	**44,621**

All credits are with fixed interest rates.

The change of losses from depreciation of credits to customers is, as follows:

	2018	**2017**
In the beginning of the period	**28,760**	**14,882**
Charged during the year, net of reintegrated depreciations	26,873	38,314
Restored loss from depreciations	-	-
Stricken-off against provisions	(31,628)	(24,436)
In the end of the period	**24,005**	**28,760**

For its internal needs, the Company uses its own models to measure and analyse credit risk. These rating and measurement models are used during the analysis of the credit portfolio and serve as a basis in the calculation of the loss from non-returnable credits.

13. Extended individually significant loans to legal entities and natural persons

	2018	**2017**
Extended commercial loans to related persons, including charged interests	59,752	50,580
Extended commercial loans to legal entities, including charged interests	23,884	17,873
Extended commercial loans to natural persons, including charged interests	419	738

Minus: losses from depreciation	(27,695)	(16,926)
Total	**56,360**	**52,265**

All extended commercial loans are unsecured and with fixed interest rate.

The change of the losses from depreciation of loans extended to legal entities and natural persons is, as follows:

	2018	2017
In the beginning of the period	**16,926**	**16,798**
Charged during the year, net of reintegrated depreciations	10,922	136
Restored loss from depreciation	-	-
Stricken-off against provisions	(153)	(8)
In the end of the period	**27,695**	**16,926**

The extended individually significant commercial loans are reviewed for depreciation based on the individual characteristics of the credit receivable.

14. Commercial and other receivables

	2018	2017
Extended advance payments	1,248	679
Guarantees	161	143
Receivable under cession of credits and receivables	476	1,033
Receivable for corporate tax	-	411
Other	358	215
Total	**2,243**	**2,481**

The structure of the receivables under cession of credits and receivables is, as follows:

	2018	2017
Receivable under cession of an active portfolio in relation with termination of the offering of the respective product	-	685
Receivable under cession of unserviced receivables own portfolio	476	348
Total	**476**	**1,033**

The receivable under cession of an active portfolio in relation with termination of the offering of the respective product has been discounted for the time of realization, whereas as of December 31, 2018 it was realized in full amount. As of December 31, 2017, the amount of the receivable is BGN 938 thous. and the effect from the discounting, during the determination of the restorable value amounts to BGN 249 thous. In 2018, the sum of reintegrated depreciations amounts to BGN 249 thous. (BGN 143 thous. for 2017).

15. Investments in subsidiaries

Information about the investments in subsidiaries is presented on the following table:

	Gross amount of investment		Charged depreciation		Net balance sheet value after depreciation	
	As of December 31, 2018	*As of December 31, 2017*	*As of December 31, 2018*	*As of December 31, 2017*	*As of December 31, 2018*	*As of December 31, 2017*
Easy Credit LLC	13,797	13,797	12,232	12,232	1,565	1,565
STs Easy Asset Management IFN AD	4,303	861	4	4	4,299	856
I Credit SP.Z.O.O.	90	90	-	-	90	90
I Credit S.R.O.	73	44	73	1	-	43
Financial Company M Cash Macedonia DOOEL Skopje	-	196	-	-	-	196
Management Group EAD	-	12	-	12	-	-
Easy Payment Services EOOD	2,770	840	-	-	2,770	840
Dabrava Investments EAD	-	1,050	-	-	-	1,050
Access Capital EAD	-	1,050	-	-	-	1,050
Easy Credit Asia	102	102	102	-	-	102
Financial Bulgaria EOOD	226	225	-	-	226	226
Total	**21,361**	**18,267**	**12,411**	**12,249**	**8,950**	**6,018**

The Company possesses 100% of Easy Credit ("Subsidiary"). The Subsidiary is registered in accordance with Ukrainian law and the regulatory requirements regarding non-banking financial institutions. The sum of the initially registered capital of the Subsidiary is 6,922 Ukrainian hryvnia (UAH), which as of the date of the capital's registration were equal to EUR 800 thous. or BGN 1,565 thous. In 2015, decision was taken to increase the capital up to UAH 102,460, equal to EUR 4,581 thous. or BGN 8,960 thous. as of the date of the capital's increase.

The Company possesses 100% (99.9995416%) of STs Easy Asset Management IFN AD ("Subsidiary"). The Subsidiary is registered in accordance with Romanian law and the regulatory requirements for non-banking financial institutions, with total number of shares 459 800 pcs., and capital amounting to BGN 861 thous. (equal to EUR 440 thous.). The currency in which the Subsidiary's capital is registered is Romanian lei (RON). In 2018, decision was taken to increase the capital and, as of

December 31, 2018 the shareholders capital of the Subsidiary amounts to BGN 4,303 , equal to EUR 2,200 thous. (RON 10,261 thous.).

The Company possesses 100% of I Credit SP.Z.O.O. ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Polish law and the regulatory requirements for non-banking financial institutions. The value of the registered capital of the Subsidiary amounts to BGN 2 thous. (equal to 5 thous. Polish zlotas [PLN]) as of the date of registration. In 2016, decision was taken to increase the capital up to PLN 200 thous.

The Company possesses 100% of I Credit S.R.O. – in liquidation ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Czech law and the regulatory requirements for non-banking financial institutions. The value of the registered capital of the Subsidiary amounts to BGN 142 thous. (equal to 2 million Czech krones [CZK]) as of the date of establishment. In 2018, the Company has not conducted any business activity and its liquidation was undertaken.

The Company possesses 100% of the Financial Company M Cash Macedonia DOOEL Skopje ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with the law of the Republic of Macedonia and the regulatory requirements for non-banking financial institutions. The value of the registered capital of the Subsidiary amounts to BGN 196 thous. (equal to EUR 100 thous.). In January 2018, the deal for sale of its company shares to Access Finance OOD was finalized.

The Company possesses 100% of Management Group EAD – deleted ("Subsidiary"), established in 2015. The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 50 thous., whereas the value of the imported capital amounts to BGN 12 thous. The subject of activity of the Company includes provision of investment management services, entity management advice, accomplishment of transactions and investment. In 2018, the Company did not perform and business activity.

The Company possesses 100% of Dabrava Investments EAD – deleted ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 51 thous. The subject of activity includes preparation of analyses, business and investment plans, transactions and intellectual property, investment management and more. In 2018, the Company did not perform and business activity.

The Company possesses 100% of Access Capital EAD – deleted ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 51 thous. The subject of activity includes implementation of investment projects, management of real estates, advisory and mediation activity. In 2018, the Company did not perform any business activity.

The Company possesses 92% of Easy Payment Services EOOD ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the capital of the Subsidiary at registration amounts to BGN 1,000 thous. The activity of the Company is related with implementation of payment operations, issuing of payment instruments and/or acceptance of payments by payment instruments. In 2018, decision was taken to increase the registered capital to BGN 3,000 thous.

The Company possesses 98% of Easy Asset Management Asia Limited ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the law and the regulatory requirements of the Republic Union of Myanmar. The value of the registered capital of the Subsidiary amounts to USD 200 thous., equal to BGN 345 thous. as of the date of establishment. In 2018, the Company did not perform any business activity.

In 2017, "Easy Asset Management" AD initiated acquisition of the shares of the local division of the British group for non-banking user crediting International Personal Finance (IPF) – "Provident Financial Bulgaria" OOD. The Company possesses 100% of Financial Bulgaria EOOD ("Subsidiary"). The Subsidiary is registered in accordance with the law of the Republic of Bulgaria. The value of the registered capital of the Subsidiary amounts to BGN 51 million.

The change of the losses from depreciation of investments in subsidiaries is, as follows:

	2018	2017
In the beginning of the period	**12,249**	**12,237**
Charged during the year, net of reintegrated depreciations	174	12
Stricken-off against provisions	(12)	-
In the end of the period	**12,411**	**12,249**

As of December 31, 2018 the Company has analysed the restorable value of the investments in subsidiaries and the receivables under the loans extended to them. The Management of the Company believes that the respective net balance sheet values as of December 31, 2018 are restorable.

16. Property, plant and equipment

	Plant and equipment	Vehicles	Other	Total
As of January 01, 2018				
Reported value	76	152	718	946
Accumulated amortization	(76)	(152)	(477)	(705)
Balance sheet value	**-**	**-**	**241**	**241**
December 31, 2017				
Balance sheet value in the beginning of the period	-	-	241	241
Acquired	-	-	223	223
Expenditure for amortization	-	-	(187)	(187)
Stricken-off at balance sheet value	-	-	-	-
Balance sheet value in the end of the period	**-**	**-**	**277**	**277**
As of January 01, 2018				
Reported value	76	47	935	1,058
Accumulated amortization	(76)	(47)	(658)	(781)
Balance sheet value	**-**	**-**	**277**	**277**
December 31, 2017				
Balance sheet value in the beginning of the period	-	-	277	277
Acquired	-	-	260	260
Stricken-off (at balance sheet value)	-	-	-	-
Expenditure for amortization			(163)	(163)
Balance sheet value in the end of the period	**-**	**-**	**374**	**374**
As of December 31, 2017				
Reported value	76	12	1,121	1,209
Accumulated amortization	(76)	(12)	(747)	(835)
Balance sheet value	**-**	**-**	**374**	**374**

17. Intangible assets

	Software	Total
As of January 1, 2017		
Reported value	428	428
Accumulated amortization	(345)	(345)
Balance sheet value	**83**	**83**

December 31, 2017		
Balance sheet value in the beginning of the period	83	83
Acquired	328	328
Expenditure for amortization	(218)	(218)
Stricken-off at balance sheet value	-	-
Balance sheet value in the end of the period	193	193
As of January 01, 2018		
Reported value	756	756
Accumulated amortization	(563)	(563)
Balance sheet value	193	193
December 31, 2018		
Balance sheet value in the beginning of the period	193	193
Acquired	92	92
Stricken-off (at balance sheet value)	-	-
Expenditure for amortization	(214)	(214)
Balance sheet value in the end of the period	**71**	**71**
As of December 31, 2018		
Reported value	848	848
Accumulated amortization	(777)	(777)
Balance sheet value	**71**	**71**

18. Liabilities to banks

The liabilities to banks include interest bank loans under revolving credit facilities. The Company has no delays on principals, interests and other liabilities as of December 31, 2018 and December 31, 2017. The interest on credits is calculated based on the effective profitability, applying the effective interest rate. The attracted funds are with variable interest rates in the form of a basic interest rate and a surplus. Under a major credit facility/overdraft for working funds, there is no liability as of December 31, 2018 (BGN 4,900 thous. as of December 31, 2017 at effective interest rate of 5%). The credit is secured by registered pledges on portfolios of credit receivables, as well as mortgaged property of co-debtors. Other liabilities to banks include revolving credit cards with total sum of the liability as of December 31, 2018 amounting to BGN 5 thous. (BGN 4 thous. as of December 31, 2017).

19. Liabilities to staff and social security institutions

The liabilities related with staff income consist of the following:

	2018	**2017**
Staff-related liabilities	3,459	2,973

Social security liabilities	838	747
Unused leave and other short-term staff income	1,514	1,550
	5,811	**5,270**

Long-term staff income

According to the Labour Code of the Republic of Bulgaria, the Company, in its capacity of Employer, is obliged to pay between two and six gross monthly working remunerations to its employees at retirement, depending on their length of service, as follows:

Length of service	number of monthly working remunerations
Working for the Company during the last 10 years	2
Working for the Company for more than 10 years	6

The basic assumptions as of the date of the report are the following:

	2018	2017
Discount interest rate	0,72%	1,02%
Future salary growth	2,00%	2,00%

As of December 31, 2018, BGN 757 thous. (as of December 31, 2017: BGN 454 thous.) have been charged for provisions for liabilities at retirement, which are included above in the total liability to staff.

Until 2011, the employees of the Company and its subsidiaries had the right to participate in a payment plan in the form of shares. All employees had the right to participate in a plan for purchase of shares, provided they had length of service with the Company of at least one year. The employees acquired rights to the shares, if they worked for the Company for one year after the date of providing the shares. The shares under the plan are paid in cash and the redemption price is equal to the net consolidated profit per share for the previous financial year multiplied by a factor of 10. The term of the contract is unlimited and there are no alternatives for non-cash settlement. There have been no cancellations or amendments of the plan in 2018.

20. Commercial and other liabilities

	2018	2017
Liabilities to providers	591	546
Liabilities under guarantees	6,952	3,100
Liabilities under cessions – purchased receivables	28,331	28,331
Liabilities under other financings	-	8,266
Taxes on the income of natural persons	530	470

Liabilities for other taxes and fees	75	69
Other liabilities	2	24
	36,481	**40,806**

Liabilities under guarantees represent redemption commitments undertaken by the Company under ceded receivables on credits from its own portfolio up to the amount of the transferred principal.

In 2016, the Company started partnership with a platform for P2P investments regulated according to the legal framework of the Republic of Estonia. The platform provides the possibility to invest in credits already extended by the Company, which acts in its capacity of originator. This is done by transfer of rights, whereas the gross balance sheet value of the transferred unstricken-off assets as of December 31, 2018 amounts to BGN 6,952 thous. (BGN 3,100 thous. as of December 31, 2017). The investor may choose the part of the credit he wishes to invest in, the maximal threshold being up to 70% of the principal on the credit. The credits which are financed through the platform are of different type and default, whereas their realization is within one year. The originator is obliged to pay-up the remaining part of the principal to the investor in case of delay of more than 60 days. The maximal exposition of the Company with respect to the credit risk is up to the amount of the transferred principal and, as of December 31, 2018, it amounts to BGN 6,952 thous. (BGN 3,100 thous. as of December 31, 2017). The reported expenditure recognized during the period amounts to BGN 395 thous. (BGN 122 thous. for 2017). The fair value of the transferred unstricken-off assets of the Company and the related liabilities as of December 31, 2018 amount to BGN 6,952 thous. (BGN 3,100 thous. as of December 31, 2017). The Company does not strike-off the credits transferred through the platform in the individual Report on the Financial Status, since the conditions of IAS 39 for striking-off of financial assets are not satisfied, but reports a corresponding liability under guarantees.

The liabilities of the Company under other fundings include unsecured commercial loans from related companies with interest rates of up to 10%, see also Note 25.

21. Equity

As of December 31, 2018 the shareholder capital remained unchanged with respect to the end of the previous reporting period. The number of issued ordinary shares was 8,503,000 with face value of BGN 1, whereas the total sum of the shareholder capital amounted to BGN 8,503 thous. as of December 31, 2018. Ultimate majority owners of the Company are "Management Financial Group" AD with 48%, Nedelcho Yordanov Spasov and Stanimir Svetoslavov Vasilev, each of them possessing 20.56% of its shareholder capital or a total of 41.12%. The Company forms lawful reserves in accordance with the requirements of the Trade Act amounting to BGN 15,910 thous. of lawful reserves.

In 2017, as a result of purchase of own shares of face value of BGN 1, the Company reported redemption expenditure amounting to BGN 134 thous., which were referred to reduction of equity at the expense of undistributed profit. In 2017, the reported expenditure for redemption of own shares amounted to BGN 15 thous.

22. Redeemed own shares

	2018	2017
As of January 1:	**73**	**67**
Redemption of own shares	1	6
Sale of own shares	-	-
As of December 31:	**74**	**73**

23. Financial risk management

The nature of the Company activity requires also undertaking professional management of certain financial risks. The major functions of the risk management unit are to identify and measure all major risks for the Company activity, as well as to manage the risk expositions and the distribution of resources. The Company reviews on a regular basis its policies and risk management systems to reflect the changes in the markets, products and/or market practices.

The objective of the Company is to achieve proper balance between the undertaken risks and the obtained profitability, as well as to minimize the potential unfavourable effects on the financial results. In this context, risk is defined as the probability to suffer losses or lost benefits due to factors internal or external for the organization. Risk management is exercised according to rules and procedures approved by the Board of Directors. The Company identifies, measures and manages financial risks in close interaction with all operating units. The Board of Directors sets the principles of overall risk control and management and the written policies regarding Company-specific risks, such as, for instance, risks of change in exchange rates, interest rates, credit risk, financial instruments and more. In addition, the internal control unit carries out independent review of the risk management systems, as well as review of the controlling medium. The risks arising in relation with financial instruments to which the Company is exposed include credit risk, liquidity risk, market risk (disclosed here below), and operating risk.

23.1 Credit risk

Credit risk is related with the suffering of financial losses on account of failed implementation of the obligations of the Company customers, providers and creditors. Credit risk is related most of all with the credits extended to Company customers.

On account of the nature of the Company activity, the risks of major importance are the risks related with the credit expositions of third parties to the Company. The credit risk for the portfolio of microcredits is measured on a portfolio basis and it requires making additional calculations of the probability for failed payment on the date of payment, as well as the percent of loss, correlation relationships in the portfolio of assets and other related therewith.

For its internal needs, the Company uses own models to measure and analyse credit risk. These rating and measurement models are used in the analysis of credit portfolios. When measuring credit risk, the Company analyses the following key components:

- The Insolvency probability for customers in relation with contractual relations;
- The current expositions to these third parties, as well as their expected future development;
- The possible percent of restoration of the Company receivables (so-called loss in case of failed implementation).

These models are subject to periodic review and comparison of their behaviour with the real quantities and corrections of the basic variables are made to optimise the model's effectiveness. These credit risk measurement procedures are part of the routine operating activity of the Company.

The Company analyses the portfolio of microcredits, using internal ratings depending on the customer's behaviour and other factors combining statistical analysis and analysis of the credit advisors.

The data are checked and validated by comparison with data from external sources. The credit risk measurement methods are subject to periodic revaluation, which provides for their compliance with the recent developments of the risks in the portfolio.

- *Exposition in case of failed implementation*

The exposition in case of failed implementation is the sum which the Company expects to be due at the time of the failed implementation's occurrence (for instance, with credits, this is the sum under the credit contract). With the undertaken credit commitments, the Company includes both the sums already extended, as well as the sums which may be extended as of the time of the failed implementation's occurrence.

- *Loss in case of failed implementation*

The loss in case of failed implementation is defined as the expected amount of the loss at the time of the failed implementation's occurrence, and it is indicated as a percent of the exposition. The loss in case of failed implementation varies widely depending on the characteristics of the counterpart, the type and structural specifics of the credit, the available securities or credit support of the debtor. The exposition in case of failed implementation and loss in case of failed implementation are measured on a portfolio basis for the major pool of microcredits.

The Company manages credit risk level by limiting the total risk exposition to one borrower or group of borrowers. Regular monitoring of the credit expositions is made. Credit limits are subject to periodic review depending on the changes of the market conditions and the probabilities for failed implementation.

- *Depreciations*

The risk measurement models described above are used to measure expected losses, i.e. they take into account the risks of occurrence of future events which result in occurrence of losses from certain positions in the portfolio. On the other hand, the expenditure for depreciation and non-collectability are recognized in the Financial Statements only to the extent to which they have occurred, whereas the measurements of the occurred losses from depreciation and non-collectability are based on objective criteria. The Management of the Company believes that, in the future, it will continue to be able to control and minimize the expositions related with credit risk in the portfolio.

For the individually significant credit receivables, credit risk is managed and the losses from depreciation are measured on an individual basis, depending on the characteristics of the receivable.

- *Concentration of risks related with financial instruments*

The Management of the Company believes that the portfolio of microcredits and receivables is well diversified, as well as that there are no significant concentrations of credit risk.

The portfolio of extended individually significant loans to legal entities and natural persons is concentrated in a limited number of borrowers:

	As of December 31, 2018	
	BGN thous.	Number of borrowers
Extended commercial loans to related persons, including charged interests	59,752	13
Extended commercial loans to legal entities, including charged interests	23,884	2
Extended commercial loans to natural persons, including charged interests	419	2
Total	**84,055**	**17**

Minus: losses from depreciation	*(27,695)*	
	56,360	

- *Renegotiated credits and receivables*

The activities related with the loans' restructuring include extension of the payment terms and other modifications of the contract conditions. They are implemented in case of available indications that the payments will be continued.

The exposition of the Company is limited up to the amount of the balance sheet value of the following financial assets:

Financial assets	*December 31, 2018*		*December 31, 2017*	
	Balance sheet value	*Maximal risk*	*Balance sheet value*	*Maximal risk*
Credits and receivables from customers	43,531	43,531	44,621	44,621
Individually significant loans to legal entities and natural persons	56,360	56,360	52,265	52,265
Commercial and other receivables	2,243	2,243	2,481	2,481
Total	**102,134**	**102,134**	**99,367**	**99,367**

The Company has not used any derivatives to manage credit risk.

Total value of credits and receivables from customers:	*As of December 31, 2018*	*As of December 31, 2017*
Measured on a portfolio basis	67,536	73,381
Individually significant	84,055	69,191
Charged depreciation:	(51,700)	(45,686)
Total	**99,891**	**96,886**

On the table below, the value of non-depreciated credits by days of default is shown:

Default	*December 31, 2018*					
	Measured on a portfolio basis		*Individually significant*		*Total*	
	Gross value	*Net value*	*Gross value*	*Net value*	*Gross value*	*Net value*
regular	22,446	20,979	41,752	41,752	64,198	62,731
	22,446	**20,979**	**41,752**	**41,752**	**64,198**	**62,731**

Default	*December 31, 2017*					
	Measured on a portfolio basis		*Individually significant*		*Total*	
	Gross value	*Net value*	*Gross value*	*Net value*	*Gross value*	*Net value*
regular	21,164	19,877	34,705	34,705	55,869	54,582
	21,164	**19,877**	**34,705**	**34,705**	**55,869**	**54,582**

The Company believes that indications of loss from depreciation under microcredits with default of over 4 days have arisen, and considers them accordingly as depreciated. On the next table, the gross value of the depreciated credits by days of default is presented:

Default	*December 31, 2018*					
	Measured on a portfolio basis		*Individually significant*		*Total*	
	Gross value	*Net value*	*Gross value*	*Net value*	*Gross value*	*Net value*
regular	-	-	42,303	14,608	42,303	14,608
between 4 and 90 days	24,892	18,049	-	-	24,892	18,049
between 91 and 360 days	19,207	4,496	-	-	19,207	4,496
Receivables with undetermined payment date (incl. judicial)	991	7	-	-	991	7
	45,090	**22,552**	**42,303**	**14,608**	**87,393**	**37,160**

23. Financial risk management (continued)

23.1 Credit risk (continued)

- *Renegotiated credits and receivables (continued)*

Default	*December 31, 2017*					
	Measured on a portfolio basis		*Individually significant*		*Total*	
	Gross value	*Net value*	*Gross value*			*Gross value*
regular	-	-	31,821	17,560	31,821	17,560
between 4 and 90 days	21,473	16,753	-	-	21,473	16,753
between 91 and 360 days	29,767	7,974	-	-	29,767	7,974

Receivables with undetermined payment date (incl. judicial)	977	17	2,665	-	3,642	17
	52,217	**24,744**	**34,486**	**17,560**	**86,703**	**42,304**

The policy of the Company is to strike-off credits with default of more than 360 days. The major part of them is sold to companies whereas the risk over the sold receivables is transferred entirely to the third party.

23.2 Market risk

The Company is exposed to market risk which represents the probability for the fair value or the cash flows related with the financial instruments to vary on account of changes in the market prices. Market risks result mainly from positions in interest, currency and capital products which are exposed to general and specific market movements and changes of the dynamics level of market rates or prices. On account of the specifics of the financial instruments of the Company, the same is mostly exposed to interest risk.

- ***Interest rate risk***

Interest rate risk related with cash flows is related with the fact that the future cash flows from financial instruments are affected by changes of the market interest rates. Interest rate risk related with the fair value is related with the fact that the value of a given financial instrument varies as a result of changes in market interest rates.

The Company is exposed to both risks: the risk related with fair value and the risk related with cash flow. Interest margins may increase as a result of these changes which, on its part, would restrict the possible losses for the Company resulting from the changes of market interest rates. The table below presents the structure of the interest-bearing financial assets and liabilities of the Company:

As of December 31, 2018	*Variable interest*	*Fixed interest*	*No interest*	*Total*
Credits and receivables from customers	-	43,531	-	43,531
Extended individually significant loans to legal entities and natural persons	-	52,360	-	56,360
Commercial and other receivables	-	-	2,243	2,243
Total Assets	**-**	**99,891**	**2,243**	**102,134**

As of December 31, 2018	*Variable interest*	*Fixed interest*	*No interest*	*Total*
Liabilities to banks	5	-	-	5

Commercial and other liabilities	-	-	36,481	36,481
Total Liabilities	**5**	**-**	**36,481**	**36,486**

As of December 31, 2017	*Variable interest*	*Fixed interest*	*No interest*	*Total*
Credits and receivables from customers	-	44,621	-	44,621
Extended individually significant loans to legal entities and natural persons	-	52,265	-	52,265
Commercial and other receivables	-	-	2,481	2,481
Total Assets	**-**	**96,886**	**2,481**	**99,367**

As of December 31, 2017	*Variable interest*	*Fixed interest*	*No interest*	*Total*
Liabilities to banks	4,904	-	-	4,904
Commercial and other liabilities	-	7,802	33,004	40,806
Total Liabilities	**4,904**	**7,802**	**33,004**	**45,710**

- ***Currency risk***

Fluctuations in exchange currency rates affect the Company's financial status and cash flows. As a result of the currency board, Bulgarian Lev is fixed to the Euro in Lev-to-Euro ratio of BGN 1.95583 = EUR 1, which means that positions in this currency do not result in significant currency risk, except in case this ratio is changed in the future.

Structure of financial assets and liabilities by currencies as of December 31, 2018:

Assets	*BGN*	*EUR*	*USD*	*Other*	*Total*
Cash and cash equivalents	1,878	1,877	1	-	3,756
Credits and receivables from customers	43,531	-	-	-	43,531
Extended individually significant loans	49,500	5,655	1,205	-	56,360
Commercial and other receivables	2,219	-	24	-	2,243
Investments in subsidiaries	2,996	-	-	5,954	8,950
Total (BGN thous.)	**100,124**	**7,532**	**1,230**	**5,954**	**114,840**
Total (in %)	**87.19%**	**6.56%**	**1.07%**	**5.18%**	**100%**

Liabilities	*BGN*	*EUR*	*USD*	*Other*	*Total*
Liabilities to banks	5	-	-	-	5
Commercial and other liabilities	34,781	1,700	-	-	36,481
Total (BGN thous.)	**34,786**	**1,700**	**-**	**-**	**36,486**

Total (in %)	**95,34%**	**4,66%**	**-**	**-**	**100%**

Structure of financial assets and liabilities by currencies as of December 31, 2017:

Assets	*BGN*	*EUR*	*USD*	*Other*	*Total*
Cash and cash equivalents	10,007	1,442	6	-	11,455
Credits and receivables from customers	44,621	-	-	-	44,621
Extended individually significant loans	40,445	10,261	1,559	-	52,265
Commercial and other receivables	2,463	-	18	-	2,481
Investments in subsidiaries	3,166	196	102	2,554	6,018
Total (BGN thous.)	**100,702**	**11,899**	**1,685**	**2,554**	**116,840**
Total (in %)	**86.20%**	**10.18%**	**1.44%**	**2.18%**	**100%**

Liabilities	*BGN*	*EUR*	*USD*	*Other*	*Total*
Liabilities to banks	4,904	-	-	-	4,904
Commercial and other liabilities	39,942	864	-	-	40,806
Total (BGN thous.)	**44,846**	**864**	**-**	**-**	**45,710**
Total (in %)	**98.11%**	**1.89%**	**-**	**-**	**100%**

23.3 Liquidity risk

Liquidity risk is related with the Company's inability to pay-up its liabilities when they become due. The net outgoing cash flows would result in reduction of the available cash resources, which play an important role in the crediting process of the Company and the meeting of its liabilities. Under certain circumstances, the lack of liquidity may result in sale of assets or potential inability to implement the credit commitments to previously approved customers. The risk for the Company to not be able to pay-up its cash liabilities is characteristic of the activity and it may be caused by a wide spectrum of institution-specific and market events, such as activities related with merging and acquisition, system shocks, natural disasters and more.

The management of the Company's liquidity is performed by a separate team within the Accounting Department and it includes monitoring of the future cash flows. This includes maintenance of a portfolio of highly liquid assets; monitoring of the liquidity ratios from the Report on the Financial Status; management of the concentration and payment date structure of the liabilities and more. Cash flows are measured and forecast for the next day, week and month, since these are key periods for liquidity management. The contracted payment dates of the financial liabilities and financial assets are analysed.

The Company possesses a diversified portfolio of cash funds and high-quality, high-liquidity assets to meet its current liabilities.

The table below contains analysis of the assets and liabilities according to the period in which they are expected to be restored or settled.

	As of December 31, 2018		*As of December 31, 2017*	
	Up to 12 months	*Above 12 months*	*Up to 12 months*	*Above 12 months*
Assets				
Cash and cash equivalents	3,756	-	11,455	-
Credits and receivables from customers	43,531	-	44,621	-
Extended individually significant loans	808	55,552	1,559	50,706
Commercial and other receivables	2,082	161	2,338	141
Investments in subsidiaries	175	8,775	2,295	3,723
Total assets	**50,352**	**64,488**	**62,268**	**54,572**
Liabilities				
Liabilities to banks	5	-	4,904	-
Liabilities to staff and social security institutions	5,811	-	5,270	-
Liabilities for corporate tax	62	-	-	-
Commercial and other liabilities	1,191	35,290	4,209	36,597
Total liabilities	**7,069**	**35,290**	**14,383**	**36,597**

23.4 Operating risk

Operating risk is the risk of losses because of system failure, human mistakes, fraud or external events. When the constructed controlling systems and activities do not prevent such events, operating risks may damage the reputation, may have legal or regulatory consequences or may result in financial losses for the Company. The Company does not expect to eliminate all operating risks, but it tries to manage these risks by developing good controlling medium, as well as by monitoring and management of potential risks. The controlling measures include effective allocation of the duties, defining of access rights, authorization of transactions, and coordination of the information from various sources, training and assessment of staff and other types of control, such as, for instance, the activity of the internal audit department.

24. Capital management

The major objectives of the Company in relation with capital management are to preserve the Company's ability to continue functioning as a going concern, so that it may continue to provide rate of return to the shareholders and benefits to other stakeholders, and to maintain strong capital basis in support of the activity's development.

The capital adequacy is monitored by the Company Management. Since the Company is in the process of growth, the Management believes that optimal capital structure has not been achieved yet.

25. Disclosure of related entities

Entities are considered related, if one of the parties has the possibility to exercise control or significant influence over the other party in taking financial or operating decisions, or if both parties are placed under the common control of a third party.

The main related entities with which the Company carries out its activity are:

Name of company	Type of relation
STs Easy Asset Management IFN AD - Romania	Subsidiary
Easy Credit LLC - Ukraine	Subsidiary
I Credit SP.Z.O.O. - Poland	Subsidiary
I Credit S.R.O. – Czechia – in liquidation	Subsidiary
M Cash OOD – in liquidation	Subsidiary
Easy Asset Management Asia LTD – Myanmar – in liquidation	Subsidiary
Management Group EAD – delete	Subsidiary
Easy Payment Services OOD	Subsidiary
Financial Bulgaria EOOD	Subsidiary
Financial Company M Cash Macedonia DOOEL Skopje	Company under common control through a majority shareholder
Management Financial Group AD	Company under common control through a majority shareholder
Fintrade Finance AD	Company under common control through a majority shareholder
Iuvo Group OÜ	Company under common control through a majority shareholder
Viva Credit OOD	Company under common control through a majority shareholder
Seawines AD	Company under common control through a majority shareholder
Seawines Logistics AD	Company under common control through a majority shareholder
Access Finance OOD	Company under common control through a majority shareholder
Express Pay OOD	Company under common control through a majority shareholder
Spesh Cash Pledge Houses EOOD – deleted	Company under common control through a majority shareholder
Agency for Control of Delayed Liabilities OOD	Company under common control through a majority shareholder

The receivables and liabilities under transactions with related entities and the respective expenditure and revenue as of December 31, 2018 and 2017 are, as follows:

Transactions and balances	**2018**	**2017**
(a) Revenue		
Revenue from interests		
STs Easy Asset Management IFN AD - Romania	159	560
Easy Credit LLC	75	131
I Credit SP.Z.O.O.	667	520
I Credit S.R.O. – in liquidation	148	359
Financial Company M Cash Macedonia DOOEL Skopje	103	112
Management Group EAD – deleted	-	29
Management Financial Group AD	78	-
Fintrade Finance AD	128	91
Viva Credit OOD	102	191
Access Finance OOD	1,160	823
Spesh Cash Pledge Houses EOOD - deleted	-	1
Express Pay OOD	30	23
Agency for Control of Delayed Liabilities OOD	345	36
Financial Bulgaria EOOD	1,568	909
Easy Payment Services EOOD	33	-
Iuvo Group OÜ	75	19
Total revenue from interests	**4,671**	**3,804**
Revenue from ceded receivables		
Agency for Control of Delayed Liabilities OOD	2,893	927
Total revenue from ceded receivables	**2,893**	**927**
Revenue from license fee		
Easy Credit LLC	5	8
Total revenue from license fee	**5**	**8**
Revenue from provided services	**2018**	**2017**
Viva Credit OOD	36	47
Total revenue from provided services	**36**	**47**
(b) Expenditure	**2018**	**2017**
(Expenditure) for depreciation of credits		
STs Easy Asset Management IFN AD – reintegrated provisions	-	560
Easy Credit LLC – reintegrated provisions	673	936
I Credit SP.Z.O.O.	(1,790)	(1,101)
I Credit S.R.O.	(148)	(707)
Financial Company M Cash Macedonia DOOEL Skopje – reintegrated provisions	242	336
Management Group EAD	-	(31)
Express Pay OOD	(58)	(114)

	(1,081)	**(121)**
Expenditure for interests		
M Cash OOD – in liquidation	-	(7)
Financial Bulgaria EOOD	-	(49)
Management Financial Group AD	(135)	(1,032)
Agency for Control of Delayed Liabilities OOD	-	(16)
Total expenditure for interests	**(135)**	**(1,104)**
Other operating expenditure		
Iuvo Group OÜ	(95)	(28)
Spesh Cash Pledge Houses EOOD - deleted	-	(4)
Viva Credit OOD	(15)	(1)
Easy Payment Services OOD	(50)	(40)
Seawines Logistics EOOD	(12)	-
Seawines AD	-	(13)
Financial Bulgaria EOOD	(777)	-
Total other operating expenditure	**(949)**	**(86)**

(c)Receivables	**2018**	**2017**
Extended credits		
STs Easy Asset Management IFN AD - Romania	-	6,791
Easy Credit LLC	3,440	3,781
I Credit SP.Z.O.O.	8,798	6,525
I Credit S.R.O. – in liquidation	4,403	4,256
Financial Company M Cash Macedonia DOOEL Skopje	1,370	1,287
Iuvo Group OÜ	1,267	507
Express Pay OOD	407	362
Management Group EAD - eleted	-	401
Fintrade Finance AD	2,223	1,195
Financial Bulgaria EOOD	7,271	7,093
Agency for Control of Delayed Liabilities OOD	6,711	2,151
Viva Credit OOD	389	2,282
Easy Payment Services OOD	837	-
Management Financial Group AD	5,828	-
Access Finance OOD	16,808	13,948
Total extended credits	**59,752**	**50,579**
Commercial and other receivables		
Access Finance OOD	-	934
Agency for Control of Delayed Liabilities OOD	379	91
Viva Credit OOD	4	21
Express Pay OOD	5	5
Financial Bulgaria EOOD	66	-
Total commercial and other receivables	**454**	**1,051**

Receivables related with license fee

Easy Credit LLC	24	18
Total receivables related with license fee	**24**	**18**

(d) Liabilities	**2018**	**2017**
Obtained financing		
Easy Payment Services OOD	-	464
Management Financial Group AD	-	7,802
Total obtained financing	**-**	**8,266**
Commercial and other liabilities		
Iuvo Group OÜ	12	5
Easy Payment Services OOD	4	5
Financial Bulgaria EOOD	28,638	28,336
Express Pay OOD	1	22
Total commercial and other liabilities	**28,655**	**28,368**

The remunerations of the key officers for 2018 amount to BGN 602 thous. (2017 – BGN 777 thous.).

The sum of the unpaid-up loans extended to the managerial staff as of December 31, 2018 amounts to BGN 368 thous. (as of December 31, 2017 – BGN 671 thous).

The unsettled balances in the end of the year have not been secured. No guarantees for receivables or payments of related entities have been provided or obtained.

26. Legal claims

The Company has formal procedures for control, as well as policies for management of legal risks. In case a current liability as a result of past events has arisen for the settlement of which it is possible an outgoing cash flow to be required and the value of the possible losses may be measured reliably, the Company levies charges for provisions to account for the unfavourable effects the claims might have on its financial status. In the end of the reporting period, the Company has a number of unresolved legal claims the effects of which are not expected to be material (jointly or separately). Accordingly, no provisions for these claims have been made in the current Financial Statements.

27. Lease – the Company as a Lessee

The Company has concluded a number of contracts for lease of premises and equipment. The average term of these contracts is between one and three years with option for renewal in the contracts. No restrictions have been placed with respect to the Lessee during the conclusion of these lease contracts.

The future minimal payments for lease of premises and equipment as of December 31, 2018 and December 31, 2017 are, as follows:

	2018	2017
Up to one year	2,680	2,941
Between one and five years	9,306	8,840
	11,986	**11,781**

28. Events after the end of the reporting period

The Company has not identified any significant or correcting events that have occurred between the reporting date and the preparation date of the Annual Individual Financial Statements, which are related with its activity during 2018 and which should be disclosed separately or call for changes in the Individual Financial Statements as of December 31, 2018.

I, the undersigned Lubomira Hristova Kraleva certify hereby that this is a true and correct translation performed by me from Bulgarian into English language of the document attached hereto (Annual Financial Statements of Easy Asset Management AD (PLC) for the year ending on December 31, 2018). The translation consists of 73 (seventy-three) pages.

Sworn translator: ______________________________
Lubomira Hristova Kraleva