BB FINANCE GROUP

GROUP ANNUAL REPORT 2019

Group annual report 1 January 2019-31 December 2019

Business name	**BB Finance Group OÜ**
Registry number	**11458274**
Legal address	**Pronksi 19, 10124 Tallinn, Estonia**
E-mail	**info@bbfinancegroup.eu**
Main activity	**Other credit granting**
Management board	**Mart Kolu**
Auditor	**KPMG Baltics OÜ**

Contents

MANAGEMENT REPORT

ABOUT THE GROUP AND KEY EVENTS IN 2019

BB Finance Group OÜ ('the Group') is a consumer credit company that offers loan products in two markets: Estonia and Finland. The Group strives to maintain its customers' trust and provide the service as conveniently as possible. The Group's offering is underpinned by continuous investment in software solutions, consistent upgrade of credit systems and a professional team.

In 2019, the Group automated its loyal customer service, making it faster and available round the clock. Significant efforts were made to enhance the quality of customer service.

The Group issued loans of 50 million euros in 2019, a 20% improvement year on year. The balance of the Estonian loan portfolio grew by 32% compared to the prior year. The main markets continued to be Estonia and Finland, which accounted for 85% and 9% of the year-end gross loan portfolio respectively. Interest and fee income totalled 10.4 million euros (1% up year on year) while operating profit amounted to 3.3 million euros and net profit to 1.8 million euros.

In the first half of the year, the Group discontinued credit granting in Georgia and the Czech Republic, began liquidating its entities in those markets and sold its Czech loan portfolio.

In the second half of the year, all past due loan receivables in Finland were sold.

In autumn 2019, Finland introduced stricter restrictions on consumer credit and lowered the interest cap to 20%, which made the Group revise the pricing of its product, loan amounts and the maximum loan term.

FINANCING

The Finnish market was financed to the extent of 72% via Mintos, a peer-to-peer (P2P) lending marketplace at an interest rate of 7–8%, which is the lowest interest rate the marketplace offers for unsecured consumer loans and reflects the investors' trust in the Group.

During the year, the Group raised additional capital from new small investors and renewed contracts with existing investors.

BBFG’S CORE VALUES

BB Finance Group OÜ’s core values are:

- Respect
- Development
- Uniqueness
- Helpfulness
- Openness
- Professionalism

The Group’s offices were refurbished in 2019 with a view to improving the work environment and employee wellbeing. The staff was invited to participate in the decision-making where possible, which strengthened the sense of involvement.

Several corporate events were held during the year, which fostered the development of team spirit and promoted collaboration.

The Group continues to support employees’ professional training and participation in events that foster development, achievement of goals and employee engagement. The Group has created an environment of trust, which allows using secure teleworking solutions that enable employees to benefit from working flexibly and remotely. In addition to offering external training, in 2019 the Group increased the volume of regular internal training to improve the professional competencies of its people.

To promote tolerance and compassion, the Group and its staff made a donation in the framework of the Christmas charity project 2019, which was raised and handed over to the homeless shelter of the welfare services centre of the city of Tallinn.

The Group believes that a strong team is the key to achieving even the most ambitious goals. Accordingly, BBFG appreciates all opinions voiced by employees and invested a significant amount of time and energy during the year to regularly communicate its results and plans to all employees.

OBJECTIVES FOR 2020

The Group’s objectives for 2020 include increasing its market share in Estonia and launching modern consumer credit products.

In the second half of the year, the Group plans to provide investors on the Mintos marketplace with an opportunity to also invest in loans in the Estonian market.

FINANCIAL PERFORMANCE

Key financial indicators for 2019:

	2019	2018	Change %
Interest and fee income	10,395,479	10,317,606	1%
Earnings before interest and taxes (EBIT)	3,342,237	842,106	297%
Net profit/loss	1,755,761	-1,099,625	-260%
Equity	5,491,512	4,849,313	13%
Interest-bearing liabilities	10,297,550	10,397,414	-1%
Of which: Liabilities to related parties	1,406,783	1,299,545	8%
Loans to retail customers (net)	14,305,426	13,981,609	2%
Total assets	17,696,066	17,016,968	4%

Key financial ratios:

	2019	2018	Change %
Return on invested capital (ROIC) %	22%	6%	2.59
Return on assets (ROA) %	10%	-7%	-2.50
Return on equity (ROE) %	34%	-20%	-2.72
Current ratio (times)	1.0	2,3	-58%
Debt ratio %	69%	72%	-0.04
Equity ratio %	31%	28%	0.09

Formulas used in the calculation of the ratios:
Return on invested capital (ROIC %) = EBIT/ [(interest-bearing borrowings for the reporting period + equity for the reporting period + interest-bearing borrowings for the prior period + equity for the prior period)/2]
Return on assets (ROA %) = net profit / [(total assets for the reporting period + total assets for the prior period)/2]
Return on equity (ROE %) = net profit / [(equity for the reporting period + equity for the prior period)/2]
Current ratio = current assets / current liabilities
Debt ratio % = total liabilities / total assets
Equity ratio % = equity / total assets

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

	2019	**2018**
Interest income	5,155,868	4,307,442
Interest expense	-1,314,403	-1,577,893
Net interest income (note 6)	**3,841,465**	**2,729,549**
Fee income	5,239,610	6,010,164
Fee expenses	-605,994	-761,639
Net fee income (note 6)	**4,633,616**	**5,248,525**
Other finance income and costs	8,914	-14,949
Other income (note 7)	80,274	144,333
Other expenses (note 8)	-9,115	-20,221
Other operating expenses (note 9)	-4,755,009	-6,837,535
Personnel expenses (note 12)	-1,467,352	-1,750,067
Depreciation, amortisation and impairment losses (notes 18 and 19)	-304,960	-235,419
Profit/loss before income tax	**2,027,834**	**-735,785**
Income tax (-) (note 11)	-272,072	-363,840
Comprehensive income/expense for the year	**1,755,761**	**-1,099,625**
Comprehensive income/expense attributable to owners of the parent	1,755,761	-1,099,625
Comprehensive income/expense attributable to non-controlling interests	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

As at 31 December	**2019**	**2018**
Assets		
Cash and cash equivalents (note 13)	393,311	536,843
Loans to and receivables from customers (note 14)	14,644,862	14,222,193
Other trade receivables (note 15)	1,018,132	1,241,754
Other assets (note 16)	36,173	52,448
Other investments (note 17)	200,000	0
Property, plant and equipment (note 18)	347,186	51,541
Intangible assets (note 19)	1,056,401	912,189
Total assets	**17,696,066**	**17,016,968**
Liabilities		
Borrowings (note 20)	10,371,597	10,475,030
Trade payables (note 21)	146,396	307,557
Income tax liability (note 22)	189,717	147,428
Other taxes payable (note 22)	159,317	168,553
Other payables (note 21)	1,337,526	1,069,087
Total liabilities	**12,204,554**	**12,167,655**
Equity		
Share capital at par value (note 24)	70,288	70,288
Translation reserve	-5,772	43,911
Retained earnings (prior years)	3,671,235	5,834,740
Profit/loss for the year	1,755,761	-1,099,625
Total equity	**5,491,512**	**4,849,313**
Total liabilities and equity	**17,696,066**	**17,016,968**

CONSOLIDATED STATEMENT OF CASH FLOWS

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

	2019	2018
Cash flows from operating activities		
Operating profit/loss (note 23)	2,018,919	-720,835
Adjustments for:		
Depreciation, amortisation and impairment losses (notes 18 and 19)	304,960	235,419
Interest income and expense (note 6)	-3,841,465	-2,729,548
Other adjustments (note 23)	-2,496,112	944,290
Total adjustments	**-6,032,617**	**-1,549,839**
Change in receivables and prepayments	2,431,791	-1,289,570
Change in payables and advances received	-145,516	-50,117
Interest received	4,670,882	3,819,154
Other cash flows from operating activities	11,570	0
Net cash from operating activities	**2,955,030**	**208,793**
Cash flows from investing activities		
Paid on acquisition of property, plant and equipment and intangible assets (notes 18 and 19)	-338,722	-283,516
Proceeds from sale of property, plant and equipment and intangible assets	4,650	0
Paid on acquisition of other investments	-200,000	0
Loans provided	-309,000	-50,000
Repayment of loans provided	185,151	16,820
Interest received	4,693	3,640
Net cash used in investing activities	**-653,228**	**-313,056**
Cash flows from financing activities		
Proceeds from loans received	8,067,816	6,872,472
Repayment of loans received	-8,203,366	-4,497,755
Payment of finance lease principal	-10,244	-9,715
Interest paid	-1,316,121	-1,518,995
Dividends paid	-797,750	-360,000
Corporate income tax paid	-185,668	-235,431
Net cash used in/from financing activities	**-2,445,333**	**250,576**
Net cash flow	**-143,531**	**146,313**
Cash and cash equivalents at beginning of period (note 13)	536,843	390,530
Decrease/increase in cash and cash equivalents	**-143,531**	**146,312**
Cash and cash equivalents at end of period (note 13)	393,311	536,843

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The notes on pages 11 to 47 are an integral part of these consolidated financial statements.

	Equity attributable to owners of the parent				Non-controlling interests	**Total equity**
	Share capital	Translation reserve	Retained earnings	Total		
Balance as at 31 December 2017	**70,288**	**104,412**	**6,109,152**	**6,283,852**	**0**	**6,283,852**
Loss for the year	0	0	-1,099,625	-1,099,625	0	-1,099,625
Dividends paid	0	0	-360,000	-360,000	0	-360,000
Other changes in equity (note 24)	0	-60,501	85,587	25,086	**0**	25,086
Balance as at 31 December 2018	**70,288**	**43,911**	**4,735,114**	**4,849,313**	**0**	**4,849,313**
Profit for the year	0	0	1,755,761	1,755,761	0	1,755,761
Dividends paid	0	0	-797,750	-797,750	0	-797,750
Other changes in equity (note 24)	0	-5,772	-310,041	-315,813	**0**	-315,813
Balance as at 31 December 2019	**70,288**	**38,139**	**5,383,085**	**5,491,512**	**0**	**5,491,512**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

BB Finance Group OÜ is a limited company, which is incorporated and domiciled in the Republic of Estonia. The company's legal address is Pronksi 19, Tallinn, Estonia.

BB Finance OÜ uses online environments (*www.raha24.ee*; *www.avanss.ee; www.kiirlaenud.ee* and *www.bongabonga.ee*) to offer small loans to retail customers in the Estonian market. BB Finance OÜ has held a creditor's activity licence issued by the Estonian Financial Supervision Authority since 25 April 2016.

The core business of Ege Finance OY is the issuance of consumer credit to retail customers in the Finnish market. The loans are provided via an online platform (*www.ege.fi*). Active business operations were launched in 2009 and the company is licensed to operate as a creditor in the Finnish market. Ege Finance OY has a subsidiary, Finlaina OY, incorporated in Finland in 2008, which supports the parent's activities by administering loan disbursements and repayments and managing the bank account.

BB Finance Czech s.r.o. was established in 2011 and from 2011 to 2019 its core business was the provision of small loans to retail customers in the Czech market. The Group's Czech operations were discontinued in summer 2019 and the local office was closed.

MFO BB Credit LLC began offering small loans to retail customers in the Georgian market via an online platform (*www.amica.ge*) in November 2016. From 25 April 2017 when it obtained an activity licence in the Georgian market, the company operated as a microfinance company under the supervision of the central bank of Georgia. The liquidation of the microfinance company began in November 2019.

Inkassokeskus OÜ performs support functions related to the management of small loans. Its core activity is the provision of debt collection services to the Group's subsidiaries.

Raha24 OÜ was dormant in 2019.

The management board authorised this annual report (including the consolidated financial statements) for issue on 30 June 2020. Under the Estonian Commercial Code, an annual report including the financial statements, which has been prepared by the management board and approved by the supervisory board, must also be approved by the shareholders' general meeting. Shareholders may decide not to approve the annual report, which has been prepared by the management board and approved by the supervisory board, and may demand that a new report be prepared.

Parties that have significant influence on BB Finance Group OÜ are Mart Kolu who holds 87% of voting power via the Group's parent Credit Capital OÜ, and Urmo Kokmann who holds 11% of voting power via UK Holding OÜ.

1.1. Statement of compliance

The consolidated financial statements of BB Finance Group OÜ and its subsidiaries BB Finance OÜ, Inkassokeskus OÜ, BB Finance Czech s.r.o., MFO BB Credit LLC, Ege Finance OY, Finlaina OY (a subsidiary of Ege Finance OY) and Raha 24 OÜ (together referred to as the 'Group' or 'BBFG') as at and for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU).

NOTE 2 ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these consolidated financial statements are set out below. The accounting and reporting policies have been consistently applied to all periods presented and by all Group entities unless stated otherwise.

2.1. Basis of preparation and new reporting standards

The Group's consolidated financial statements as at and for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). The financial statements have been prepared on the historical cost basis unless described otherwise in these accounting policies.

The preparation of consolidated financial statements in accordance with IFRS EU requires management to make significant estimates and assumptions in a number of accounting areas. It also requires management to exercise judgement in the application of accounting policies. Areas which are complex and require a substantial degree of estimation and areas where management's judgements and estimates have the most significant effect on the financial statements are disclosed in note 3.

The reporting period began on 1 January 2019 and ended on 31 December 2019. The consolidated financial statements are presented in euros unless indicated otherwise.
At the date these consolidated financial statements are authorised for issue a number of new standards, amendments to existing standards and interpretations have been issued which are effective for annual periods beginning on or after 1 January 2019. An overview of them and their impact on the Group's consolidated financial statements is set out below.

IFRS 16 *Leases*
(Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15.)

IFRS 16 supersedes IAS 17 *Leases* and related interpretations.
The standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new standard introduces a number of limited scope exceptions for lessees which include:
- leases with a lease term of 12 months or less and containing no purchase options; and
- leases where the underlying asset is of low value (low-value leases).

Lessor accounting remains largely unaffected by the introduction of the new standard and the distinction between operating and finance leases is retained.

The changes in accounting policies affected the following items in the Group's consolidated statement of financial position as at 1 January 2019:

Assets		
Property, plant and equipment	increased by	418,137 euros
Other trade receivables	decreased by	1,910 euros
Liabilities and equity		
Borrowings	increased by	97,817 euros
Other payables	increased by	282,921 euros
Retained earnings (prior years)*	increased by	35,489 euros

* The change in retained earnings reflects an adjustment to prior period earnings consisting of an increase in depreciation expense of 52,411 euros and a decrease in operating lease expenses and interest expense of 81,913 euros and 5,987 euros, respectively.

2.2. Basis of consolidation

The consolidated financial statements for 2019 comprise the financial information of BB Finance Group OÜ (the parent) and its subsidiaries BB Finance OÜ, Inkassokeskus OÜ, Raha24 OÜ, Ege Finance OY, Finlaina OY (a subsidiary of Ege Finance OY), BB Finance Czech s.r.o., and MFO BB Credit LLC.

At 31 December 2019, BB Finance Group OÜ was the sole (100%) shareholder for all its subsidiaries.

Subsidiaries are entities entirely controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Business combinations (acquisitions of subsidiaries) are accounted for using the acquisition method (except for business combinations involving entities under common control which are accounted for using the amortised cost method). The cost of a business combination is deemed equal to the acquisition-date fair value of the consideration transferred. Under the acquisition method, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are recognised at their fair values at the acquisition date.

When the aggregate of the consideration transferred and the acquisition-date fair value of the Group's previously held equity interest in the acquiree exceeds the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (the net assets acquired), the excess is recognised as goodwill. When the former amount is less than the fair value of the net assets acquired, the difference (a gain on a bargain purchase) is recognised in profit or loss immediately after the Group has reassessed whether it has correctly identified and measured the fair values of all of the assets acquired and liabilities assumed. When the amortised cost method is applied, the difference between the cost of the business combination and the net assets acquired is recognised in equity.

All intragroup balances of assets and liabilities, transactions and unrealised profits are eliminated on consolidation. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

The income and expenses of a subsidiary acquired during the financial year are consolidated, i.e. included in the Group's consolidated financial statements from the date of acquisition until the end of the financial year. The income and expenses of a subsidiary disposed of during the financial year are consolidated from the beginning of the financial year until the date of disposal.

In accordance with the Estonian Accounting Act and IFRS, the notes to the consolidated financial statements must include the separate primary financial statements of the parent. The parent company's primary financial statements have been prepared using the same accounting policies as those applied in the preparation of the consolidated financial statements except for investments in subsidiaries, which in the separate financial statements are accounted for using the equity method.

All Group entities use uniform accounting policies. Where necessary, the subsidiaries' accounting policies are adjusted to those of the Group.

A non-controlling interest is a portion of a subsidiary's profit or loss for the period and net assets which is not attributable, directly or indirectly, to the Group. Non-controlling interests form a separate component of the Group's equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to owners of the parent. The profit or loss and comprehensive income attributable to non-controlling interests and owners of the parent are presented separately in the consolidated statement of comprehensive income.

2.3. Foreign currency transactions and balances

2.3.1. Functional and presentation currency

The functional currency of a Group entity is the currency of the primary economic environment in which it operates: the Czech koruna (CZK) for the Czech entity, the lari (GEL) for the Georgian entity and the euro (EUR) for all other Group entities. The Group's presentation currency is the euro (EUR).

2.3.2. Foreign currency transactions and balances

A foreign currency transaction is recorded on initial recognition by applying to the foreign currency amount the exchange rate of the European Central Bank (ECB) at the date of the transaction except for amounts in GEL which are recorded using the exchange rates of the Georgian central bank (NBG). At the end of the reporting period, foreign currency monetary items are translated to euros using the closing exchange rates of the ECB or NBG. Exchange gains and losses on the translation of monetary items at rates different from those at which they were translated on initial recognition are recognised in profit or loss within other finance income and expenses.

2.4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and term deposits at banks with an original maturity of up to three months which can be used without restrictions and are subject to an insignificant risk of changes in value.

2.5. Financial assets and liabilities

A financial asset or a financial liability is recognised in the statement of financial position when the Group becomes party to the contractual provisions of the instrument. At initial recognition, a financial asset or a financial liability is measured at its fair value plus, in the case of items not at fair value through profit or loss, any directly attributable transaction costs. Transaction costs attributable to items measured at fair value through profit or loss are recognised as an expense. Immediately after recognition, the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost and fair value through profit or loss.

2.5.1.Financial assets

Financial assets are reported in the composition of the following line items in the statement of financial position: cash and cash equivalents at banks, loans to and receivables from customers, and other trade receivables.

Financial assets are classified at initial recognition on the basis of the Group's business model for managing the assets and the contractual cash flow characteristics of the financial asset.
The Group's business model is to collect contractual cash flows on consumer credit and assets in the portfolio are sold only when there has been a deterioration in credit risk.
Based on the above, financial assets are classified as follows:

1) Financial assets held to collect contractual cash flows are classified as financial assets measured at amortised cost.
2) Financial assets held to both collect contractual cash flows and sell are classified as financial assets measured at fair value through other comprehensive income.
3) Financial assets that do not meet the conditions for financial assets measured at amortised cost or fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

Purchases and sales of financial assets are consistently recognised using settlement date accounting. The settlement date is the date on which an asset is delivered to or by the Group.

A financial asset is derecognised when:

a) it has been settled or the Group's contractual rights to the cash flows from the financial asset expire or are forfeited by other means,
b) the Group transfers the contractual rights to receive the cash flows of the financial asset along with associated risks and rewards.

In the reporting period, the Group measured all financial assets at amortised cost except for assets held to both collect contractual cash flows and sell. The amortised cost of an asset is its original cost minus principal repayments, adjusted for any loss allowance, plus interest income calculated using the effective interest method. Accounting for the impairment of financial assets measured at amortised cost is described in section 2.5.3. There were no changes in the classification of financial assets during the period.

2.5.2. Financial liabilities

Financial liabilities are reported in the composition of the following line items in the statement of financial position: borrowings, trade payables and other payables.
A financial liability is removed from the statement of financial position when its extinguished (i.e. when the obligation specified in the contract is discharged or expires). Both in the reporting and the prior period, the Group measured its financial liabilities at amortised cost.

2.5.3. Impairment of financial assets

The Group estimates expected credit losses on financial assets measured at amortised cost and fair value through other comprehensive income on the basis of forward-looking information. An impairment loss on a financial asset is recognised in profit or loss in the period in which one or more events that have a detrimental impact on the estimated future cash flows of the financial asset that can be estimated reliably have occurred. If the Group determines that it is not possible to estimate the occurrence of an event or events with a detrimental impact for a specific (individually assessed) financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and assesses them for impairment at group level (collectively).

The methodology for recognising loss allowances for groups of financial assets (collective allowances) is based on a widely applied credit loss calculation formula, which is in conformity with the regulations of the Basel Committee on Banking Supervision. For estimating credit risk, financial assets are divided into groups with homogenous credit risk characteristics. The Group estimates the probability of default (the PD rate) and loss given default (the LGD rate) for each such asset group. As a rule, five-year information is used. The rates are reviewed annually or more frequently, if necessary.

The Group defines default as a situation where the creditor has reason to believe that it is unlikely that the debtor (borrower) will be able to satisfy its obligations in full. BBFG assesses default by applying the '90 days past due' criterion, i.e. a loan is considered to be in default when at least one instalment payment is 90 days past due (has not been fully settled within 90 days since the due date).

The Group has established that the probability of default depends mainly on two factors:

a) whether the loan is a customer's first or repeat loan;
b) how many days the loan has been past due.

The PD rate of first loans is higher than that of repeat loans. The longer a loan has been past due, the higher the probability of default.

The calculation of loss given default (the LGD rate) depends on the handling process of loans in default. When the Group has decided to sell a loan that is in default to a third party, the price of that transaction is included in the model for calculating the expected credit loss. Where a financial asset is not covered with an agreement of resale in the event of default, the expected payments (cash inflows) are discounted to the date of default. Expected payments (cash inflows) are estimated based on relevant historical data on prior years.

Expected credit loss allowances are calculated by multiplying the balances of groups of similar financial assets (exposure at default) with their PD and LGD rates and adding up the outcomes. The amount of an expected credit loss allowance is recognised in profit or loss and in the statement of financial position by reducing gross loans to and receivables from customers and other trade receivables.

In estimating the probability of default, the Group takes into account macroeconomic factors. In the case of unsecured consumer loans the most significant factor is the unemployment rate. Accordingly, the dynamics of the unemployment rate are monitored on a regular basis.

When there is an indication of growth in the unemployment rate, then in applying the PD rate greater weight is given to those years in which the unemployment rate corresponded to or approximated the projected value. Such an approach allows taking into account both a company's internal trend metrics and the impact of the expected economic situation on the quality of the Group's loan portfolio.

In countries where BBFG, due to its short presence in the market, has not been able to establish a reliable link between the unemployment rate and the PD rate, it is possible to incorporate into the model a management-approved economic coefficient. The coefficient reflects the company's expectation of how much the estimated PD values will change due to projected changes in the near-term macroeconomic environment.

The Group calculates PD rates in terms of years, i.e. loans are divided into cohorts based on their year of issue and an appropriate PD rate is calculated for each cohort. This approach allows monitoring the trend and, where necessary, identifying a correlation with some macroeconomic variable to evaluate the impact of the macroeconomic environment on the quality of the loan portfolio.

The discount rate is reviewed once a year. In assessing the discount rate, the Group's management takes into account the cost of debt capital, the required rate of return on equity, the financing structure, and the risks specific to the loan product or the country.

LGD rates are reviewed at least annually or whenever there is a significant change in loan handling processes.

2.6. Property, plant and equipment

Property, plant and equipment are tangible items that the Group holds to supply services or for administrative purposes. The expected useful life of an item of property, plant and equipment must be long: at least one year.

On initial recognition, an item of property, plant and equipment is measured at its cost which comprises its purchase price (including customs duties and other non-refundable taxes) and any directly attributable costs of acquisition incurred in bringing the asset to the location and condition necessary.

After initial recognition, an item of property, plant and equipment is carried at cost less any accumulated depreciation and impairment losses. Depreciation is charged using the straight-line method.
The Group has recognised right-of-use assets in the statement of financial position within the class of property, plant and equipment. Right-of use assets are depreciated on a straight-line basis over the lease term.

Class of property, plant and equipment	**Useful life in years**
Vehicles	3-7
Plant and equipment	5
Other equipment and fixtures	5

2.7. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Non-current intangible assets include trademarks, patents, licences, software, goodwill and other assets without physical substance which the Group uses for the provision of services or for administrative purposes and which it expects to use for more than one year.

On initial recognition an intangible asset is measured at its cost which comprises its purchase price and any directly attributable costs of acquisition. After initial recognition, an intangible asset is measured at cost less any accumulated amortisation and impairment losses. Amortisation is charged using the straight-line method.

Class of intangible assets	**Useful life in years**
Software	5
Other intangible assets	5-10
Trademark	8
Customer base	5

2.8. Goodwill

Acquisition of goodwill is described in the section *Basis of consolidation* (section 2.2). On initial recognition, goodwill acquired in a business combination is measured at cost. Goodwill has an indefinite useful life and, therefore, it is not amortised. Instead, it is tested for impairment at the end of each reporting period.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. The goodwill of an investment accounted for using the equity method is included in the cost of the investment.

2.9. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that a non-financial asset (an item of property, plant and equipment or an intangible asset) may be impaired. If any such indication exists, the asset is tested for impairment.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment loss is recognised in profit or loss as incurred.

The impairment loss for a cash-generating unit is allocated to reduce the carrying amount of the assets of the unit (group of units) as follows: first, to reduce the carrying amount of any goodwill allocated to the unit (group of units); and then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).

Goodwill is tested for impairment at least annually at the end of the financial year or whenever there is an event or a change in an estimate which indicates that goodwill may be impaired. An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which goodwill has been allocated.

2.10. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past obligating event, it is probable (more probable than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation but the timing and amount of the obligation are uncertain.

A provision is recognised by reference to management's estimates of the amount required to settle a present obligation and the time the obligation must be settled. The amount recognised as a provision is management's best estimate of the expenditure required to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. Expenses arising from the recognition of provision and changes to the carrying amounts of provisions are recognised in profit or loss in the period in which they are incurred. Provisions are not recognised for future operating losses.

Possible obligations whose realisation is less likely than their non-realisation or which cannot be measured reliably but which may transform into liabilities under certain circumstances are disclosed in the notes to the financial statements as contingent liabilities. Contingent liabilities may change over time in a manner different from the one originally anticipated. Therefore, they are regularly reassessed to determine whether there has been a change in the probability that the Group may have to transfer resources embodying economic benefits in order to meet the obligation. When the transfer of resources has become probable, the Group recognises a provision for the obligation in the period in which the change in probability occurred.

2.11. Income and expenses

2.11.1. Interest income and expense

Interest income and expense are recognised using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but not considering future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. When a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.11.2. Fee income and expense

Fee income comprises revenue from contracts with customers. Fee income is recognised as the service promised to the customer is provided, in the amount which reflects the consideration that BBFG expects to receive for the provision of the service.
Fee income and expenses are recognised on a straight-line basis over the period in which the service is provided if the customer benefits from the service at the same time when the service is provided by the Group.

Expenses directly associated with the generation of fee income are recognised as fee expenses.

2.12. Taxation and deferred tax

2.12.1. Corporate income tax in Estonia

Under legislation in force, in Estonia corporate profit is taxed only when it is distributed. Therefore, deferred tax assets and liabilities do not arise. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, entertainment expenses, non-business expenditures and transfer price adjustments. From 2019, dividend distributions may be taxed at a more favourable rate of 14% (the amount of tax payable may be calculated as 14/86 of the net dividend). The lower tax rate is applied to a dividend distribution which extends to up to three preceding years' average dividend distribution that was taxed at 20% (the amount of tax payable was calculated as 20/80 of the net dividend). In calculating the average dividend distribution of the three preceding years, 2018 is the first year that is taken into account.

Under certain circumstances, dividends received may be redistributed without additional income tax expense. The income tax payable on a dividend distribution is recognised as a liability and an expense in the period in which the dividend is declared regardless of the period for which the dividend is declared or the period in which the dividend is actually distributed. The obligation to pay income tax arises on the 10th day of the month following the disbursement of the dividend.

2.12.2. Corporate income tax in other jurisdictions

In Finland, the Czech Republic and Georgia corporate profit, which has been adjusted for permanent and temporary differences as permitted by local tax laws, is subject to income tax.

Deferred tax assets and liabilities are recognised for all significant temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases. Temporary differences arise mainly from the depreciation or amortisation on a non-current asset and the carry-forward of tax losses.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the tax asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset may be set off against a deferred tax liability of the same taxable Group entity only. A deferred tax asset is recognised for all temporary differences and tax losses to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised.
A deferred tax liability is recognised for all temporary differences associated with investments in subsidiaries except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Corporate income tax rates	**2019**	**2018**
Finland	20%	20%
Czech Republic	19%	19%
Georgia	15%	15%

2.13. Accounting for leases as a lessee

The Group is the lessee under all its lease contracts. The Group leases office premises, cars, various pieces of equipment and other, smaller items.

2.13.1. Lease accounting as a lessee until 31 December 2018

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. An operating lease is a lease other than a finance lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. In the reporting period, the Group leased mainly cars and office space under operating leases. Lease expenses are recognised in profit or loss within other operating expenses.

2.13.2. Lease accounting as a lessee from 1 January 2019

The Group began to apply IFRS 16 *Leases* from 1 January 2019.
The new standard eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model under which the lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value and depreciation of lease assets separately from interest on lease liabilities in profit or loss.
The Group has recognised the effect of initially applying IFRS 16 from 1 January 2019 prospectively, and has not restated comparative figures for 2018, as permitted under the transitional provisions in the standard.

Since the date of initial application of IFRS 16, all leases previously classified as operating leases have been recognised as non-current assets and lease liabilities.
The Group leases office premises under fixed-term leases that grant the Group the right to terminate and extend the lease. Lease terms and conditions are negotiable and may include different conditions and additional components.

The leases of office premises are recognised as right-of-use assets within property, plant and equipment and as lease liabilities within liabilities. Assets and liabilities are recognised in the statement of financial position at their present value. Lease payments include interest expense and payments of lease principal which reduce the carrying amount of the lease liability. Interest expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of their expected useful life or lease term.

The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate, which is 4%. The incremental borrowing rate has been determined based on the interest rate the Group would have to pay to borrow the funds necessary to purchase the right of use of a similar asset.

In previous years, the Group leased passenger cars under operating leases. Upon the initial application of IFRS 16, the assets and liabilities associated with these leases were recognised as if the Group had applied the standard since the beginning of the lease term. As the Group intends to exercise the purchase option for these assets, the assets have been depreciated on a straight-line basis over their expected useful lives.

Under IFRS 16, a simplified approach may be applied to short-term and low-value leases, which may be recognised as an expense on a straight-line basis. Short-term leases are leases with a term of 12 months or less. In assessing the lease term, management considers the extension and termination options and the likelihood of the options being exercised. In the reporting period, the Group classified into that category leases of computer equipment and similar low-value equipment. The Group has applied to such leases the exemptions permitted by the standard and has recognised them on a straight-line basis within other operating expenses.

NOTE 3 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Under IFRS many items are based on management's judgements, estimates and assumptions that affect the amounts of assets and liabilities, contingent assets and liabilities and income and expenses reported in the financial statements. Although the estimates and assumptions are based on management's best knowledge and conclusions drawn from current events, actual results may differ significantly from those assumptions and estimates.

Management's estimates have been used in several accounting areas, most significantly in determining the value of loans to customers (note 4) as described in section 2.5.3.

Estimates and judgements are regularly reviewed based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognised prospectively.

NOTE 4 RISK MANAGEMENT

Financial risk is a possible negative deviation from the expected financial performance resulting from an event (a series of events), an act (a series of acts), or failure to act which may cause loss of assets or damage to reputation and may jeopardise effective achievement of targets set.

Based on the nature, scope and complexity of its operations, the Group has identified the following financial risks which are relevant to its activity:

1) Credit risk
2) Liquidity risk
3) Market risk
4) Concentration risk

The parent company's management is responsible for designing, reviewing and updating the Group's risk management framework. The overall objective of the Group's risk management is to mitigate potential financial risks to reduce undesirable effects on the Group's financial performance. Risk management involves analysing on a regular basis different development scenarios which may be caused by internal and external risk factors, establishing appropriate risk mitigation rules and methods and checking compliance with those rules and methods.

4.1. Credit risk

Credit risk is the risk that a counterparty to a transaction will fail to discharge its obligations on time. The Group's credit risk exposure arises mainly from loans to customers.

In the issuance of loans, the Group has established limits for both the maximum loan amount and loan maturity. On the receipt of loan applications, the customers' creditworthiness is evaluated by taking into account (among other factors) their past settlement behaviour. The share of loans provided, including problem loans, may not exceed the critical level determined by the Group's shareholders.

The Group divides financial assets exposed to credit risk into the following groups:

a) cash and cash equivalents at banks;
b) loans to retail and corporate customers;
c) other receivables from retail and corporate customers.

Maximum credit risk exposure:

As at 31 December	2019	2018
Cash and cash equivalents at banks	234,447	473,868
Loans to customers	14,644,862	14,222,193
Other trade receivables	1,018,132	1,241,754
Total maximum credit risk exposure	**15,897,441**	**15,937,815**

4.1.1.Cash and cash equivalents at banks

According to management's assessment, the credit risk exposure of cash held at credit institutions is low. Credit risk is evaluated based on the counterparty's financial position, which is determined using the credit ratings of the international rating agency Moody's.

The following table provides an overview of cash and cash equivalents at banks and the credit ratings of the banks:

Rating **As at 31 December**	**2019**	**2018**
Aa2	173,607	144,105
Aa3	29,526	206,167
A1	8,546	0
A3	701	45,287
Ba2	31,447	32,725
Baa1	0	37,374
Baa3	8	16
Without rating	-9,388	8,194
Total	**234,447**	**473,868**

There were no past-due receivables from banks as at 31 December 2019.

4.1.2.Loans to and receivables from retail and corporate customers

To mitigate credit risk, a customer's creditworthiness is analysed before a contract is signed. When a loan has been issued, the customer's settlement behaviour is monitored regularly. On evaluating customers' creditworthiness, the Group takes into account the size of their income and liabilities as well as other circumstances, which may have a significant impact on their ability to meet their obligations on time. This information is used to recognise allowances for potential credit losses. Management's estimate of the concentrations of credit risk is presented in note 4.4

Loans to and receivables from retail customers by credit quality:

As at 31 December 2019	Loans to retail customers	Interest receivables from retail customers
Not past due	11,689,994	222,209
Past due	5,626,633	442,213
Total (gross) (notes 14 and 15)	**17,316,627**	**664,422**
Loss allowance	-3,011,201	-360,065
Total (net)	**14,305,426**	**304,356**

As at 31 December 2018	Loans to retail customers	Interest receivables from retail customers
Not past due	9,488,940	249,336
Past due	10,203,126	905,834
Total (gross) (notes 14 and 15)	**19,692,065**	**1,155,170**
Loss allowance	-5,710,456	-567,027
Total (net)	**13,981,609**	**588,142**

Loans to and receivables from corporate customers by credit quality:

As at 31 December 2019	Loans to corporate customers	Interest receivables from corporate customers
Not past due	332,436	3,000
Past due	32,000	54,000
Total (gross) (notes 14 and 15)	**364,436**	**57,000**
Loss allowance	-25,000	-6,000
Total (net)	**339,436**	**51,000**

As at 31 December 2018	Loans to corporate customers	Interest receivables from corporate customers
Not past due	233,584	2,000
Past due	7,000	40,187
Total (gross) (notes 14 and 15)	**240,584**	**42,187**
Loss allowance	0	0
Total (net)	**240,584**	**42,187**

The loss allowance is calculated as the difference between the carrying amount of the receivables and the present value of their expected future cash flows discounted at the effective interest rate. Loans issued that have similar credit risk characteristics are grouped and assessed for impairment collectively based on the Group's historical credit loss experience and estimates of future developments.

Larger and more important loans are evaluated on an individual basis by analysing and evaluating the debtor and the debtor's ability to repay the loan. Such loans account for 0.2% (2018: 0.2%) of the portfolio.

Receivables from retail customers by days past due:

As at 31 December 2019	**Loans to retail customers**	**Interest receivables from retail customers**	**Total**
Not past due	11,689,994	222,209	11,912,203
1-30 days past due	1,909,002	101,859	2,010,861
31-60 days past due	1,119,599	81,078	1,200,677
61-90 days past due	692,959	70,964	763,923
91-120 days past due	203,444	22,658	226,102
121-150 days past due	130,198	13,529	143,726
151-180 days past due	99,250	9,698	108,949
181-360 days past due	276,459	15,542	292,001
Over 360 days past due	1,195,722	126,886	1,322,608
Total (gross)	**17,316,627**	**664,422**	**17,981,049**
Loss allowance	-3,011,201	-360,065	-3,371,266
Total (net)	**14,305,426**	**304,356**	**14,609,783**

As at 31 December 2018	**Loans to retail customers**	**Interest receivables from retail customers**	**Total**
Not past due	9,488,940	249,336	9,738,275
1-30 days past due	2,058,595	121,514	2,180,109
31-60 days past due	788,293	61,165	849,458
61-90 days past due	560,381	51,269	611,650
91-120 days past due	407,829	37,881	445,710
121-150 days past due	358,624	31,647	390,271
151-180 days past due	361,867	35,153	397,020
181-360 days past due	1,925,825	208,739	2,134,565
Over 360 days past due	3,741,711	358,466	4,100,177
Total (gross)	**19,692,065**	**1,155,170**	**20,847,235**
Loss allowance	-5,710,456	-567,027	-6,277,483
Total (net)	**13,981,609**	**588,142**	**14,569,752**

Receivables from corporate customers by days past due:

As at 31 December 2019	Loans to corporate customers	Interest receivables from corporate customers	Total
Not past due	332,436	51,000	383,436
91-120 days past due	25,000	6,000	31,000
Over 360 days past due	7,000	0	7,000
Total (gross)	**364,436**	**57,000**	**421,436**
Loss allowance	-25,000	-6,000	-31,000
Total (net)	**339,436**	**51,000**	**390,436**

As at 31 December 2018	Loans to corporate customers	Interest receivables from corporate customers	Total
Not past due	233,584	2,000	235,584
Over 360 days past due	7,000	40,187	47,187
Total (gross)	**240,584**	**42,187**	**282,771**
Loss allowance	0	0	0
Total (net)	**240,584**	**42,187**	**282,771**

4.1.3. Other trade receivables

Other trade receivables comprise debt collection receivables, other receivables from customers and various prepayments with a maturity of less than a year whose credit risk, according to management's assessment, is minimal.

Other trade receivables:

As at 31 December	2019	2018
Other receivables from services provided to customers	3,605	5,530
Other receivables	359,269	159,752
Total	**362,874**	**165,282**

4.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations to a counterparty on time or in full. The risk arises mostly from financing risk which is the risk that stable sources of financing cannot be secured without a negative impact on the Group's business operations or financial position.

The Group's framework for managing liquidity risk comprises all activities necessary for identifying, measuring, controlling and monitoring risk reliably. The Group evaluates and monitors the main factors that may affect its ability to raise resources as and when necessary on a regular basis, taking into account the impact of significant investors and customers on its liquidity.

Available cash is held with credit institutions so that the Group could meet its obligations on time. The Group constantly evaluates its liquidity risk and the combined effect of other risks.

The Group finances the short-term loans it issues with loans with a longer maturity.

The following tables present financial assets and liabilities by remaining contractual maturities. The amounts are undiscounted future cash flows.

Financial liabilities by contractual maturities:

Financial liabilities as at 31 December 2019	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Loans from companies and individuals	1,482,710	2,373,570	6,441,270	10,297,550
Interest payable	74,047	0	0	74,047
Trade payables	146,396	0	0	146,396
Payables to employees	187,100	0	0	187,100
Other payables	355,224	71,084	94,038	520,346
Total	**2,245,476**	**2,444,654**	**6,535,308**	**11,225,438**

Financial liabilities as at 31 December 2018	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Loans from companies and individuals	1,697,412	1,637,744	7,062,258	10,397,414
Interest payable	77,616	0	0	77,616
Trade payables	307,557	0	0	307,557
Payables to employees	179,703	0	0	179,703
Other payables	347,551	0	0	347,551
Total	**2,609,840**	**1,637,744**	**7,062,258**	**11,309,842**

Financial assets held to cover liquidity risk by contractual maturities:

Financial assets as at 31 December 2019	**Up to 3 months**	**3-12 months**	**1-5 years**	**Loss allowance**	**Total**
Cash and cash equivalents	393,311	0	0	0	393,311
Loans to customers	4,498,037	2,378,131	10,804,895	-3,036,201	14,644,862
Other trade receivables	578,577	23,020	62,825	-360,065	304,357
Total financial assets	**5,469,925**	**2,401,151**	**10,867,720**	**-3,396,266**	**15,342,530**

Financial assets as at 31 December 2018	**Up to 3 months**	**3-12 months**	**1-5 years**	**Loss allowance**	**Total**
Cash and cash equivalents	536,843	0	0	0	536,843
Loans to customers	13,661,242	2,084,723	4,186,684	-5,710,456	14,222,193
Other trade receivables	550,201	272,911	332,058	-567,027	588,142
Total financial assets	**14,748,286**	**2,357,634**	**4,518,742**	**-6,277,483**	**15,347,178**

4.3. Market risk

Market risk is the risk that changes in market prices and rates (including exchange rates and cost of capital) may cause a loss for the Group. The Group is not exposed to interest rate risk because its financial assets and liabilities have fixed interest rates. However, the Group has identified that it is exposed to market risk through currency risk that results from the Group's core business in markets outside the euro area. Currency risk is the risk that unfavourable movements in foreign exchange rates may cause a loss for the Group. In the reporting period the Group issued loans in euros (EUR), Czech korunas (CZK) and Georgian laris (GEL).

The Group presents its financial statements and raises capital mostly in euros. Thus, it is exposed to currency risk arising from movements in the exchange rates of the CZK and the GEL. Management has explored and continues to consider opportunities for hedging currency risk. At the reporting date, it was more reasonable to have an open currency position because the instruments for hedging currency risk are costly.

In 2019, the CZK strengthened against the EUR, while the GEL weakened against the EUR.

Currency	**Exchange rate as at 31 December 2018**	**Exchange rate as at 31 December 2019**
CZK	25.724	25.408
GEL	3.0701	3.2095

Net currency positions:

As at 31 December	**Position in the statement of financial position 2019**		**Position in the statement of financial position 2018**	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
EUR (euro)	15,732,049	11,228,471	13,863,612	11,350,970
CZK (Czech koruna)	3,146	176,934	727,226	164,529
GEL (Georgian lari)	266,176	9,751	1,371,870	326,048
GBP (British pound)	0	0	970	10,127
Total	**16,001,371**	**11,415,156**	**15,963,678**	**11,851,674**

4.4. Concentration risk

Concentration risk is the risk which arises from an exposure to a single counterparty or a number of related counterparties or from exposures which are influenced by a common risk factor or risk factors between which there is a strong positive correlation.

Its ordinary business operations do not expose the Group to any significant concentration risk because the Group serves mainly individuals and issues mostly small loans. Still, the Group monitors its credit risk and/or market risk concentrations in respect of any single risk factor and limits, where necessary, its credit risk exposure to a group of customers that are connected or influenced by the same risk factor.

As at 31 December 2019	Estonia	Finland	Czech Republic	Georgia	United Kingdom	Total
Cash and cash equivalents at banks	194,806	5,048	3,146	31,447	0	234,447
Loans to customers	15,138,793	1,538,415	0	1,003,855	0	17,681,063
Other trade receivables	1,005,023	197,589	0	181,586	0	1,384,198
Total	**16,338,622**	**1,741,052**	**3,146**	**1,216,887**	**0**	**19,299,708**
Loss allowance	-2,118,694	-332,861	0	-950,711	0	-3,402,266
Total	**14,219,928**	**1,408,191**	**3,146**	**266,176**	**0**	**15,897,442**

As at 31 December 2018	Estonia	Finland	Czech Republic	Georgia	United Kingdom	Total
Cash and cash equivalents at banks	257,085	105,735	79,324	31,724	0	473,868
Loans to customers	11,449,079	5,524,227	704,127	2,255,216	0	19,932,649
Other trade receivables	795,606	378,969	246,267	386,970	970	1,808,782
Total	**12,501,770**	**6,008,931**	**1,029,717**	**2,673,910**	**970**	**22,215,299**
Loss allowance	-1,955,939	-2,283,261	-231,461	-1,239,795	0	-5,710,456
Total	**10,545,831**	**3,725,670**	**798,256**	**1,434,115**	**970**	**16,504,843**

4.5. Capital management

The main objective of capital management is to maintain a strong capital structure in order to ensure sufficient and stable funding for the Group's operating activities, ability to earn profit for the shareholders and meet all applicable capital requirements.

The Group maintains at all times capital sufficient for managing all significant risks and meeting all regulatory requirements. The capital targets are set considering both the regulatory minimum capital requirement and an additional internal buffer requirement. At the reporting date, the Group was in compliance with relevant capital requirements.

Own funds:

As at 31 December	2019	2018
Paid in share capital	70,288	70,288
Retained earnings (prior years)	3,671,235	5,834,740
Profit/loss for the year	1,755,761	-1,099,625
Non-controlling interests	0	0
Total own funds	**5,497,284**	**4,805,402**

4.6. Fair value of financial assets and liabilities

The Group has measured the fair values of financial assets and liabilities recognised in its statement of financial position using the valuation techniques described in IFRS 13. The fair value of instruments was measured using the effective interest method.

Loans to customers and *Other receivables from customers* are measured in the statement of financial position at amortised cost using the effective interest method. In determining amortised cost, impairment losses have been deducted from cost as described in note 2 (section 2.5.1. Financial assets). According to management's assessment, due to the accounting policy applied the carrying amounts of financial assets reflect their fair values.
Financial liabilities are carried in the statement of financial position at amortised cost. The amortised cost of current financial liabilities generally equals their nominal value and the amortised cost of non-current financial liabilities has been determined using the effective interest method (note 2, section 2.5.2 *Financial liabilities*). According to management's assessment, the carrying amounts of financial liabilities do not differ significantly from their fair values.

All of the fair value measurements of the Group's financial assets and liabilities fall into Level 3 of the fair value hierarchy because they are not predominantly based on observable market data.

As at 31 December 2019	**Carrying amount**	**Fair value**
Financial assets		
Cash and cash equivalents	393,311	393,311
Loans to customers	14,644,862	14,644,862
Of which to related parties	182,436	182,436
Other trade receivables	1,018,132	1,018,132
Of which from related parties	57,753	57,753
Financial liabilities		
Loans from companies and individuals	10,371,597	10,371,597
Of which from related parties	1,406,783	1,406,783
Other financial liabilities	630,081	630,081
Of which to related parties	1,100	1,100

As at 31 December 2018	**Carrying amount**	**Fair value**
Financial assets		
Cash and cash equivalents	536,843	536,843
Loans to customers	14,222,193	14,222,193
Of which to related parties	208,584	208,584
Other trade receivables	1,241,754	1,241,754
Of which from related parties	83,976	83,976
Financial liabilities		
Loans from companies and individuals	10,475,030	10,475,030
Of which from related parties	1,299,545	1,299,545
Other financial liabilities	1,376,644	1,376,644
Of which to related parties	6,535	6,535

NOTE 5 SUBSIDIARIES

Name of subsidiary	Registry number	Country	Ownership interest 31 Dec 2019	31 Dec 2018
BB Finance OÜ	11306564	Estonia	100%	100%
Inkassokeskus OÜ	11742035	Estonia	100%	100%
I-Makse OÜ	12071838	Estonia	0%	100%
MM Ads OÜ	11373903	Estonia	0%	100%
Nordic Boat Finance OÜ	12687367	Estonia	0%	100%
Raha24 OÜ	14021336	Estonia	100%	100%
Ege Finance OY	2229805-5	Finland	100%	100%
Finlaina OY	2176635-5	Finland	100%	100%
BB Credit LLC	405116583	Georgia	100%	100%
BB Finance Czech s.r.o.	24190799	Czech Republic	100%	100%

The subsidiary Raha24 OÜ is dormant. In September 2019, the subsidiaries I-Makse OÜ, MM Ads OÜ and Nordic Boat Finance OÜ were merged with the subsidiary BB Finance OÜ.

NOTE 6 NET INTEREST AND FEE INCOME

Interest income is earned on loans provided to retail customers and companies. Fee income comprises fees charged for services related to credit granting and debt collection services.

Interest and fee income	2019	2018
Interest income	5,155,869	4,307,442
Of which on: Consumer credit	5,134,121	4,293,982
Loans to corporate customers	12,538	5,360
Loans to related parties (note 25)	9,210	8,100
Fee income	5,239,610	6,010,164
Total interest and fee income	**10,395,479**	**10,317,606**

Interest and fee expense	2019	2018
Interest expense	-1,314,403	-1,577,893
Of which on: Loans from companies	-1,155,356	-1,247,442
Loans from related parties (note 25)	-159,047	-330,451
Fee expense	-605,994	-761,640
Total interest and fee expense	**-1,920,397**	**-2,339,533**
Net interest and fee income	**8,475,081**	**7,978,073**

NOTE 7 OTHER INCOME

Other income	2019	2018
Income from purchase of receivables	27,078	102,440
Income from sale of receivables	33,685	0
Income from sale of non-current assets (note 25)	0	18,333
Other	19,511	23,560
Total other income	**80,274**	**144,333**

NOTE 8 OTHER EXPENSES

Other expenses	2019	2018
Exchange loss on transactions with customers and suppliers	-9,352	-14,678
Other	-1,932	-5,543
Total other expenses	**-11,284**	**-20,221**

NOTE 9 OTHER OPERATING EXPENSES

Other operating expenses	2019	2018
Marketing expenses	-551,169	-1,681,325
Lease expenses (note 10)	-21,743	-160,127
Miscellaneous office expenses	-358,131	-234,123
State and local taxes	-22,186	-157,124
Other outsourced services	-255,149	-441,270
Transport costs	-7,493	-4,507
Staff training and business travel expenses	-82,965	-84,580
Bank charges	-17,556	-18,657
Impairment losses on loans to customers	3,051,851	-990,856
Losses on sale of loans to customers	-6,312,933	-2,936,603
Miscellaneous operating expenses	-177,535	-128,363
Total other operating expenses	**-4,755,009**	**-6,837,535**

During the period, there were several major sales transactions involving the loan portfolio in the course of which almost all of the non-performing loans were sold. As a result, the quality of the remaining portfolio improved and impairment losses on loans decreased significantly year on year.

NOTE 10 LEASE EXPENSES

Lease expenses	**2019**	**2018**
Operating lease expenses	0	-160,127
Leases of premises	-21,743	0
Total lease expenses (note 9)	-21,743	-160,127

The lease expenses recognised for 2019 include the costs associated with short-term and/or low-value leases, which are outside the scope of IFRS 16.

NOTE 11 INCOME TAX

The Group's income tax expense for the financial year ended on 31 December:

Income tax expense	**2019**	**2018**
Estonian subsidiary	-203,341	0
Czech subsidiary	-68,731	-152,118
Finnish subsidiary	0	-211,722
Total income tax expense	**-272,072**	**-363,840**

In accordance with the requirements of IAS 12 for the recognition of deferred tax, the Group has recognised in the reporting period an income tax expense and a liability of 86,403 euros on dividends (400,000 euros) declared by the Estonian subsidiary in 2020.

Reconciliation of the effective income tax rate:

	2019	**%**	**2018**	**%**
Profit/loss before income tax	**2,027,834**		**-735,785**	
Income tax on dividends declared in Estonia	-203,341	-10%	0	0%
Income tax payable in foreign jurisdictions	-68,731	-3%	-363,840	49%
Profit/loss for the year	**1,755,761**		**-1,099,625**	

NOTE 12 PERSONNEL EXPENSES

Personnel expenses	**2019**	**2018**
Salary expenses	-1,133,005	-1,409,772
Social security charges	-334,347	-340,296
Total personnel expenses	**-1,467,352**	**-1,750,067**
Average number of staff	59	75

NOTE 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents **As at 31 December**	**2019**	**2018**
Cash and cash equivalents at banks	234,447	473,868
Cash on hand	158,864	62,975
Total cash and cash equivalents	**393,311**	**536,843**

NOTE 14 LOANS TO CUSTOMERS

Loans to customers **As at 31 December**	**2019**	**2018**
Loans to corporate customers	364,436	240,584
Loans to retail customers	17,316,627	19,692,065
Total loans to customers*	**17,681,063**	**19,932,649**
Of which: Loans to related parties (note 25)	182,436	208,584
Loss allowance	-3,036,200	-5,710,456
Net loans to customers	**14,644,862**	**14,222,193**

* Loans comprise only loan principal

NOTE 15 OTHER TRADE RECEIVABLES

Other trade receivables **As at 31 December**	**2019**	**2018**
Accrued debt collection and other income	1,021,324	1,643,500
Of which: Interest receivable on consumer credit	664,422	1,155,170
Interest receivable on loans to corporate customers	57,000	42,187
Other receivables	299,902	446,144
Loss allowance for accrued debt collection and other income	-366,066	-567,027
Receivables for services provided to customers	3,605	5,530
Other receivables	359,269	159,752
Total other trade receivables	**1,018,132**	**1,241,754**
Of which: Other receivables from related parties (note 25)	57,753	83,976

NOTE 16 OTHER ASSETS

Other assets As at 31 December	2019	2018
Prepayments to suppliers	2,135	11,213
Prepaid taxes	4,268	11,846
Prepaid expenses	29,770	29,388
Of which: Long-term prepaid expenses	0	972
Total other assets	**36,173**	**52,448**

NOTE 17 OTHER INVESTMENTS

Other investments As at 31 December	2019	2018
Investments in equity instruments	200,000	0
Total other investments	**200,000**	**0**

The Group's investments in equity instruments are measured at cost less any impairment losses because the instruments are not publicly traded and their fair value cannot be measured reliably.

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises computers, office equipment, office furniture, advertising equipment, vehicles and right-of-use assets.

Balance as at 31 December 2017	Right-of-use assets	Plant and equipment	Other equipment	Total
Cost	0	108,499	0	108,499
Accumulated depreciation	0	-54,821	0	-54,821
Carrying amount	**0**	**53,678**	**0**	**53,678**
Movements in 2018				
Additions	0	13,982	0	13,982
Depreciation	0	-16,119	0	-16,119
Balance as at 31 December 2018				
Cost	0	78,935	0	78,935
Accumulated depreciation	0	-27,395	0	-27,395
Carrying amount	**0**	**51,541**	**0**	**51,541**

Movements in 2019				
Assets recognised on the adoption of IFRS 16	282,921	135,216	0	418,137
Additions	0	0	8,328	8,328
Depreciation and impairment	-94,307	-34,741	-972	-130,020
Other changes	0	-800	0	-800
Balance as at 31 December 2019				
Cost	282,921	213,351	8,328	504,600
Accumulated depreciation	-94,307	-62,136	-972	-157,415
Carrying amount	**188,614**	**151,216**	**7,356**	**347,186**

Interest expense accrued on lease liabilities amounted to 4,277 euros and lease payments made totalled 115,659 euros in the reporting period. In 2019, the Group recognised in operating expenses principal lease payments for short-term and low-value leases of 13,677 euros and interest expense of 5,869 euros.

NOTE 19 INTANGIBLE ASSETS

Intangible assets comprises licences, software and software development costs.

Balance as at 31 December 2017	**Software**	**Trademark**	**Customer base**	**Other intangible assets**	**Total**
Cost	481,596	269,012	475,665	10,138	1,236,412
Accumulated amortisation	-166,976	-53,242	-150,627	-3,840	-374,685
Carrying amount	**314,620**	**215,770**	**325,038**	**6,298**	**861,727**
Movements in 2018					
Additions	269,533	0	0	0	269,533
Amortisation and impairment losses	-89,752	-33,626	-95,133	-790	-219,301
Other changes	265	0	0	-35	230
Balance as at 31 December 2018					
Cost	751,394	269,012	475,665	10,103	1,506,175
Accumulated amortisation	-256,728	-86,868	-245,760	-4,630	-593,986
Carrying amount	**494,666**	**182,144**	**229,905**	**5,473**	**912,189**

Movements in 2019					
Additions	330,394	0	0	0	330,394
Amortisation and impairment losses	-42,261	-33,627	-95,133	-3,919	-174,940
Other changes	-11,242	0	0	0	-11,242
Balance as at 31 December 2019					
Cost	1,070,547	269,012	475,665	10,103	1,825,327
Accumulated amortisation	-298,989	-120,495	-340,893	-8,549	-768,926
Carrying amount	**771,558**	**148,517**	**134,772**	**1,554**	**1,056,401**

NOTE 20 BORROWINGS

A long-term loan of 4,500,000 euros is secured with a pledge of the shares in the subsidiary BB Finance OÜ with a nominal value of 100,000 euros.

Borrowings **As at 31 December**	**2019**	**2018**	**Base currency**	**Maturity date**
Short-term loans received, of which:	3,856,280	3,335,156	EUR	
Interest rate of 0%	0	20,253	EUR	2019-2020
Interest rate of 1%-16%	3,856,280	3,037,903	EUR	2019-2020
Interest rate of 17%-24%	0	277,000	EUR	2019-2020
Long-term loans received, of which:	6,441,270	7,062,258	EUR	
Interest rate of 1%-16%	5,876,520	1,890,000	EUR	2020-2021
Interest rate of 1%-16%	564,750	4,898,720	EUR	2021-2022
Interest rate of 1%-16%	0	3,538	EUR	2022
Interest rate of 17%-24%	0	270,000	EUR	2019-2020
Accrued interest liability	74,047	77,616	EUR	
Total borrowings	**10,371,597**	**10,475,030**	**EUR**	
Of which: From related parties	1,406,783	1,299,545	EUR	

NOTE 21 TRADE AND OTHER PAYABLES

Trade and other payables **As at 31 December**	**2019**	**2018**
Trade payables	146,396	307,557
Payables to employees	187,100	179,703
Other payables	331,048	347,551
Lease liabilities	189,298	0
Deferred income	630,081	541,833
Total trade and other payables	**1,483,922**	**1,376,644**
Of which: Payables to related parties	1,100	6,535

NOTE 22 TAXES PAYABLE

Taxes payable As at 31 December	2019	2018
Payroll taxes	162,066	138,015
Value added tax	-2,749	29,985
Other taxes	0	553
Income tax	189,717	147,428
Total taxes payable	**349,034**	**315,981**

NOTE 23 CASH FLOWS

The statement of cash flows has been prepared using the indirect method.

Operating profit/loss for the year was found by deducting income tax, other finance costs, loss on other investments and profit on investments in subsidiaries from consolidated comprehensive income/expense.

Calculation of operating profit for 2019:

1,755,761 – (-272,072) – 8,914 = 2,018,919

Calculation of operating loss for 2018:

-1,099,625 – (-363,840) – (-14,950) = -720,835

Operating profit/loss was adjusted for income, expenses and transactions of a non-cash nature, comprising depreciation and amortisation of 304,960 euros (2018: 235,419 euros), income from the sale of non-current assets of nil euros (2018: -18,333 euros), interest income and expense of -3,841,465 euros (2018: -2,729,549 euros), other adjustments of which impairment losses on loans to customers amounted to -3,051,851 euros (2018: 990,856 euros) and adjustments of balances and offsetting transactions of 555,739 euros (2018: -28,233 euros).

NOTE 24 EQUITY OF THE COMPANY

BB Finance Group OÜ is a limited company (*osaühing*). According to the articles of association, the minimum and maximum share capital of BB Finance Group OÜ amount to 50,000 euros and 200,000 euros respectively. At 31 December 2019 and 31 December 2018, share capital comprised 70,288 shares that had been fully paid for. A share grants its owner the right (which is based on the nominal value of the share or shares held) to participate in the company's management and the allocation of the company's profit and to receive a corresponding share of the company's assets when the company is liquidated.

BB Finance Group OÜ is under the control of the shareholder Mart Kolu (through Credit Capital OÜ) who holds 87% of the company's voting power.

24.1. Translation reserve

Translation reserve comprises all foreign exchange differences that arise on the translation of the financial statements of foreign Group entities from their functional currency to the parent's presentation currency.

24.2. Contingent income tax liability

At 31 December 2019, the Group's retained earnings totalled 5,426,996 euros. At 31 December 2019, one third of the dividend for 2018 and 2019 could be distributed to owners in 2020 at a lower income tax rate of 14% (income tax would be calculated as 14/86 of the net distribution) and the rest of the dividend would subject to income tax of 20% (income tax payable would be calculated as 20/80 of the net distribution). Taking into account the requirements of the Commercial Code, the distribution of the entire retained earnings as dividends would give rise to income tax expense of 1,058,475 euros.

Distribution of profit which has been earned and taxed through a permanent establishment in Finland is tax exempt in Estonia. Thus, the Group can distribute the earnings accumulated in Finland without incurring any additional income tax liability.

24.3. Other changes in equity

Other changes in equity comprise the effect on retained earnings of the first-time adoption of IFRS 16 of 35,489 euros, an adjustment to income tax accrued on fee income earned in Finland of -288,717 euros and other changes of -62,585 euros.

NOTE 25 TRANSACTIONS WITH RELATED PARTIES

In the preparation of these financial statements, the following persons were regarded as related parties:

- the parent and companies under its control or significant influence;
- associates;
- members of the management board and companies under their control;
- close family members of the above persons and companies related to them.

Transactions with related parties:

Receivables **As at 31 December**	**2019**	**2018**
Loans and receivables (note 14)	182,436	208,584
Of which: Other Group companies	182,436	208,584
Interest receivable (note 15)	48,000	40,187
Of which: Other Group companies	48,000	40,187

Receivables for services provided (note 15)	2,819	3,205
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	2,819	3,205
Other receivables (note 15)	6,934	40,584
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	6,934	40,584
Total receivables from related parties	**240,189**	**292,560**

Liabilities

As at 31 December	**2019**	**2018**
Borrowings (note 20)	1,392,520	1,285,973
Of which: Parent company	319,520	398,720
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	967,000	810,253
Of which: Close family members of members of the management board and individuals with a significant shareholding and companies under their control or significant influence	106,000	77,000
Interest payable (note 20)	14,263	13,572
Of which: Parent company	3,227	4,031
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	10,411	8,466
Of which: Close family members of members of the management board and individuals with a significant shareholding and companies under their control or significant influence	625	1,075
Trade and other payables (note 21)	1,100	6,535
Of which: Parent company	0	5,435
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	1,100	1,100
Of which: Other Group companies	0	0
Total liabilities	**1,407,883**	**1,305,266**

Income and expenses from transactions with related parties:

Income	**2019**	**2018**
Interest income (note 6)	9,210	8,100
Of which: Other Group companies	7,814	8,100
Members of the management board, individuals with a significant shareholding and companies under their control	1,396	0

Other income (note 7)	0	18,333
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	0	18,333
Total income	**9,210**	**26,433**

Expenses	**2019**	**2018**
Interest expense (note 6)	-159,047	-330,451
Of which: Parent company	-42,703	-72,072
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	-116,344	-258,379
Other expenses	-51,400	-122,365
Of which: Parent company	0	-9,000
Of which: Members of the management board, individuals with a significant shareholding and companies under their control	-51,400	-113,365
Total expenses	**-210,447**	**-452,816**

	2019	**2018**
Remuneration provided to management	60,489	226,797

The interest rates of loans provided to and received from related parties were in the range of 0% to 15%. No receivables from related parties were written down due to impairment. Other transactions were conducted on an arm's length basis.

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

At the end of 2019, a new coronavirus disease (COVID-19) emerged from China which in the first months of 2020 spread across the world and was declared a global pandemic.

Due to the measures taken to contain the spread of the virus, cross-border movement of people has been temporarily disrupted and many businesses have been closed all over the world, including in Estonia. The containment measures have caused operating losses for a large number of companies, leading to layoffs and pay cuts, which in turn have affected consumer behaviour in general.

Being a responsible lender, the Group significantly tightened its credit policy for the duration of the state of emergency to prevent customers' potential settlement difficulties. As a result, the Group's income has dropped considerably. To avoid redundancies, the Group has applied for government support to cover personnel expenses.

Although at the date these financial statements are authorised for issue, the government has promised to support companies that have run into difficulties and lockdown measures have been loosened, the situation is still uncertain and final estimates of losses can probably be made in the second half of 2020 only.

The Group has treated the outbreak of COVID-19 as a non-adjusting event after the reporting period and will consider the effects of COVID-19 on the macroeconomic outlook in estimating its credit losses in 2020.

NOTE 27 PARENT'S PRIMARY FINANCIAL STATEMENTS

27.1. Parent's statement of profit or loss and other comprehensive income

	2019	**2018**
Interest income	240,501	489,460
Interest expense	-1,208,389	-1,291,107
Net interest expense	**-967,888**	**-801,647**
Loss on investments in subsidiaries and associates	-275,382	-183,992
Other finance income and costs (-)	0	7,259
Other income	3	2
Other expenses	-23	-3
Other operating expenses	-58,291	-102,501
Personnel expenses	0	-20,833
Depreciation and impairment losses	-971	0
Loss before income tax	**-1,302,552**	**-1,101,715**
Income tax (-)	0	0
Comprehensive expense for the year	**-1,302,552**	**-1,101,715**

27.2. Parent's statement of financial position

As at 31 December	2019	2018
ASSETS		
Cash and cash equivalents	2,628	12,878
Loans to customers	349,571	2,362,715
Other trade receivables	13,250	123,902
Investments in subsidiaries and associates	17,532,683	16,111,262
Other investments	200,000	0
Property, plant and equipment	7,356	0
TOTAL ASSETS	**18,105,488**	**18,610,757**
LIABILITIES		
Borrowings	9,954,879	10,982,556
Trade and other payables	146,483	103,959
TOTAL LIABILITIES	**10,101,362**	**11,086,515**
EQUITY		
Share capital at par value	70,288	70,288
Share premium	7,650,268	7,650,268
Other reserves	2,000	2,000
Retained earnings (prior years)	1,584,122	903,401
Loss for the year	-1,302,552	-1,101,715
TOTAL EQUITY	**8,004,126**	**7,524,242**
TOTAL LIABILITIES AND EQUITY	**18,105,488**	**18,610,757**

27.3. Parent's statement of cash flows

Cash flows from operating activities	**2 019**	**2 018**
Operating loss	-1,027,170	-924,982
Adjustments for		
Depreciation and impairment losses	971	0
Interest income and expense	967,888	801,647
Other adjustments	0	-101,469
Total adjustments	**968,859**	**700,178**
Change in receivables and prepayments	-1,634	-15,284
Change in payables and advances received	-1,265	-460,936
Net cash used in operating activities	**-61,210**	**-701,024**
Cash flows from investing activities		
Paid on acquisition of property, plant and equipment and intangible assets	-8,328	0
Paid on acquisition of other investments	-200,000	0
Loans provided	-542,000	-2,079,000
Repayment of loans provided	2,489,476	272,590
Interest received	343,186	434,873
Dividends received	799,050	360,000
Other proceeds from investing activities	150,000	0
Net cash from/used in investing activities	**3,031,384**	**-1,011,537**
Cash flows from financing activities		
Proceeds from loans received	2,288,935	5,409,228
Repayment of loans received	-3,307,010	-2,032,596
Interest paid	-1,164,599	-1,293,138
Dividends paid	-797,750	-360,000
Net cash used in/from financing activities	**-2,980,424**	**1,723,494**
Net cash flow	**-10,250**	**10,933**
Cash and cash equivalents at beginning of period	12,878	1,945
Decrease/increase in cash and cash equivalents	**-10,250**	**10,933**
Cash and cash equivalents at end of period	2,628	12,878

27.4. Parent's statement of changes in equity

	Share capital	Other reserves	Share premium	Retained earnings	Total
Balance as at 31 December 2017	**70,288**	**2,000**	**7,650,268**	**1,263,401**	**8,985,957**
Loss for the year	0	0	0	-1,101,715	-1,101,715
Dividends paid	0	0	0	-360,000	-360,000
Balance as at 31 December 2018	**70,288**	**2,000**	**7,650,268**	**-198,314**	**7,524,242**
Carrying amount of interests under control and significant influence	0	0	-16,111,262	0	-16,111,262
Value of interests under control and significant influence under the equity method	0	0	16,111,262	0	16,111,262
Adjusted unconsolidated equity as at 31 December 2018	**70,288**	**2,000**	**7,650,268**	**-198,314**	**7,524,242**
Other changes	0	0	0	2,580,186	2,580,186
Loss for the year	0	0	0	-1,302,552	-1,302,552
Dividends paid	0	0	0	-797,750	-797,750
Balance as at 31 December 2019	**70,288**	**2,000**	**7,650,268**	**281,570**	**8,004,126**
Carrying amount of interests under control and significant influence	0	0	-17,532,683	0	-17,532,683
Value of interests under control and significant influence under the equity method	0	0	17,532,683	0	17,532,683
Adjusted unconsolidated equity as at 31 December 2019	**70,288**	**2,000**	**7,650,268**	**281,570**	**8,004,126**