

CREDISSIMO EAD

**ANNUAL CONSOLIDATED
REPORT ON THE ACTIVITY
INDEPENDENT AUDITOR'S REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2018



*This document is a translation of the original Bulgarian text,
in case of divergence the Bulgarian text shall prevail.*

INDEPENDENT AUDITOR'S REPORT

To the sole shareholder of Credissimo EAD

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Credissimo EAD (“the Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the requirements of IFAA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor’s report thereon

The Board of Directors of the Company (“Management”) is responsible for the other information. The other information comprises the annual report on activities, prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditor’s report and to the extent it is specifically stated.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional matters, required to be reported by the Accountancy Act

In addition to our reporting responsibilities according to ISAs described in section "Information Other than the consolidated financial statements and Auditor's Report Thereon", with respect to the annual report on activities, we have also performed the procedures, together with the required under ISA, in accordance with the "Guidelines regarding new extended reports and communication by the auditor" of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures include tests over the existence, form and content of the other information in order to assist us in forming an opinion as to whether the other information includes the disclosures and reporting as required by Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion under Article 37, paragraph 6 of the Accountancy Act

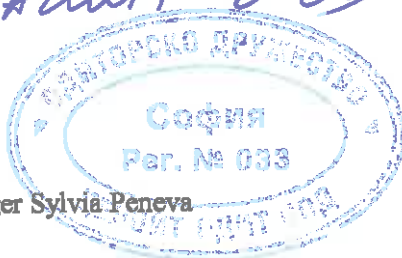
Based on the procedures performed, in our opinion:

- The information included in the annual report on the activities for the financial year for which the consolidated financial statements have been prepared, is consistent with the consolidated financial statements.
- The annual report on the activities has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Deloitte Audit OOD

Deloitte Audit OOD

Momchil Chergansky
 Momchil Chergansky
 Proxy of the Statutory Manager Sylvia Peneva
 Registered Auditor



103, Al. Stambolijski Blvd
 1303 Sofia, Bulgaria

June 20, 2019

CREDISSIMO AD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018**

(All amounts in thousands of BGN, unless otherwise stated)

	Note	Year ended 31.12.2018	Year ended 31.12.2017
Interest income		8,703	7,429
Interest expense		(128)	(84)
Net interest income	4	8,575	7,345
Fees and commissions income	5	24,792	20,020
Other operating income	6	1,556	1,241
Losses from impairment of loans	7	(9,532)	(5,298)
General administrative and operating expenses	8	(18,059)	(12,374)
Profit before income tax		7,332	10,934
Income tax expense	9	(1,108)	(1,143)
Profit for the year		6,224	9,791
Other comprehensive income		(58)	(10)
Total comprehensive income for the year		6,166	9,781

These consolidated financial statements are approved by the Board of Directors on May 20, 2019.
The accompanying notes are an integral part of these consolidated financial statements.

Sokol Iankov
/Executive Director/

 „КРЕДИСИМО“ ЕАД

Ivelin Kamburov
/Finance Director/

СОФИЯ

Georgi Karpuzov
/Executive Director /

Momchil Chergansky
Registered Auditor

Date: 20.06.2019



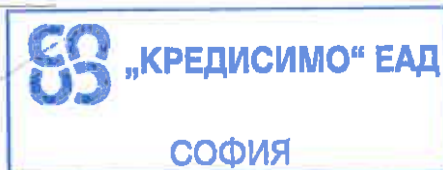
CREDISSIMO AD

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018
(All amounts in thousands of BGN, unless otherwise stated)**

	Note	As of 31.12.2018	As of 31.12.2017
ASSETS			
Cash and cash equivalents	10	2,369	3,333
Loans to customers	11	33,062	26,302
Finance lease receivables, net	12	478	19
Other current assets	13	559	183
Property, plant and equipment	14	327	423
Intangible assets	15	1,123	590
Deferred tax assets	21	71	16
TOTAL ASSETS		37,989	30,866
LIABILITIES			
Short-term loans	16	3,137	929
Trade payables	18	1,193	678
Current tax liabilities	17	878	908
Other current liabilities	19	728	522
Finance lease payables	20	128	165
TOTAL LIABILITIES		6,064	3,202
EQUITY			
Share capital	22	5,000	5,000
Non-controlling interest		32	-
General reserves		4,660	4,366
Retained earnings		22,301	18,308
Foreign currency translation reserve		(68)	(10)
TOTAL EQUITY		31,925	27,664
TOTAL EQUITY AND LIABILITIES		37,989	30,866

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Sokol Iankov
/Executive Director/



Ivelin Kamburov
/Finance Director/

Georgi Karpuzov
/Executive Director /

Momchil Chergansky
Registered Auditor

Date: 20.06.2019



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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
(All amounts in thousands of BGN, unless otherwise stated)**

	Note	Share capital	General reserves	Non-controlling interest	Retained earnings	Foreign currency translation reserve	Total equity
Balance as of January 1, 2017		5,000	4,366	-	12,167	-	21,533
Profit for the year		-	-	-	9,791	-	9,791
<i>Other comprehensive income</i>							
Foreign currency translation reserve		-	-	-	-	(10)	(10)
<i>Total comprehensive income</i>		-	-	-	9,791	(10)	9,781
<i>Transactions with owners in their capacity as owners</i>							
Dividends paid		-	-	-	(3,650)	-	(3,650)
<i>Total transactions with owners in their capacity as owners</i>		-	-	-	(3,650)	-	(3,650)
Balance as of December 31, 2017	22	5,000	4,366	-	18,308	(10)	27,664
Effect from change in accounting policies for financial instruments		-	-	-	63	-	63
Balance as of January 1, 2018		5,000	4,366	-	18,371	-	27,727
Profit for the year		-	-	-	6,224	-	6,224
<i>Other comprehensive income</i>							
Foreign currency translation reserve		-	-	-	-	(58)	(58)
<i>Total comprehensive income</i>		-	-	-	6,224	(58)	6,166
Transfers to general reserves		-	294	-	(294)	-	-
Non-controlling interest		-	-	32	-	-	32
<i>Transactions with owners in their capacity as owners</i>							
Dividends paid		-	-	-	(2,000)	-	(2,000)
<i>Total transactions with owners in their capacity as owners</i>		-	-	-	(2,000)	-	(2,000)
Balance as of December 31, 2018	22	5,000	4,660	32	22,301	(68)	31,925

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Date:

20.06.2019

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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(All amounts in thousands of BGN, unless otherwise stated)**

Note	Year ended 31.12.2018	Year ended 31.12.2017
Cash flows from operating activities		
Receipts from trade counterparts, incl. interest	89,113	71,957
Payments to trade counterparts	(80,726)	(61,173)
Payments to personnel and for social security	(6,032)	(4,346)
Tax paid	(1,156)	(960)
Other cash receipts from operating activities	63	42
Other cash payments for operating activities	(790)	(652)
Net cash flows from operating activities	472	4,868
Cash flows from investing activities		
Purchase of non-current assets, net	(356)	(243)
Payments for granted loans	(263)	(272)
Proceeds from granted loans	309	321
(Payments for acquisition)/Proceeds from sale of shares of subsidiary	26	-
Interest on granted loans	1	2
Net cash flows from investing activities	(283)	(192)
Cash flows from financing activities		
Proceeds from loans received	2,292	668
Repayments of loans received	(1,363)	(645)
Interest payments on loans received	(35)	(103)
Paid in capital	6	-
Dividends paid	(2,000)	(3,650)
Other payments for financing activities	(39)	(50)
Net cash flows used in financing activities	(1,139)	(3,780)
Change in cash and cash equivalents during the year	(950)	896
Cash and cash equivalents at the beginning of year	3,333	2,450
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	(1)
Effects, arising from the translation into functional currency	(14)	(12)
Cash and cash equivalents at the end of year	2,369	3,333

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