

Annual Consolidated Activity Report of the Group of CHIMIMPORT AD, Sofia for 2015

The following Annual Consolidated Activity Report presents commentary and analysis of the financial reports and other substantial information regarding the financial statement and results from the activity for the period 1 January 2015 – 31 December 2015.

It has been prepared in accordance with Article 33, Paragraph 1 from the Accountancy Act; Article 100n, Paragraph 7 from the Public Offering of Securities Act and Appendix No. 10 to Article 32, Paragraph 1, Section 2, Article 35, Paragraph 1, Section 2, Article 41, Paragraph 1, Section 2.

Chimimport AD is a public joint-stock company with a registered office at 2 Stefan Karadja Str., Sofia, Bulgaria.

Managing bodies: General Meeting of the Shareholders, Supervisory Board and Managing Board.

1 Members of the Supervisory Board:

1. Chimimport Invest AD – Represented by Martin Mitev;
2. CCB Group EAD, represented by Miroljub Ivanov;
3. Mariana Bazhdarova.

2 Members of the Managing Board:

1. Alexander Kerezov
2. Ivo Kamenov
3. Marin Mitev
4. Nikola Mishev
5. Miroljub Ivanov
6. Tzvetan Botev

The Company is represented by its executive directors Ivo Kamenov and Marin Mitev together and separately.

The shares of Chimimport AD are listed on the Bulgarian Stock Exchange – Sofia AD.

Share capital: The share capital of Chimimport AD as at 31 December 2015 consists of 150 875 596 (2014: 150 875 596) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2014: 88 770 671) preferred shares with a par value of BGN 1, including 6 574 081 (2014: 6 574 081) ordinary shares 5 680 402 (2014: 5 680 402) preferred shares, acquired by companies of Group of Chimimport AD. The ordinary shares of Chimimport AD are registered and subject to unrestricted transfers and entitle 1 voting right and liquidation quota. The preferred shares do not entitle voting rights. They give the owner the right to a cumulative guaranteed dividend and to a guaranteed liquidation quota of the Group's estate.

	2015	2014
	Number of shares	Number of shares
Shares issued and fully paid at 1 January:	227 384 284	228 183 193

treasury shares /ordinary and preferred/, acquired by subsidiaries during the year	(2 292 229)	(798 909)
Shares issued and fully paid as at period end	225 092 055	227 384 284

On 12 June 2009 Chimimport AD issued mandatory convertible preferred shares with 9% guaranteed fixed annual dividend and guaranteed liquidation quota. 89 646 283 preferred shares are issued and paid with issue value amounting to BGN 2.22 each, representing 99.61% of the offered shares. The accumulated capital during the public offering amounts to BGN 199 015 thousand. The obligatory conversion of the shares occurs at the end of the seventh year after the registration of the capital increase in the Trade register.

The accumulated funds on 12 June 2009 above the nominal value of the share capital amounting to BGN 105 082 thousand are allocated as follows:

- BGN 27 622 thousand – share premium
- BGN (943) thousand – reduced premium from issue of treasury shares acquired by subsidiaries
- BGN 8 348 thousand – current dividend payables
- BGN (634) thousand – reduced short-term dividend payables from treasury shares acquired by subsidiaries
- BGN 70 008 thousand – non-current dividend payables
- BGN (2 710) thousand – reduced non-current dividend payables from treasury shares acquired by subsidiaries
- BGN 3 391 thousand – share issue expenses

Dividend payables and share premium, resulting from the conversion of 798 909 preferred and ordinary shares of the Group, from subsidiaries are allocated as follows:

- BGN 28 271 thousand – share premium
- BGN (1 810) thousand – reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 16 791 thousand – current dividend payables
- BGN (2 664) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 22 215 thousand – non-current dividend payables
- BGN (1 670) thousand – reduction of non-current dividend payables due to treasury shares acquired by subsidiaries

Premium reserves	2014 BGN '000	2013 BGN '000
Premium reserves from 2009, 2007 and 2006	257 674	257 674
Change in the beginning of the period from treasure shares, acquired by subsidiaries	(38 492)	(37 745)
(Decrease) of the reserve of treasury shares by acquired by subsidiaries for the period	(713)	(747)
	218 469	219 182

In 2015 the share premium changed by BGN 713 thousand (2014: BGN 747 thousand) as a result of acquisition of treasury shares of subsidiaries of the Group.

- As at 31 December 2015 premium reserve amounts to BGN 218 469 thousand (2014: BGN 219 182 thousand). Premium reserve is formed by the issue of privilege shares from 2009 and two issues of ordinary shares from 2007 and 2006.

The Group of Chimimport AD is engaged in the following business activities:

The main business activity of the Group consists of:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies, in which interest is held;
- Bank services, finances, insurance and social security;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Creation of facilities in the area of oil industry, production of bio fuel and production of rubber products;
- Production and trade with oil and chemical products;
- Production of vegetable oil, purchase, processing and trade with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transportation and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehousing services



The subsidiaries included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2015	31.12.2015	31.12.2014	31.12.2014
			Percentage of consolidation	Nominal percentage	Percentage of consolidation	Nominal percentage
Central Cooperative Bank AD	Bulgaria	Finance	82,60%	82,61%	82,42%	82,43%
Central Cooperative Bank AD – Skopje	Macedonia	Finance	76,63%	91,83%	76,47%	91,83%
ZAO Investment Corporate Bank	R. Tatarstan	Finance	71,26%	86,27%	71,10%	86,27%
CCB Group EAD	Bulgaria	Finance	100,00%	100,00%	100,00%	100,00%
CCB Assets Management EOOD	Bulgaria	Finance	82,60%	100,00%	82,42%	100,00%
ZAD Armeec	Bulgaria	Finance	96,34%	96,34%	96,34%	96,34%
IC OAO Itil Armeec	Russia	Finance	96,34%	100,00%	96,34%	100,00%
OOO Itil Med	Russia	Finance	96,34%	100,00%	96,34%	100,00%
ZAED CCB Life	Bulgaria	Finance	100,00%	100,00%	100,00%	100,00%
POAD CCB Sila	Bulgaria	Finance	51,26%	51,26%	51,26%	51,26%
DPF CCB Sila	Bulgaria	Finance	51,26%	51,26%	51,26%	51,26%
UPF CCB Sila	Bulgaria	Finance	51,26%	51,26%	51,26%	51,26%
PPF CCB Sila	Bulgaria	Finance	51,26%	51,26%	51,26%	51,26%
Chimimport Holland B.V.	The Netherlands	Finance	100,00%	100,00%	100,00%	100,00%
Zarneni Hrani Bulgaria AD	Bulgaria	Production, Trade and Services	68,94%	68,94%	68,69%	68,69%
Oil and Gas Exploration and Production AD	Bulgaria	Production, Trade and Services	50,49%	66,38%	50,30%	66,36%
Bulgarska Petrolna Rafinieria EOOD	Bulgaria	Production, Trade and Services	50,49%	100,00%	50,30%	100,00%
Slanchevi Iachi Provadia EOOD	Bulgaria	Production, Trade and Services	68,94%	100,00%	68,69%	100,00%
Asenova Krepost AD	Bulgaria	Production, Trade and Services	52,84%	76,65%	52,65%	76,65%
PDNG Service EOOD	Bulgaria	Production, Trade and Services	50,49%	100,00%	50,30%	100,00%
Izdatelstvo Geologia i Mineralni Resursi	Bulgaria	Production, Trade and Services	35,34%	70,00%	35,21%	70,00%



Name of the subsidiary	Country of incorporation	Main activities	31.12.2015	31.12.2015	31.12.2014	31.12.2014
			Percentage of consolidation	Nominal percentage	Percentage of consolidation	Nominal percentage
OOD						
Bulchimtrade OOD	Bulgaria	Production, Trade and Services	45,50%	66,00%	45,34%	66,00%
Chimoil Trade OOD	Bulgaria	Production, Trade and Services	41,36%	60,00%	41,21%	60,00%
Rubber Trade OOD	Bulgaria	Production, Trade and Services	41,36%	60,00%	41,21%	60,00%
Chimceltex OOD	Bulgaria	Production, Trade and Services	41,45%	60,13%	41,30%	60,13%
Texim Trading OOD	Bulgaria	Production, Trade and Services	35,16%	51,00%	35,03%	51,00%
Chimoil BG EOOD	Bulgaria	Production, Trade and Services	68,94%	100,00%	50,30%	100,00%
Zarneni Hrani Grain AD	Bulgaria	Production, Trade and Services	68,94%	100,00%	68,69%	100,00%
Dializa Bulgaria OOD	Bulgaria	Production, Trade and Services	34,47%	50,00%	34,35%	50,00%
Chimimport Pharma AD	Bulgaria	Production, Trade and Services	46,88%	68,00%	46,71%	68,00%
Plovdivska Stokova Borsa AD	Bulgaria	Production, Trade and Services	75,00%	75,00%	75,00%	75,00%
Asela AD	Bulgaria	Production, Trade and Services	27,16%	51,39%	35,56%	51,39%
AK Plastic OOD	Bulgaria	Production, Trade and Services	52,31%	99,00%	68,51%	99,00%
Prime Lega Consult OOD	Bulgaria	Production, Trade and Services	70,00%	70,00%	70,00%	70,00%
AH HGH Consult OOD	Bulgaria	Production, Trade and Services	59,34%	59,34%	59,34%	59,34%
Omega Finance OOD	Bulgaria	Production, Trade and Services	96,00%	96,00%	65,94%	96,00%
IT Systems Consult EOOD	Bulgaria	Production, Trade and Services	68,94%	100,00%	68,69%	100,00%
Bulchimex GmBH	Germany	Production, Trade and Services	100,00%	100,00%	100,00%	100,00%
Technocapital AD	Bulgaria	Production, Trade and Services	86,40%	90,00%	55,83%	90,00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and River Transport	100,00%	100,00%	100,00%	100,00%
Parahodstvo Bulgarsko Rechno Plavane AD	Bulgaria	Sea and River Transport	80,71%	80,71%	81,64%	81,64%
Port Balchik AD	Bulgaria	Sea and River Transport	77,88%	100,00%	77,90%	100,00%
Port Lesport AD	Bulgaria	Sea and River Transport	99,00%	99,00%	99,00%	99,00%

Name of the subsidiary	Country of incorporation	Main activities	31.12.2015	31.12.2015	31.12.2014	31.12.2014
			Percentage of consolidation	Nominal percentage	Percentage of consolidation	Nominal percentage
Lesport Project Management EOOD	Bulgaria	Sea and River Transport	99,00%	100,00%	99,00%	100,00%
MAYAK KM AD	Bulgaria	Sea and River Transport	76,07%	94,25%	77,49%	94,25%
Bulgarian Logistic Company EOOD	Bulgaria	Sea and River Transport	100,00%	100,00%	100,00%	100,00%
Port Pristis OOD	Bulgaria	Sea and River Transport	44,39%	55,00%	44,90%	55,00%
Portstroi Invest EOOD	Bulgaria	Sea and River Transport	100,00%	100,00%	100,00%	100,00%
Port Invest EOOD	Bulgaria	Sea and River Transport	80,71%	100,00%	81,64%	100,00%
Blue See horizon corp.	Seychelles	Sea and River Transport	80,71%	100,00%	81,64%	100,00%
Interlihter EOOD	Slovakia	Sea and River Transport	80,71%	100,00%	81,64%	100,00%
Bulgarian Aviation Group EAD	Bulgaria	Aviation Transport	100,00%	100,00%	100,00%	100,00%
Bulgaria Air AD	Bulgaria	Aviation Transport	99,99%	99,99%	99,99%	99,99%
Airport Services Bulgaria EAD (Molet EAD)	Bulgaria	Aviation Transport	-	-	100,00%	100,00%
Bulgaria Air Maintanance EOOD	Bulgaria	Aviation Transport	100,00%	100,00%	-	-
Bulgaria Air Technique EOOD	Bulgaria	Aviation Transport	99,99%	100,00%	99,99%	100,00%
Airport Consult EOOD	Bulgaria	Aviation Transport	100,00%	100,00%	100,00%	100,00%
Trans intercar EOOD	Bulgaria	Vehicle Transport	100,00%	100,00%	100,00%	100,00%
Energoproekt AD	Bulgaria	Construction and engineering	83,20%	83,20%	83,20%	83,20%
Energoproekt Utilities OOD	Bulgaria	Construction and engineering	42,43%	51,00%	42,43%	51,00%
Golf Shabla AD	Bulgaria	Real Estate	32,82%	65,00%	32,70%	65,00%
Sporten Complex Varna AD	Bulgaria	Real Estate	65,00%	65,00%	65,00%	65,00%
Sporten management AD	Bulgaria	Real Estate	65,00%	100,00%	65,00%	100,00%
Technoimpeks 98 AD	Bulgaria	Real Estate	87,66%	87,66%	87,66%	87,66%

The Group includes non-controlling interest (NCI), broken down by segments as follows:

Name segment	Accumulated non-controlling interest	
	2015 BGN'000	2014 BGN'000
Finance sector	69 759	63 364
Production, trade and services	135 415	131 161
Transport	15 764	17 247
Real Estate	17 118	20 407
Construction and engineering	1 027	766
	239 083	232 945

In 2015, dividends paid to non-controlling interest amount to BGN 2 945 thousand (2014: BGN 4 722 thousand)

Information regarding the value and the quality of the general categories of goods, products and/or provided services including their contribution to the issuer's revenue from sales and the changes occurred in the current financial year.

General changes in the profit and revenue from non-financial activity of the Group by segments:

Business Segments	Production, Trade and Services	Financial sector	Transport sector	Real estate	Construction and Engineering sector
31 December 2015	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	(2,65%)	72,13%	11,67%	18,04%	0,81%

The Finance segment has the biggest share of the Group's net profit in 2013

Business Segments	Production, Trade and Services	Financial sector	Transport sector	Real estate	Construction and Engineering sector
31 December 2014	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	25.91%	47.37%	25.92%	0.33%	0.48%

Information regarding the income, distributed in separate activity category, internal and external markets

Operating segments 31 December 2015	Production, trade and services	Financial sector	Transport sector	Real estate sector	Construction and engineering sector	Elimination	Consolidated
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Income from non-financial activities from external customers	138 920	22 290	343 537	337	21 981	1 621	528 686
Change in fair value of investment property	(4 203)	152	-	-	934	1 906	(1 211)
Gain from sale of non-current assets	2 595	46	398	17 283	-	(1 043)	19 279
Inter-segment income from non-financial activities	10 685	2 103	6 192	-	1 762	(20 742)	-
Total income from non-financial activities	147 997	24 591	350 127	17 620	24 677	(18 258)	546 754
Result from non-financial activities	12 078	24 591	11 595	15 518	1 143	9 902	74 827
Insurance income from external customers	-	615 036	-	-	-	-	615 036
Inter-segment insurance income	-	6 732	-	-	-	(6 732)	-
Total insurance income	-	621 768	-	-	-	(6 732)	615 036
Result from insurance	-	51 861	-	-	-	(5 769)	46 092
Interest income	5 977	241 256	4 199	471	141	(36 711)	215 333
Interest expenses	(10 141)	(118 226)	(11 151)	(71)	(587)	36 711	(103 465)
Result from interest	(4 164)	123 030	(6 952)	400	(446)	-	111 868
Gains from transactions with financial instruments from external customers	6 727	499 352	11 226	-	55	(13 042)	504 318
Inter-segment gains from transactions with financial instruments	-	-	-	-	-	-	-
Total gains from transactions with financial instruments	6 727	499 352	11 226	-	55	(13 042)	504 318
Result from transactions with financial instruments	(1 542)	61 859	10 327	-	55	(9 769)	60 930
Administrative expenses	(8 958)	(240 944)	(9 440)	-	-	8 220	(251 122)
Net result from equity accounted investments in associates	60	-	2 984	-	-	-	3 044
Other financial income/ (expenses)	(736)	80 930	165	(28)	(37)	(14 779)	65 515
Profit for allocating insurance batches	-	(41 957)	-	-	-	-	(41 957)
Profit for the period before tax	(3 262)	59 370	8 679	15 890	715	(12 195)	69 197
Tax expense	1 164	(2 179)	574	(1 586)	(73)	9	(2 091)
Net profit for the year	(2 098)	57 191	9 253	14 304	642	(12 186)	67 106

Information regarding the income, distributed in separate activity category, internal and external markets, as well as information on the rendering of services, reflecting the degree of dependency for each customer. In case the percentage of any of the customers exceeds 10% of the sales revenue or expenses, information should be provided for each person individually, the client's contribution to sale or purchases and its relationship with the issuer.

Income and expenses structure

Income from non-financial activities

	2015 BGN'000	2014 BGN'000	Change
Income from the sale of plane tickets	252 279	280 465	(10,05%)
Income from sale of finished goods	60 472	68 693	(11,97%)
Income from services rendered	72 709	53 635	35,56%
Income from sale of trading goods	86 196	43 840	96,61%
Other	57 030	58 032	(1,73%)
	528 686	504 665	

Expenses for non-financial activities

	2015 BGN'000	2014 BGN'000	Change
Hired services expense	(201 253)	(205 594)	(2,11%)
Cost of materials	(111 807)	(136 528)	(18,11%)
Cost of goods sold	(83 039)	(45 293)	83,34%
Employee benefits expense	(37 081)	(34 423)	7,72%
Depreciation and Amortization	(32 385)	(26 023)	24,45%
Changes in inventories of finished goods and work in progress	(342)	(399)	(14,29%)
Other	(6 020)	(25 602)	(76,49%)
	(471 927)	(473 862)	

Gain / (Loss) from change in fair value of investment property

	2015 BGN '000	2014 BGN '000	Change
Gain on change in fair value of investment properties	3 020	18 557	(83,73%)
Loss from change in fair value of investment properties	(4 231)	(1 195)	254,06%
Net effect of changes in fair value of investment properties	1 211	17 362	



Gain on sale of non-current assets

	2015	2014	Change
	BGN '000	BGN '000	
Revenue from sale of non-current assets	62 926	56 130	12,11%
Carrying amount of sold non-current assets	(43 647)	(38 155)	14,39%
	19 279	17 975	

Insurance income

	2015	2014	Change
	BGN '000	BGN '000	
Insurance premium income	236 102	220 826	7%
Income from released insurance reserves	13 252	211 863	20%
Income from reinsurance operations	253 266	55 986	56%
Regression income	87 548	7 987	66%
Other insurance income	24 868	2 063	1 105%
	615 036	498 725	

Insurance expense

	2015	2014	Change
	BGN '000	BGN '000	
Expenses for insurance reserves set aside	(282 352)	(255 991)	10%
Indemnities paid off	(135 981)	(122 874)	11%
Reinsurance expenses	(61 212)	(37 527)	63%
Acquisition expenses	(47 549)	(48 128)	(1%)
Liquidation of damages expenses	(5 889)	(4 610)	28%
Other insurance expenses	(35 961)	(16 903)	113%
	(568 944)	(486 033)	

	2015	2014	Change
	BGN '000	BGN '000	
Interest income by types of sources:			
Legal entities	135 120	153 715	(12,10%)
Government securities	39 919	35 565	12,24%
Banks	2 117	8 449	(74,94%)
Individuals	36 331	30 376	19,60%
Other	1 846	988	86,84%
	215 333	229 093	



	2015 BGN '000	2014 BGN '000	Change
Interest expenses by depositors:			
Legal entities	(33 033)	(39 354)	(16,06%)
Individuals	(65 546)	(78 874)	(16,90%)
Banks	(3 130)	(9 627)	(67,49%)
Other	(1 756)	(5 235)	(66,46%)
	(103 465)	(133 090)	

Gains from transactions with financial instruments

	2015 BGN '000	2014 BGN '000	Change
Gains from transactions with securities and investments	490 434	484 049	1.25%
Income from financial instruments dividends	13 853	5 342	159.32%
Other	31	4 152	(99.25)
	504 318	493 543	

Losses from transactions with financial instruments

	2015 BGN '000	2014 BGN '000	Change
Losses from transactions with securities and investments	(442 336)	(420 081)	5,30%
Other	(52)	(100)	(48,00%)
	(443 388)	(420 181)	

Administrative expenses

	2015 BGN '000	2014 BGN '000	Change
Employee benefits expense	(80 069)	(76 324)	4,91%
Hired services expense	(62 589)	(63 431)	(1,33%)
Depreciation and Amortization	(57 375)	(35 051)	63,69%
Cost of materials	(7 209)	(6 618)	8,93%
Other	(43 880)	(24 202)	81,31%
	(251 122)	(205 626)	

Employee benefits expense

	2015 BGN '000	2014 BGN '000	Change



Wages	(100 066)	(94 307)	6,11%
Social security expenses	(17 084)	(16 440)	(203,91%)
	(117 150)	(110 747)	

Other financial income, net

	2015 BGN '000	2014 BGN '000	Change
Fees and commissions income, net	41 368	50 263	(17,69%)
Net result from foreign exchange differences	18 418	23 221	(20,68%)
Other	5 729	8 766	(34,65%)
	65 515	82 250	

Fees and commissions income

	2015 BGN '000	2014 BGN '000	Change
Bank transfers in Bulgaria and abroad	23 210	22 737	2,08%
Servicing of deposit accounts	10 427	9 326	11,81%
Servicing loans	2 087	1 816	14,92%
Servicing commitments and contingencies	1 811	1 204	50,42%
Other fees and commissions income, different from banks	351	12 470	(97,19%)
Other income	12 915	11 763	9,79%
Total fees and commissions income	50 801	59 316	

Fees and commissions expense

	2015 BGN '000	2014 BGN '000	Change
Bank transfers in Bulgaria and abroad	(7 057)	(5 780)	22,09%
Servicing accounts	(446)	(1 388)	(67,87%)
Release of precious parcels	(275)	(231)	19,05%
Transactions with securities	(96)	(130)	(26,15%)
Other fees and commissions expenses, different from banks	-	(67)	(100,00%)
Other expenses	(1 559)	(1 457)	7,00%
Total fees and commissions expenses	(9 433)	(9 053)	

In 2015 and 2014 Chimimport AD paid to its shareholders, owners of preferred shares guaranteed dividend at the total of BGN 17 693 thousand for both years or BGN 0.1998 per preferred share.

Important Research and Development

The Group did not appoint or perform any important research and development activities during 2015

Information regarding conclusion of major deals or such of a significant importance for the activity of the issuer

The Group has not made any significant deals according to article 114, paragraph 1 of the Law on Public Offering of Securities throughout the accounting period.

Information regarding the transactions between the issuer and its related parties in 2015, the proposals for concluding such deals, as well as deals not related to the main activity, including the amount of the transactions, the relationship between the parties and any other information, needed for valuation of the impact on the financial statement of the issuer

The related parties of the Group include the parent company, its subsidiaries, the key management personnel and other parties, described below.

Unless particularly stated, transactions with related parties were not performed under special conditions and no assurance were issued or received.

Transactions with owners

Sale of goods and services, interest income and other income	2015	2014
	BGN'000	BGN'000
Interest income	5 763	9 159
Purchase of services, interest expense and other expenses		
Purchase of services	(100)	(21)
Interest expense	(10)	(5)

Transactions with associates and other related parties under common control

Sale of goods and services, interest income and other income	2015	2014
	BGN'000	BGN'000
Sale of work in progress		
- associated companies	859	1 251
- other related parties under common control	478	488
Sale of finished goods		
- associated companies	272	1 363
- other related parties under common control	1550	297
Sale of services		
- associated companies	4 726	3 314



Sale of goods and services, interest income and other income	2015	2014
	BGN'000	BGN'000
- other related parties under common control	2176	1299
Interest income		
- joint ventures	202	119
- associated companies	38	58
- other related parties under common control	2 332	11 053
Other income		
- associated companies	627	1 271
- other related parties under common control	25	54
Purchases of services and interest expense		
Purchases of services		
- associated parties	(16 961)	(22 045)
- other related parties under common control	(6 043)	(954)
Interest expense		
- associated parties	-	(100)
- other related parties under common control	(97)	(306)

Transactions with key management personnel

Key management of the Group includes members of the Managing Board and Supervisory Board. Key management personnel remuneration includes the following expenses:

Transactions with key management personnel include the following:

	2014	2013
	BGN '000	BGN '000
Short-term employee benefits:		
Salaries, including bonuses	(1 544)	(339)
Social security costs	(19)	(18)
Group car allowance	(2)	(1)
Total short-term benefits	(1 565)	(358)

Related party balances at year-end

	2015	2014
	BGN'000	BGN'000
Non-current		



	2015 BGN'000	2014 BGN'000
Receivables from:		
- owners	4 207	2 762
- associates	1 096	2 347
- joint ventures	39	2 433
- other related parties under common control	6 432	14 599
Total non-current receivables from related parties	11 774	22 141
Current		
Receivables from:		
- owners	182 897	125 786
- associates	3 271	1 538
- joint ventures	525	1 173
- other related parties under common control	28 056	144 075
Total current receivables from related parties	214 749	272 572
Non-current		
Payables to:		
- owners	38	2
- associates	2 663	1 658
- joint ventures	145	432
- other related parties under common control	761	558
Total non-current payables to related parties	3 607	2 650
Current		
Payables to:		
- owners	759	355
- associates	11 609	8 576
- joint ventures	-	338
- other related parties under common control	3 849	5 645
Total current payables to related parties	16 217	14 914

Information regarding unusual events and indices for the issuer that has a significant influence on its activity and realized income and expenses; valuation of this influence on the financial results for the current year.

No unusual events for the issuer that might have a significant impact on its activities occurred in 2015

Information regarding off-balance transactions

As at 31 December 2015 and 2014 the Group has entered into granting bank loans to customers, which future utilization depends on whether the lessees fulfil certain requirements, including no overdue loans, granting collateral with certain quality and liquidity, etc.

As at 31 December 2015 and 2014 the Group has entered into granting bank loans to customers, which future utilization depends on whether the lessees fulfill certain requirements, including no overdue loans, granting collateral with certain quality and liquidity, etc.

The contingent liabilities related to the bank activity of the Group are as follows:

	2015 BGN'000	2014 BGN'000
Bank guarantees in: BGN	51 176	51 484
Bank guarantees in: foreign currency	31 006	
Irrevocable commitments	123 909	104 273
Other contingent liabilities	329	208
Total contingent liabilities	206 420	186 574

The Group is party to bank guarantees issued by Texim Bank AD totaling BGN 530 thousand.

As at the date of preparation of the financial statements, the Group has a legal dispute with Sofia Airport EAD in connection with an Act establishing public state receivables on airport charges. The group appealed the issued act, considering that as at the date of issue the provisions of the Agreement deferred and deferred payment of charges from 21.07.2009, between Bulgaria Air AD and Sofia Airport EAD are not taken into consideration, based on a letter № 04- 18-405 / 15.07.2009 of the Minister of Finance, which explicitly states that Sofia Airport can reschedule their claims as to comply with the financial agreement with the European Investment Bank and the legislation in force

Under a concession contract of "Port Terminal Lom" - part of a public transport port of Lom, the Group should maintain fixed bank guarantees.

- bank guarantee for good performance to guarantee the investment program for the first investment year in the amount of BGN 210 thousand
- A bank guarantee: for good performance guarantee fulfillment of obligations under the contract in the amount of BGN 449 thousand
- A bank guarantee for customs purposes to cover the duties and other state receivables of goods stored in a customs warehouse at BGN 50 thousand.

Under an agreement to take credit commitments with Unicredit Bulbank AD, the Group established the first pledge on agricultural production, on claims arising from contracts, orders and invoices for realization of agricultural production, as well as all claims by all accounts the Group in the Bank

On 27.10.2011 DSK Bank issued new bank guarantee for the amount of EUR 50,000, guaranteeing the activities of environmental protection and reclamation of distortion as a result of geological terrains activities in Block 1-12 Knezha, Bulgarian land. The bank guarantee is valid until 06/30/2016

In 2015, Exploration and Production of Oil and Gas AD has executed contracts signed with Bulgartransgaz EAD, for the implementation of which bank guarantees are issued from Taksim Bank as follows:

- Bank guarantees Ref. №54500BBG-A-0094 / 10.06.2015, the Contract №2081 / 01.07.2015, the Ref. №54500BBG-A-0098 / 24.07.2015, the Contract №2118 / 27.07.2015, and the Ref. №54500BBG-A-0115 / 01.10.2015, the Contract №2213 / 07.10.2015, totaling BGN 653 223.50 for performance secured by pledge of receivables on contracts
- Bank guarantee Ref. №54500BBG-A-0117 / 10.09.2015 in the amount of BGN 109 598 for a down payment under Contract №2213 / 07.10.2015 The guarantee is valid until 01.08.2016. and is secured by fixed assets owned by PDNG AD.
- Bank guarantee Ref. №54500BBG-A-0135 / 22.12.2015, amounting to BGN 49,000 to fulfill obligations under the Contract №2310 / 30.12.2015 The guarantee is valid until 31.01.2018, and is secured by fixed assets owned by PDNG AD

The Group has a guarantee issued from "Eurobank EFG Bulgaria" AD amounting to BGN 2 600 thousand in favor of the Customs Agency valid until April 5, 2016

As of 31.12.2015 the Group is a defendant in a lawsuit to sue Overgas Yug AD and material interest amounting to BGN 28 thousand. , the case was won on appeal by Decision № 973 / 06.02.2015 of District Court of Plovdiv.

Information regarding the shares of the issuer, its major domestic and foreign investments (in securities, financial instruments, intangible assets and real estate), as well as investments in equity securities outside its economic group and the source of financing

Information regarding changes in non-current and current investments of the Group

Changes occurred in investment in subsidiaries

Changes in controlling shares

Acquisition of controlling interest in Bulgaria Air Maintenance AD

In 2015, the Group acquired control over the company Bulgaria Air Meyntanans AD based in Sofia, Bulgaria by registering the company as a result of which it holds 100.00% of its equity and rights aloud in the company.

The incorporation of Bulgaria Air Maintenance AD is carried out in order to perform upkeep of aircraft and other related services

The total acquisition price amounted to BGN 90 614 thousand and includes the following components

	BGN'000
Purchase prise	90 614
Total remuneration	90 614

The allocation of the purchase price to the acquired assets and liabilities of the company Bulgaria Air Maintenance AD has taken place in 2015. The value of each group of assets acquired and liabilities and contingent liabilities recognized at the acquisition date is presented as follows:

	Acquired amount as at the date of acquisition
	BGN'000
Non-current assets	90 614
Total non-current assets	90 614
Net identifiable assets and liabilities	90 614

As a result of the business combination there is no occurrence of goodwill

	BGN'000
Total remuneration	90 614
Fair value of identifiable net assets acquired by the Group	(90 614)
Goodwill/(Gain)	-

Acquisition of noncontrolling interest in Zarneni Hrani Bulgaria AD

In 2015, the Group acquired additional equity in the amount 0.25% in its subsidiary Zarneni Hrani Bulgaria AD for the amount of BGN 92 thousand , thereby increasing its controlling interest of 68.94% (nominal)

The carrying amount of the net assets of the newly acquired net assets in its subsidiary Zarneni Hrani Bulgaria AD recognized at the date of acquisition in the consolidated financial statements amount to BGN 657 thousand The Group recognized a reduction in non-controlling interests amounting to BGN 657 thousand and an increase in retained earnings in the amount of BGN 565 thousand

	BGN'000
Total transferred remuneration	(92)
Additional share acquired in the net assets of Zarneni Hrani Bulgaria AD	657
Increase in retained earnings	565

Acquisition of non-controlling interest in the Exploration and Production of Oil and Gas AD

In 2015, the Group acquired additional equity in the amount 0.02% in its subsidiary Exploration and Production of Oil and Gas AD for an amount of BGN 26 thousand , thereby increasing its controlling interest to 66.38% (nominal).

The carrying amount of the net assets of the newly acquired subsidiary Exploration and Production to Oil and Gas AD recognized at the acquisition date of the financial statements, amounted to BGN 23 thousand The Group recognized a reduction in non-controlling interest amounting to BGN 23 thousand and reduce retained earnings of BGN 3 thousand.

	BGN'000
Transferred remuneration	(26)
Additional share acquired in the net assets of Exploration and Production of the Oil and Gas AD	23
Decrease in retained earnings	<u>(3)</u>

Sale of controlling interests in the Bulgarian River Shipping AD

In 2015, the Group sold equity amounting to 0.93% in its subsidiary Bulgarian River Shipping AD for cash payment of BGN 591 thousand, thereby reducing its controlling interest of 80.71%.

The carrying value of the net assets of the subsidiary Bulgarian River Shipping AD are recognized at the date of sale in the consolidated financial statements on line increase in non-controlling interests amounting to BGN 703 thousand. The Group recognized an increase in retained earnings amounting to BGN 94 thousand .

	BGN'000
Total transferred remuneration	(591)
Additional share acquired in the net assets of Parahodstvo Bulgarsko Rechno Plavane AD	685
Increase in retained earnings	<u><u>94</u></u>

Investments in associates

The Group owns shares in the share capital of the following associated companies:

Name	31.12.2015	Share	31.12.2014	Share
	BGN'000	%	BGN'000	%
Lufthansa Technik Sofia OOD	5 666	24.90%	6 038	24.90%
Swissport Bulgaria AD	4 253	49.00%	2 933	49.00%
Silver Wings Bulgaria OOD	3 967	42.50%	5 656	42.50%
Amadeus Bulgaria OOD	3 168	45.00%	3 140	45.00%
VTC AD	2 544	41.00%	2 541	41.00%
Dobrich fair AD	741	39.98%	695	39.98%
Kavarna Gas OOD	463	35.00%	466	35.00%
Fraport TSAM AD	-		117 021	40.00%
	<u><u>20 802</u></u>		<u><u>138 490</u></u>	

Investments in associates are presented in the financial statements of the Group using the equity method. Associates have a reporting date as at 31 December.

The financial information about the associates can be summarized as follows:

	2015	2014
	BGN'000	BGN'000
Assets	100 825	550 692



Liabilities	(52 436)	(350 542)
Revenues	126 905	246 082
Profit for the period	8 677	40 398
Profit attributable to the Group	3 044	15 416

In 2015, the Group transferred control over Fraport TSAM AD and reclassified its investment in view of their future plans.

In 2015, the Group received dividends from its associate companies amounting to BGN 1597 thousand.

Investments in joint ventures

The Group holds shares in the capital of these joint ventures:

Name	31.12.2015 BGN '000	Share %	31.12.2014 BGN '000	Share %
Nuance BG AD	1 036	50.00%	1 036	50.00%
Varna ferry OOD	5 007	50.00%	-	50.00%
	6 043		1 036	

In the table the loss of the Group is presenter, but it is not recognized in the current reporting period, since it exceeds the investment made.

The investment in the joint venture is presented in the financial statements of the Group using the equity method. Associates have a reporting date as at 31 December. The financial information about the joint venture can be summarized as follows:

	2015 BGN '000	2014 BGN '000
Assets	28 989	40 302
Liabilities	(26 577)	(47 526)
Revenues	43 850	41 193
Loss for the period	(5 026)	(8 767)
Loss attributable to the Group	(2 513)	(4 384)
Recognized share of the loss, attributable to the Group	-	-

The Group has no contingent liabilities or other commitments in relation to the associated company



Information regarding the loan contracts concluded by the issuer, its subsidiary or its parent company as lessees

Financial liabilities

	Current		Non-current	
	2015 BGN'000	2014 BGN'000	2015 BGN'000	2014 BGN'000
Financial liabilities measured at amortized cost:				
Liabilities to depositors	3 462 081	3 092 272	835 887	755 990
Liabilities for dividends	14 257	14 127	6 912	20 545
Bonds and debenture loan	8 169	3 980	171 848	174 571
Bank loans	55 846	39 060	94 243	44 300
Other borrowings	40 629	31 798	4 382	5 188
Insurance contract liabilities	37 383	15 946	-	-
Derivatives, held-for-trading	578	2 633	-	-
Deposits from banks	6 433	17 875	-	620
Cession liabilities	11 395	36 195	8 412	49 310
Liabilities under repurchase agreements	9 014	1 408	-	-
Total carrying amount	3 645 785	3 255 294	1 121 684	1 050 524

Liabilities to depositors

Analysis by term and type of currency:	2015	2014
	BGN'000	BGN'000
Demand deposits		
in BGN	785 829	669 282
in foreign currency	202 511	166 728
	<u>988 340</u>	<u>836 010</u>
Term deposits		
in BGN	1 095 773	1 003 280
In foreign currency	999 855	973 455
	<u>2 095 628</u>	<u>1 976 735</u>
Savings accounts		
in BGN	803 246	685 529
in foreign currency	398 914	329 423
	<u>1 202 160</u>	<u>1 014 952</u>
Other deposits		
in BGN	8 718	13 217
in foreign currency	3 122	7 348
	<u>11 840</u>	<u>20 565</u>
Total liabilities to depositors	4 297 968	3 848 262

	2015	2014
	BGN'000	BGN'000
Individual deposits		
in BGN	1 938 074	1 702 868
in foreign currency	1 327 658	1 205 867
	<u>3 265 732</u>	<u>2 908 735</u>



Legal entities deposits in BGN	745 899	646 751
in foreign currency	273 208	270 198
	<u>1 019 107</u>	<u>916 949</u>
Deposits of other institutions in BGN	8 718	13 464
in foreign currency	4 411	9 114
	<u>13 129</u>	<u>22 578</u>
Total liabilities to other depositors	<u>4 297 968</u>	<u>3 848 262</u>

Dividend liabilities

As at 31 December dividend liabilities for the preferred shares are as follows:

	Current		Non-current	
	2015 BGN'000	2014 BGN'000	2015 BGN'000	2014 BGN'000
Dividend liabilities	14 257	14 127	6 912	20 545
	<u>14 257</u>	<u>14 127</u>	<u>6 912</u>	<u>20 545</u>

Dividend obligations of the Group are due to the issued in 2009 mandatory convertible preferred shares by 9% guaranteed fixed annual dividend. Each outstanding preferred share entitles the holder to cumulative guaranteed dividend at the amount of 9% of the issue price. Due to the fact that the preferred shares dividend is guaranteed, it is payable by the Group, no matter whether the General Meeting has decided to allocate dividends in the respective year or not. Due to the fact that the guaranteed dividend is cumulative, it is payable by the Group, no matter whether the Group has formed attributable profit for the respective year.

When converted, the preferred shareholders are considered ordinary shareholders at the date they are registered as such by the Central Depository.

In 2015 and 2014 Chimimport AD distributed to its shareholders, holders of preferred shares, guaranteed dividend in the amount of BGN 17 693 thousand (2014: BGN 17 741 thousand) or BGN 0.1998 per a privileged share.

Bonds and debenture loans

Bonds and debenture loans, received by the Group, relate to the following entities:

	Current		Non-current	
	2015 BGN'000	2014 BGN'000	2015 BGN'000	2014 BGN'000
Chimimport Holland B.V.	5 507	3 442	147 302	147 302
CCB AD	-	-	66 628	15 534
Asenova Krepost AD	2 662	538	9 388	11 735
	<u>8 169</u>	<u>3 980</u>	<u>223 318</u>	<u>174 571</u>

The carrying amount of the bond issue at 31 December 2015 is BGN 180 017 thousand (2014 BGN 178 551 thousand) calculated using the effective interest



Bank loans

The Bank loans of the Group comprise loans, granted by Bulgarian commercial banks, designated for financing investment projects of the Group, as well as, for refinancing the current operating activity of the Group. Bank loans are classified according to their contracted maturity date.

	Current		Non-current	
	2015 BGN'000	2014 BGN'000	2015 BGN'000	2014 BGN'000
Bank loans	55 846	39 060	94 243	44 300

Long-term bank loans

	2015 BGN'000	2014 BGN'000
Revolving and investment bank credits	94 243	44 300
	94 243	44 300

Investment loans

The Group has received the following investment loans as with the following terms and conditions.

- Investment loan from 30.01.2015 at the amount of BGN 58 675 thousand. and repayment term until 30.04.2023 in accordance with the repayment schedule. The loan is secured by real estate. The annual interest rate is in the amount of base interest rate index, bonuses and allowances for regular debt (3M SOFIBOR) 4.9%.
- - The Group has received a loan from a commercial bank with repayment term until 21 December 2020 and interest rate three months Sofibor + 6% of margin. As collateral the Group has provided Dumb dry cargo barge BRP 19003 (owned by the Group) and tangible fixed assets purchased with funds from the loan. As of 31 December 2015 the long-term portion of the obligation amounted to BGN 1 538 thousand. (2014 .: BGN 1 923 thousand.) and short-term portion - in the amount of BGN 385 thousand. (2014 .: BGN 385 thousand).
- The Group is party to a contract for an investment bank loan from Bulgarian Development Bank AD, signed on 21 June 2013, maturing on 22 May 2023. Payments are made in BGN and the interest on the loan is at the rate of three month SOFIBOR plus 3 bonus points, but not less than 6.5%. The loan is secured by real estate mortgage, pledge of fixed assets by the Law on Pledges. The carrying amount of the loan as at 31 December 2015 is BGN 14 774 thousand (2014: BGN 14 974).
- The Group is party to a contract for an investment bank loan signed on 16 March 2011, maturing on 31 December 2017 The payments are made in the BGN and the interest on the loan amounts to 12-month EURIBOR plus a margin of 6 points. The loan is secured by a mortgage on real estate, pledge of tangible assets under the Law on Pledges. The remainder of the loan as at 31 December 2015 amounts to BGN 6 099 thousand. (2014: BGN 8 704 thousand.)
- The Group is party to a contract for an investment loan, signed on 4 December 2015 in the amount of BGN 320 thousand for the purchase of extrusion plant for production of film sleeve for small containers. At the current reporting period, funds for the first tranche



of payment for installation in the amount of BGN 124 thousand are the only ones used. The annual interest is formed by the sum of the monthly SOFIBOR and a margin of 4.8%, but not less than 5.5%. The deadline for the loan repayment on 01/05/2019.

- The Group is party to a contract for an investment loan, signed on 6 June 2006, maturing on 25 April 2016. The payments are made in the BGN and the interest on the loan at the rate of 3 month EURIBOR plus 4.5 points margin. The loan is secured by real estate, owned by Park Build OOD: hotel complex "Geologist" in resort St. St. Konstantin and Elena.
- The Group is party to a contract for an investment loan, signed on December 13, 2013, maturing on 13 December 2016. The payments are made in the BGN and the interest on the loan amounts to 1 week SOFIBOR plus 3 percentage points margin.

Revolving loans

- The Group has concluded two contracts for a revolving credit with commercial banks on 16 November 2006 and 29 August 2008 with maturity dates, 28 August 2017 for both contracts. The interest rate on those three loans is 6-month EURIBOR plus 0.875% premium.
- The Group has obtained two bank loans to provide working capital for a period of return respectively on 28.06.2016 and 02.01.2021, the total amount owed and utilized as at 31 December 2015 amounts to BGN 2 164 thousand (2014: BGN 2 606 thousand). The annual interest rates on the contracts is within 6.00% - 6.50% on the used portion of loans. The loan repayment period on 02.01.2021 was covered by a contract for pledge of making third party lease of "Hangar with lightweight construction (HOK)" and connecting corridor, located in the town. Sofia Slatina, Sofia Airport

Short-term bank loans

	2015	2014
	BGN'000	BGN'000
Short-term revolving and investment bank credits	55 846	39 060
	55 846	39 060

Investment Loans

Liabilities of the Group as at 31 December 2015 comprise the following loans bank investment loan

- The Group was granted a bank loan on 5 October 2011 at the amount of BGN 3 000 thousand with maturity date 5 October 2016. The interest rate equals 1-month SOFIBOR plus 4.00% premium as the interest cannot be less than 8.50% and greater than 10.00%. All payments are carried out in Bulgarian leva. The loan is secured with real estate – hotel complex "Geolog", located St. St. Constantine and Elena resort, owned by Park Build OOD;

Revolving Credits

- The Group has entered into an agreement for a revolving credit on 28 January 2008. The interest rate on the loan is in the amount of 1 month SOFIBOR plus 6 points margin. The maturity of the loan is 25 July 2016



Other borrowings

	Current		Non-current			
	2015	2014	2015	2014		
	BGN'000	BGN'000	BGN'000	BGN'000		
Other borrowings	0	40 629	31 798	0	4 382	5 188

Other non-current borrowings

	2015	2014
	BGN'000	BGN'000
Financing from State Agricultural Fund	40	78
Long term borrowings	4 342	5 110
	4 382	5 188

Other non-current borrowings are received under annual interest rates from 8% to 12% depending on the contract period, received from third parties. The long-term borrowing are not secured. Payments are concluded in the currency, in which they were granted.



Other current borrowings

	2015 BGN'000	2014 BGN'000
Financing from State Agricultural Fund	65	-
Current borrowings	40 564	31 798
	40 629	31 798

Other current borrowings are received under annual interest rates from 4% to 10% depending on the contracted period. The period of repayment is on demand by the Group. The loans are not pledged with any collateral. The fair value of the loans is not separately determined as the management considers that the carrying amount of the loans is a reasonable approximation of their fair value.

Insurance contracts liabilities

	2015 BGN'000	2014 BGN'000
Insurance liabilities	11 376	10 122
Reinsurance liabilities	25 276	4 935
Transactions with Guarantee fund	731	865
Other	-	24
	37 383	15 946

Derivatives, held-for-trading

As at 31 December 2015 derivatives, held-for-trading, amounting to BGN 578 thousand (2014: BGN 2 633 thousand), are presented at fair value and include purchase and sales of currency, securities, forward contracts, and currency swaps on the open market.

Deposits from Banks

	Current		Non-current	
	2015 BGN'000	2014 BGN'000	2015 BGN'00	2014 BGN'00
			0	0
Demand deposits – local banks				
-in Bulgarian leva	1 159	1 015	-	-
-in foreign currency	1 603	826	-	-
			-	
Demand deposits from foreign banks in foreign currency	1 637	3 253	-	-
Term deposits from foreign banks in foreign currency	2 034	12 781	-	620
	6 433	17 875	-	620

Payables under repurchase agreements of securities

As at 31 December 2015 the Group has signed agreements with a repurchase clause of securities with Bulgarian companies totalling BGN 9 014 (2014:BGN 1 408) thousand, including accrued interest liabilities on them.

Leases

Finance leases as lessee

The Group has entered into finance leases as a lessee to acquire machinery and equipment such as ships, cars, industrial machinery and computer equipment. Assets are included in the consolidated statement of financial position in "Property, Plant and Equipment" (see note **Error! Reference source not found.**). Net book value of assets acquired under finance leases amounted to BGN 20 575 thousand (2014: BGN 34 766 thousand).

Finance lease liabilities are secured by the related assets held under finance lease arrangements.

Future minimum finance lease payments at the end of each reporting period under review are as follows.

31 December 2015	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
Lease payments	2 015	5 354	7 369
Finance charges	(206)	(444)	(650)
Net present values	1 809	4 910	6 719
31 December 2014	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
Lease payments	4 836	6 275	11 111
Finance charges	(198)	(137)	(335)
Net present values	4 638	6 138	10 776

The lease agreements include fixed lease payments and purchase option in the last year of the lease term. The agreements are non-cancellable but do not contain any further restrictions. No contingent rents were recognized as an expense and no sublease income is expected to be received as all assets are used exclusively by the Group.

Operating leases as lessee

The Group's future minimum operating lease payments are as follows:

Within 1 year	1 to 5 years	After 5 Years	Total
----------------------	---------------------	--------------------------	--------------



	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2015	52 050	150 689	48 860	251 599
31 December 2014	56 797	129 354	12 233	198 384

Lease payments recognized as an expense during the period amount to BGN 64 443 thousands (2014: BGN 57 446 thousand).

Significant to the Group operating leases are related to hiring airplanes and real estate. At the date of preparation of this consolidated financial statements, the Group is a lessee under operating leases on 10 aircraft (Boeing, Airbus type, type BAE type Embraer).

The Group is party to operating leases of a massive office building located in the center of Sofia, which will be used as the headquarters of the Bank. The right to use the building is established for a period until 2016, the Group is a party to operating leases of fourteen massive office buildings located in several major cities across the country that will be used for bank branches. Rights to use the buildings are set up for a period up to 2020.

Operating lease agreements do not contain provisions for contingent payments or purchase.

Operating leases as lessor

In 2015 and 2014 the Group allows for the lease of airplanes to other companies under operating leases. Revenues from leasing of airplanes rent in 2015 amounted to BGN 23 674 thousand (2014: BGN 13 788 thousand).

In 2015 and 2014 the Group leases real estate of property, plant and equipment, and investment properties under operating leases.

Costs incurred in operating the investment properties are amounted to BGN 563 thousand and are recognized in the consolidated statement of profit and loss and other comprehensive income.

Rental income for 2015 amounting to BGN 2 903 thousand (2014: BGN 6 728 thousand).

Future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1	1 to 5 years	After 5	Total
	year		years	
	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2015	9 317	45 140	40 853	95 310
31 December 2014	1 889	747	1 123	3 759

For operating leases, the Group does not contain any contingent rent clauses. None of the operating lease agreements contains an option to renew or purchase or escalation clauses or restrictions regarding dividends, further leasing or additional debt.

Information regarding the resources from the issuance of securities during the reporting period

- In 2014 the issuer did not increase its capital.

Analysis of the relationship between the financial result in the financial statements and the previously forecasted results

In 2013 the Company has not published any forecasts of the financial result for the year. All publicly announced targets and objectives of the Group were accomplished.

Analysis and valuation of the financial resources management policy, including the ability to cover debt payments, subsequent threats and precautions that have been taken or are to be taken by the issuer for their avoidance.

The Company successfully manages its financial resources and regularly services its debt.

Valuation of the opportunity of realization of investment objectives, indicating the available amounts and possible changes in the financing structure of the activity

The Company will realize its investing objectives through debt and equity.

Information regarding changes that occurred during the accounting period in the basic management principles of the issuer and its economic group

During the accounting period no changes took place in the issuer's basic management principles.

Information regarding changes in the Managing and the Supervisory boards during the accounting period

During the accounting period no changes took place in the number and the individual, participating in the Managing and Supervisory boards of the company

Information regarding the issuer's shares owned by the members of the Managing and Supervisory Boards

According to a reference from the Central Depository issued as at 31 December 2015, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Supervisory Board

Name	Number of shares	% of share capital
1. Chimimport Invest AD	111 439 365	73.86%
2. CCB Group EAD	5 160 005	3,42%

Members of the Managing Board

Name	Number of shares	% of share capital
1. Aleksandar Kerezov	100 000	0.07%
2. Ivo Kamenov	309 925	0.21%

3.	Nikola Mishev	33 790	0.02%
4.	Miroliub Ivanov	55 666	0.04%

The issuer has not presented neither option for its shares nor privileges to the Managing Board.

Information about the participation of members of the Supervisory and Management Boards in companies as general partners, ownership of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members according to Art. 247 of the Commercial Code

Ivo Kamenov Georgiev – Executive director, Member of Supervisory and management Board of Chimimport AD

- Manager / Executive Director: Executive Director of: Chimimport AD, ID 000627519 – Sofia; Invest Capital AD, ID 831541734 – Sofia, Invest Capital Management OOD, ID 103045368 – Varna.
- Procurator – ZAD Armeec, ID 121076907- Sofia
- Member of the Managing Board of: Chimimport AD, ID 000627519 – Sofia; CCB Group EAD, ID 121749139 – Sofia.
- Member of the Supervisory Board of CCB AD, ID 831447150, - Sofia;
- Member of the BoD of: Invest Capital AD, ID 831541734 – Sofia;
- Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, ID 103045368 - Varna; Tortuga OOD, ID 103536374 – Varna

Marin Velikov Mitev – Executive Director, Member of Supervisory and management Board of Chimimport AD

- Manager/ Executive director of: Chimimport AD, ID 000627519 – Sofia, Invest Capital AD, ID 831541734 – Sofia; Sporten complex Varna AD, ID 103941472 – Varna; Golf Shabla AD, ID 124712625 – Shabla; Invest Capital Management OOD, ID 103045368 – Varna; Marin Mitev – Project Management, ID 103326073.
- Member of the Supervisory Board of: CCB AD, ID 831447150; CCB Group EAD, ID 121749139 - Sofia.
- Member of the Managing Board and Executive Director of: Chimimport AD, ID 000627519 – Sofia.
- Member of the Board of directors of Invest Capital AD, ID 831541734 – Sofia; Sporten complex Varna AD, ID 103941472 – Varna; Golf Shabla AD, ID 124712625.
- Owner of more than 25% of the shares of: Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; Invest Capital Management OOD, ID 103045368 - Varna; Tortuga OOD, ID 103536374 – Varna; Marin Mitev – Project Management, ID 103326073.

Mariana Angelova Bazhdarova - Member of Supervisory Board of Chimimport AD:

- Member of Supervisory Board of Chimimport AD, ID 000627519 - Sofia;
- Does not own direct investment of more than 25 % of the share capital of other companies

Tsvetan Tsankov Botev - Chairman of the Management Board of Chimimport AD:

- Manager/ Executive director of: Chimimport Pharma AD, ID 131181471 – Sofia. Bulchimtrade OOD, ID 200477808 – Sofia; Chimoil Trade OOD – in liquidation. Vice chairman of the Managing Board of CCB AD, ID 831447150; Member of the Managing Board of Chimimport AD, ID 000627519 – Sofia.
- Member of the Board of Directors of: Chimimport Pharma AD, ID 131181471 – Sofia; Petrochim Trade EAD, ID 130535554 – Sofia.
- Does not own direct investment of more than 25 % of the share capital of other companies

Alexander Dimitrov Kerezov – Vice - Chairman and member of the Management Board of Chimimport AD

- Manager/ Executive director: Zyrneni hrani Bulgaria AD, ID 175410085; Manager of AH GHG Consult OOD, ID 130452457, Manager of Protect Art OOD, ID 203844348, Manager of Cooperation Syglasie 066, ID 176941060,
- Member of the Managing Board of CCB AD, ID 831447150;
- Member of the Supervisory Board of POAD CCB Sila, ID 825240908.
- Member of the Board of Directors of: Bulgarian Airways Group EAD, ID 131085074
- Member of the Managing Board of: Chimimport AD, ID 000627519; ZAD Armeec, ID 121076907; PBRP AD, ID 827183719; CCB Group EAD, ID 121749139; Zyrneni Hrani Bulgaria AD, ID 175410085; Asenova Krepost AD, ID 112012041 ;
- Owns more than 25% of the shares of other companies: Protect Art OOD, ID 203844348, Keti Travel EOOD, ID 175106424

Mirolyub Pantchev Ivanov - member of the Management Board of Chimimport AD

- manager/executive director of Omega Finance OOD, ID 831385114 – Sofia; Prime Lega Consult OOD, ID 130993620 – Sofia; CCB Real Estate Fond REIT, ID 131550406 – Sofia, Capital Invest EAD, ID 121878333– Sofia, Invest Capital Asset Management EAD, ID 200775128 – Sofia, Technoimpex AD, ID 121483350 – Sofia; Invest Capital Liquidity Fund, ID 175860666
- member of other companies' Management Board: PDNG AD, ID: 824033568 – Sofia; Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia;
- member of other companies' Directors Board: CCB Real Estates Fund REIT, ID: 131550406 – Sofia; Bulgarian Shipping Company EAD, ID: 175389730 – Sofia; National Commodity Exchange AD, ID: 115223519 – Plovdiv; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital EAD, ID: 200775128 – Sofia; Technoimpex AD, ID: 121483350 – Sofia; member of the Supervisory Board of CCB Sila AD, ID 825240908 – Sofia
- does not own direct investment of more than 25 % of the share capital of other companies.

Nikola Peev Mishev - member of the Management Board of Chimimport AD

- CEO: Petrochim Trade EAD, ID: 130535554 – Sofia; Chimsnab Trade OOD, ID: 131388356 – Sofia; Rubber Trade OOD, ID: 130430425 – Sofia; Pamporovo Property EOOD, ID: 200886790 – Asenograd; Bulchimtrade OOD, ID: 200477808 – Sofia;

Chimceltex OOD, ID: 130434434 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;

- member of other companies' Board of Directors: : Petrochim Trade EAD, ID: 130535554 – Sofia; Asela AD, ID: 115023575 – Asenovgrad;
- member of other companies' Management Board: Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD, ID: 115012041 – Asenovgrad;
- member of the Supervisory Board: ZAD Armeec, ID 121076907

does not own direct investment of more than 25 % of the share capital of other companies

Information regarding the Group's agreements (including post balance sheet period), that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders

There is no information regarding the Company's agreements (including post balance sheet period), that may cause changes in the relative number of the shares and bonds, owned by the current shareholders and bondholders.

Information regarding pending suits, administrative or arbitration proceedings, relating to issuer's liabilities or receivables amounting to a minimum of 10 % from the owner's equity. If the total amount of the liabilities or the receivables from all pending suits and proceedings exceed 10 % of the owner's equity, the information is presented individually for each case

The Company has not registered any pending suits, administrative or arbitration proceedings, receivables or liabilities that together or apart, do not exceed 10 % of the owner's equity.

Information regarding the Program for Applying the Internationally Recognized Corporative Governance Standards through the article 100n from Public Offering of Securities Act

Information regarding this section is presented in a separate document.

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the prices of the ordinary and preference shares during the twelve month period in 2015 are as follows:

Ordinary shares

Opening price : BGN 2.080 on 02 January 2015
Closing price : BGN 1.727 on 30 December 2015

Preference shares

Opening price : BGN 2.300 on 03 January 2015
Closing price : BGN 2.197 on 30 December 2015

Categories of financial assets and liabilities

The carrying amount of the Group's financial assets and liabilities, can be presented in the following categories:

Financial assets

	2015	2014
	BGN'000	BGN'000



Financial assets held to maturity		
- debentures	764 011	298 338
Financial assets available for sale:		
- Securities and debentures	268 032	331 651
Financial assets held for trading (carried at fair value through profit or loss):		
- Non-derivative financial assets securities and debentures	1 241 646	1 180 633
- Derivatives	491	6 068
	1 242 137	1 186 701
Loans and receivables		
- Trade and other receivables	204 005	166 597
- Receivables on insurance and reinsurance contracts	64 118	62 392
- Receivables on loans provided	2 602 355	2 318 421
- Receivables from related parties	226 523	294 713
- Cash and cash equivalents	1 229 113	1 480 670
	4 326 114	4 322 793
	6 600 294	6 139 483

Financial liabilities	2015	2014
	BGN'000	BGN'000

Financial liabilities, measured at amortised cost:		
- liabilities to depositors	4 297 968	3 848 262
- loans	375 117	298 897
- dividend obligations	21 169	34 672
- bank deposits	6 433	18 495
- cession payables	19 807	85 505
- insurance contracts payables	37 383	15 946
- obligations under repo agreements	9 014	1 408
- finance lease obligations	6 719	10 776
- trade and other payables	216 295	201 369
- related parties payables	19 824	17 564
	5 009 729	4 532 894

Derivatives designated as hedging instruments in cash flow (at fair value):

Derivatives	578	2 633
	5 010 307	4 535 527

Financial instruments risk

Risk management objectives and policies

Due to the use of financial instruments and as a result of its operating and investment activities, the Group is exposed to various risks – insurance risks, market risk, foreign currency risk, interest risk, as well as price risk. The Group's risk management is coordinated by the Managing board, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to risks. Long-term financial investments are managed to generate lasting returns.

The Group is exposed to different types of risk with regards to its financial instruments. The most significant financial risks to which the Group is exposed to are described below.

The insurance risk is the risk of occurrence of insured event, where the damage cost and the indemnity owed exceeds the set-aside insurance reserves.

This depends on the frequency of the occurring insurance events, the type of the insurance portfolio and the size of the indemnities. The diversity of the insurance portfolio and the probability theory are of major importance for the mitigation of this risk.

The Group is exposed mainly to the following risks:

- Risk, related to the profitability of the investments – risk of loss when the profitability of the investment is different from what is expected.
- Risk, related to the expenses – risk of loss when the expenses are different from what is expected;

The Group is aiming at relatively steady allocation of the insurance contracts. It also seeks to analyse the different types of insurance risks, which is included in the general conditions. By means of variable methods of assessment and control, the director of Internal Control department is making regularly assessments of the risks and scrutinizes the accumulation of insured amounts by groups of clients and regions. The risk management is performed by the Internal Control department in collaboration with actuaries and the management of the Group.

The positive financial result of the Group depends on primary factors such as the quota for damages, the quota for expenses and income from investments.

The following table illustrates the Group's sensitivity to the profit, owner's equity, solvency limit, and coefficient of solvency limit coverage (callable capital) with equity.

Simulations as at 31 December 2015	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN'00 0	BGN'000	BGN'000	%	%
Current capital position	9 521	49 753	25 886	192%	
Return on investments (+2%)	12 113	52 346	25 886	202%	10%
Return on investments (- 1.5%)	7 576	47 808	25 886	185%	-8%
Increase of the expenses quota (+10%)	(175)	40 057	25 886	155%	-37%
Increase of the damages (+10%)	(3 608)	36 624	25 886	141%	-51%

Simulations as at 31 December 2014	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN'00 0	BGN'000	BGN'000	%	%
Current capital position	(10 879)	33 694	27 364	123%	
Return on investments (+2%)	(8 260)	36 313	27 364	133%	10%
Return on investments (- 1.5%)	(12 843)	31 730	27 364	116%	-7%
Increase of the expenses quota (+10%)	(20 268)	24 305	27 364	89%	-34%
Increase of the damages (+10%)	(24 504)	20 069	27 364	73%	-50%

When there is a simulated increase of the investments income by 2 % and the amounts of the damages quota and the expenses quota stay the same, an increase of the profit, owner's equity and coverage coefficient occurs. The solvency limit remains the same because there is no change in the premium income.

When there is a simulated decrease of the investments income by 1.5% and the amounts of the damages quota and the expenses quota remain the same, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit again remains the same because there is no change in the premium income.

When there is a simulated increase of the net quota for expense by 10%, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit remains unchanged because the premium income, used for calculation basis of the solvency limit, remains the same.

When there is a simulated increase of the net quota for expenses by 10%, a decrease of the profit, owner's equity and coverage coefficient occurs. The solvency limit does not change.

The sensitivity analysis presented above shows a good level of capitalization for the Group.

Reinsurance strategy

The Group reinsures part of its risks with the purpose of controlling its exposition to losses and protection of its capital resources. All contracts for facultative reinsurance are preliminary approved by the management. Before signing a reinsurance contract, the Group analyses the credit rating of the respective reinsurer. Only the ones with high credit rating are being chosen. The Group periodically analyses the current financial position of the reinsurers, which the Group has reinsurance engagements with.

The Group enters reinsurance engagements with different reinsurers with high credit ratings, to control the exposure to losses caused by the insurance event.

Damages settlement procedure

The damages table and namely the percentage of the damages quota ensures the opportunity for more precise information about the risk development during the reporting periods:

Types of insurances	2015	2015	2014	2014
	Damages, quota, gross %	Damages, quota, net %	Damages, quota, gross %	Damages, quota, net %
Accident insurance	58%	55%	24%	22%
Including obligatory accident insurance of the passengers in the public transport	2%	3%	7%	8%
Illness	0%	0%	0%	0%
Casco	59%	60%	99%	71%
Insurance of rail vehicles	0%	0%	0%	0%
Casco of aircrafts	-6%	-29%	-38%	208%
Casco of vessels	29%	40%	46%	55%
Cargo insurance during transportation	47%	62%	9%	-8%
Fire and natural calamities insurance	15%	21%	75%	39%
Property damage insurance	59%	50%	125%	131%
Insurance associated with the ownership and usage of motor vehicles, including:			51%	54%
Third-party vehicle insurance	94%	16%		
“Green Card” insurance	96%	20%	50%	52%
Third-party boarder insurance	31%	-194%	61%	124%
Third-party carrier insurance	-42%	-246%	200%	285%
Third-party aviation insurance	30%	30%	5%	5%
Third-party vessels insurance	0%	15%	0%	36%
Third party vessels insurance	-122%	-61%	3181%	1578%
General third-party insurance	-22%	-26%	-220%	-181%
Credit insurance	-6%	-6%	-51%	-51%
Guarantees insurance	0%	0%	0%	0%
Insurance against financial losses	-18%	-18%	8%	8%
Insurance against legal expenses	0%	0%	0%	0%
Travel assistance	48%	48%	36%	36%
Total:	63%	45%	71%	59%

Comparing annual net damages quota - for 2015 and 2014 it appears that there is a significant reduction in damages.

The following table shows the paid indemnities, classified by type and group of insurances:

Type of insurance	BGN	Number	Average	Average	Average	Average
			indemnity	indemnity	indemnity	indemnity
			2015	2014	2013	2012
Accident insurance	1 560 590	1 920	813	516	461	764
Casco	84 538	94 943	890	958	749	767
	036					
Casco of aircrafts	520 259	20	26 013	184 805	85 859	57 053
Casco of vessels	290 268	28	10 367	6 173	8 289	17 934
Cargo insurance during transportation	403 253	55	7 332	2 602	2 601	469
Fire and Natural calamities insurance	2 707 938	1 988	1 362	1 509	2 668	1 364
Property damage insurance	1 410 640	68	20 745	18 840	8 040	7 957
Insurance associated with the ownership and usage of motor vehicles, including:	22 915	10 231	2 240	2 080	2 241	2 235
Third-party aviation insurance	669					
Third-party vessels insurance	3 146	4	787	977	2 051	10 645
Third party vessels insurance	4 350	2	2 175	-	-	-
General third-party insurance	505 039	45	11 223	41 920	12 783	23 774
Credit insurance	12 923	3	4 308	10 956	9 754	9 754
Guarantees insurance	-	-	-	-	-	-
Insurance against financial losses	11 388	1	11 388	6 212	-	7 758
Travel assistance	1 703 587	2 360	722	725	727	717
Total:	116 587 085	111 668	1 044	1 140	948	949

The table below presents the development of the reserve for unsettled insurance claims from prior periods so it can be compared to the reserve, disclosed in the current consolidated financial statements. The reserves for the upcoming payments, included in the statement of financial position, and an assessment of the general risks are also stated.

	Year the insurance event occurred						Total
	2015	2014	2013	2012	2011	2010	
	BGN'00	BGN'00	BGN'00	BGN'00	BGN'00	BGN'00	
	0 0	0	0	0	0	0	
At the end of the period	55 656	76 358	47 773	52 752	42 922	48 172	323 634
1 year later	-	49 366	20 732	21 362	18 205	18 394	128 059
2 years later	-	-	5 779	9 084	3 706	3 602	22 171
3 years later	-	-	-	1 626	3 030	1 435	6 091
4 years later	-	-	-	-	2 157	1 564	3 721

5 years later	-	-	-	-	-	670	670
Cumulative payments, current	55 656	125 723	74 283	84 825	70 020	73 839	484 346
General assessment of the indemnities	94 785	144 878	79 112	87 886	70 661	73 839	551 161
As at 31 December							
Payments:							
Assessment:	39 129	19 155	4 829	3 061	641	-	66 815
Actual	75 842	31 994	13 883	12 554	4 683	4 080	143 036

The presented table shows that the reserves for unsettled payments are adequate as at the end of 2014.

Solvency limit

As at the end of 2015 the defined solvency limit is in accordance with the respective legal requirements:

	2015 BGN'000
Equity, less intangible assets	44 524
Share capital	33 019
Reserves and funds	46 547
Revaluation reserve	(18 984)
Profit or loss for the year ended 31 December	(889)
Deductions	
Participations in subsidiaries under art. 5, par. 2, item 5 of Ordinance № 21	(12 997)
Intangible assets	(2 172)
Solvency limit	25 886
Surplus	18 638
	2014 BGN'000
Equity, less intangible assets	33 694
Share capital	33 019
Reserves and funds	46 548
Revaluation reserve	(18 590)
Profit or loss for the year ended 31 December	(10 879)
Deductions	



Participations in subsidiaries under art. 5, par. 2, item 5 of Ordinance № 21	(12 997)
Intangible assets	(3 407)
Solvency limit	27 364
Surplus	6 330

The foreign currency risk is a potential cause for losses for the Group when the foreign currency rates fluctuate.

Group's policy regarding other than banking activities

Most of the Group's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Group's overseas transactions, mainly denominated in US-Dollars. The Group's long-term commercial liabilities and financial lease liabilities carried out in US-Dollars are related to purchases of aircrafts. These liabilities are recorded at their amortized cost. The Group has short- and long-term loans in US-Dollars. These receivables are classified as loans and receivables.

Group's foreign transactions, denominated in Euro, do not expose the Group to foreign currency risk due to the fact that under the conditions of the Currency Board Act, the Bulgarian Lev (BGN) is fixed to the Euro.

In order for the foreign currency risk to be decreased, the non-BGN cash flows are monitored by the Group. Generally, the Group has different procedures for risk management for the short-term (due within 6 months) and long-term non-BGN cash flows.

Group's policies regarding the banking activities

In the Republic of Bulgaria the rate of the Bulgarian Lev (BGN) to the Euro (EUR) is fixed under the Currency Board. The long position in Euro of the Bulgarian bank does not carry any risk for the Group.

The foreign currency positions include mainly assets and liabilities, denominated in Macedonian dinars. and Russian Rubles.

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2015 is as follows:

	BGN	EUR	USD	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
FINANCIAL ASSETS					
Placements with, and advances to, banks	21 149	34 786	102 803	32 634	191 372
Receivables under repurchase agreements	124 021	28 427	-	-	152 448
Financial asset held-for-trading	124 526	77 613	462	65	202 666
Loans and advances to customers, net	1 096 956	943 097	43 256	150 515	2 233 824
Available-for-sale financial assets	114 227	84 945	3 803	1 417	204 392
Held-to-maturity financial assets	54 645	591 697	-	65 047	711 389



		1 760			
TOTAL ASSETS	1 535 524	565	150 324	249 678	3 696 091
FINANCIAL LIABILITIES					
Deposits from banks	1 672	3 655	443	-	5 770
Bank loans	-	-	-	276	276
Obligations under repo agreements	-	9 000	-	-	9 000
		1 217			
Liabilities to other depositors	2 748 543	717	220 881	195 768	4 382 909
Other attracted funds	105	-	-	776	881
Subordinated liabilities	-	18 585	-	-	18 585
		1 248			
TOTAL LIABILITIES	2 750 320	957	221 324	196 820	4 416 264
NET POSITION	(1 214 796)	511 608	(71 000)	52 858	(720 173)

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2014 is as follows:

	BGN	EUR	USD	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
FINANCIAL ASSETS					
Placements with, and advances to, banks	4	73 338	41 721	32 019	147 082
Receivables under repurchase agreements	155 233	968	-	-	156 201
Financial asset held-for-trading	108 625	90 490	2 143	3 961	205 219
Loans and advances to customers, net	911 598	850 009	51 014	130 204	1 942 825
Available-for-sale financial assets	68 452	135 168	8 616	4 127	216 363
Held-to-maturity financial assets	36 095	146 788	-	95 888	278 771
TOTAL ASSETS	1 280 007	1 296 761	103 494	266 199	2 946 461
FINANCIAL LIABILITIES					
Deposits from banks	1 015	3 664	2 026	10 527	17 232
Bank loans	-	-	-	450	450
Liabilities to other depositors	2 415 629	1 145 879	180 932	173 176	3 915 616
Other attracted funds	171	-	-	778	949
Subordinated liabilities	-	18 961	-	-	18 961
TOTAL LIABILITIES	2 416 815	1 168 504	182 958	184 931	3 953 208
NET POSITION	(1 136 808)	128 257	(79 464)	81 286	(1 006 747)

Interest rate sensitivity

Group's policy regarding other than banking activities

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As at 31 December 2015, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. All other financial assets and financial liabilities of the Company are at fixed interest rates.

The following table illustrates the sensitivity of the annual net financial result after tax and equity to a reasonably possible change in interest rates on loans with a floating rate based on: 1-month SOFIBOR, amounting to +/- 1.23%, 3-month SOFIBOR, amounting to +/- 4.91% and a floating rate based on 1-month EURIBOR, amounting to +/- 5.33 %, 3-month EURIBOR, amounting to +/- 5.15%, 12-month EURIBOR, amounting to +/- 6.34%. These changes are considered to be reasonably possible based on observation of current market conditions. Calculations are based on the change in the average market interest rate and the financial instruments held by the Group at the end of the reporting period that are sensitive to interest rate changes. All other parameters are taken to be constant.



31 December 2015	Net financial result		Equity	
	Increase of the interest rate	Decrease of the interest rate	Increase of the interest rate	Decrease of the interest rate
1M SOFIBOR	(3)	3	(3)	3
3M SOFIBOR	(16)	16	(16)	16
1M EURIBOR	(1)	1	(1)	1
3M EURIBOR	-	-	-	-
12M EURIBOR	(4)	4	(4)	4

31 December 2014	Net financial result		Equity	
	Increase of the interest rate	Decrease of the interest rate	Increase of the interest rate	Decrease of the interest rate
1M SOFIBOR	(3)	3	(3)	3
3M SOFIBOR	(6)	6	(6)	6
3M EURIBOR	(27)	27	(27)	27
6M EURIBOR	(4)	4	(4)	4
12M EURIBOR	(12)	12	(12)	12
3M LIBOR	(9)	9	(9)	9

Group's policy regarding banking activities

Regarding the Group's banking activities interest risk is the probability of potential changes of the net interest income or the net interest margin, resulting from changes of the general market interest rates. The Group's interest risk management is aiming at minimizing the risk of a decrease of the net interest income, due to the changes in the interest rates.

For measurement and evaluation the interest rate risk the Group applies the method of the GAP analysis. (GAP/ imbalance analysis). It identifies the sensitivity of the expected revenue and expenses, in relation to the interest rate.

The method of the GAP analysis determines the Group's position, totally and the separate types of financial assets and liabilities, in relation to expected changes of the interest rates and the impact of this change over the net interest income. It facilitates the assets' and the liabilities' management and it is an instrument for providing sufficient and stable net interest profitability.

The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2015 is negative, amounting to BGN 952 324 thousand. The GAP coefficient, as an indicator for this imbalance, compared to the total income generating assets of the bank of the Group (interest bearing assets and equity instruments) is minus 20.52%.



	<u>Up to 1 month</u>	<u>From 1 to 3 months</u>	<u>From 3 to 12 months</u>	<u>From 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
INTEREST-BEARING ASSETS						
Placements with, and advances to banks	186 103	269	-	5 000	-	191 372
Receivables under repurchase agreements	48 297	49 152	54 999	-	-	152 448
Financial assets held-for-trade	3 554	-	-	12 657	86 971	103 182
Loans and advances to customers, net	185 561	54 906	317 974	597 648	1 077 735	2 233 824
Financial assets held-for-trade	1 417	16 062	34 145	41 122	31 606	124 352
Financial assets held-to-maturity	17 571	-	47 476	90 841	555 501	711 389
INTEREST-BEARING ASSETS	442 503	120 389	454 594	747 268	1 751 813	3 516 567
INTEREST-BEARING LIABILITIES						
Deposits from banks	5 502	268	-	-	-	5 770
Bank loans	10	2	20	244	-	276
Obligations under repo agreements	9 000	-	-	-	-	9 000
Liabilities to other depositors	2 040 915	389 670	1 109 744	832 470	10 110	4 382 909
Other attracted funds	4	8	53	816	-	881
Shares Issues	-	-	-	18 585	-	18 585
INTEREST-BEARING LIABILITIES	2 055 431	389 948	1 109 817	852 115	10 110	4 417 421
IMBALANCE BETWEEN INTEREST BEARING ASSETS AND LIABILITIES, NET						
	<u>(1 612 928)</u>	<u>(269 559)</u>	<u>(655 223)</u>	<u>(104 847)</u>	<u>1 741 703</u>	<u>(900 854)</u>

The Group is exposed to a reduction of the interest income when the interest rates rise, as the Group holds a negative imbalance. The imbalance impact, as at 31 December 2015, over the net interest income, assuming an increase of 2% (2014: 2%) of the interest rates for one year is a reduction of the net interest income amounting to BGN 1 902 thousand (2014: BGN 1 902 thousand).

The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2014 is negative, amounting to BGN 1 120 371 thousand. The GAP coefficient, as an indicator for this imbalance, compared to the total income generating assets of the bank of the Group (interest bearing assets and equity instruments) is minus 31.42%.



	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
INTEREST-BEARING ASSETS						
Placements with, and advances to banks	145 955	1 127	-	-	-	147 082
Receivables under repurchase agreements	68 147	16 762	71 292	-	-	156 201
Financial assets held-for-trade	762	-	110 236	12 806	-	123 804
Loans and advances to customers, net	108 545	82 217	481 015	864 465	406 583	1 942 825
Financial assets held-for-trade	-	-	54 310	126 174	6 831	187 315
Financial assets held-to-maturity	26 026	13 278	76 810	92 654	70 003	278 771
INTEREST-BEARING ASSETS	349 435	113 384	793 663	1 096 099	488 572	2 832 837
INTEREST-BEARING LIABILITIES						
Deposits from banks	10 698	6 534	-	-	-	17 232
Bank loans	25	2	43	204	176	450
Liabilities to other depositors	1 832 364	369 205	963 016	745 127	5 904	3 915 616
Other attracted funds	6	12	75	78	778	949
Shares Issues	-	-	-	-	18 961	18 961
INTEREST-BEARING LIABILITIES	1 843 093	375 753	963 134	745 409	25 819	3 953 208
IMBALANCE BETWEEN INTEREST BEARING ASSETS AND LIABILITIES, NET	(1 493 658)	(262 369)	(169 471)	350 690	462 753	(1 120 371)

Credit risk sensitivity

Group's policy regarding other than banking activities

Credit risk is the risk that counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:



	2015 BGN'000	2014 BGN'000
Financial assets – carrying amounts:		
Non-current financial assets	2 592 660	1 823 917
Related parties receivables	11 774	22 141
Current financial assets	2 347 993	2 373 586
Related parties receivables	214 749	272 572
Cash and cash equivalents	1 229 113	1 480 670
Trade and other receivables	204 005	166 597
Carrying amount	6 600 094	6 164 028

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in different industries and geographical areas. Based on historical indicators, the management considers that the trade receivables that are not past due are of good credit quality.

The credit risk related to cash and cash equivalents and financial market funds is considered immaterial as the contracting parties are banks with good reputation and good credit rating.

The carrying amounts presented above represent the maximum exposure to credit risk the Group might experience, regarding these financial instruments.

Group's policy regarding banking activities

The credit risk represents the probability of losses, due to the inability of the counterparty to meet its liabilities in time.

The Group manages its credit risk sensitivity both for the bank and commercial portfolio.

The Group applies individual credit policies for the different business segments.

The Group structures the credit risk as it sets limits for the credit risk as a maximum exposure to one debtor, to a group of related parties, to geographic regions and the different business sectors, bearing common risk. The limits define the risk appetite and risk tolerance for credit risk and the planned allocation of capital, required for its coverage.

In order to reduce the credit risk, in compliance with the internal credit rules, the approach for calculation of capital requirements and the current banking legislation, corresponding securities and guarantees are required.

The cash and bank accounts in the Central bank, amounting to BGN 944 362 thousand do not carry any credit risk for the Group, due to their nature and the ability of the Group to dispose of them.

The placements and advances to banks with book value BGN 191 372 thousand are mainly deposits in first-class international and Bulgarian financial institutions with maturity up to 7 days. These financial assets bear certain credit risk, whose maximum exposure according to the Group's policy may be 20%, 50% or 100%, depending on the qualitative characteristics of financial institutions. As at 31 December 2015 the lump sum of this risk amounts to BGN 50 964 thousand. As at 31 December 2015 the provisions for coverage of losses from impairments of the placements and advances to banks amount to BGN 4 120 thousand.

The receivables under repurchase agreements, amounting to BGN 152 448 thousand carries credit risk to the Group, which is dependent on the credit risk of the collateral. One part of receivables amounting to BGN 41 150 thousand, does not carry any credit risk to the Group, as they are secured by the Bulgarian government securities. The remaining receivables amounting to BGN 110 298 thousand carry credit risk 100% to the Group, as they are secured by corporate securities.

The held-for-trading financial assets, amounting to BGN 203 179 thousand carry mainly market risk to the Group, which is analyzed in the notes, related to the market risk.

The equity instruments held-for-sale, amounting to BGN 80 800 thousand, are shares in financial and non-financial companies as well as shares in mutual funds, that carry credit risk, whose maximum exposure percentage is 100% or BGN 80 800 thousand. As at 31 December 2015 the provisions for coverage of losses from impairment of the held-for-sale equity instruments, amount to BGN 262 thousand.

The debentures at the amount of BGN 90 856 thousand expose the bank to credit risk of the issuing country.

The debentures held-for-sale and issued by local and foreign companies, amounting to BGN 41 993 thousand, bear credit risk, whose maximum exposure is 100% or BGN 41 993 thousand .

The debentures held to maturity and issued by the Republic of Bulgaria in the amount of BGN 397 919 thousand do not carry credit risk as they are guaranteed by the Bulgarian state. The debentures held to maturity and issued by the National Bank of the Republic of Macedonia in the amount of BGN 17 571 thousand do not carry credit risk as they are guaranteed by the National Bank of the Republic of Macedonia. The debentures held to maturity and issued by the Republic of Macedonia in the amount of BGN 47 476 thousand do not carry credit risk as they are guaranteed by the Macedonian state. The debentures held to maturity and issued by EU countries amounting to BGN 210.423 thousand present no risk for the bank. The debentures held to maturity and issued by the European Investment Bank in the amount of BGN 38 000 thousand hold no risk for the bank

Loans and advances to customers with carrying value amounting to BGN 2 292 539 thousand bear credit risk for the Group. For determining the amount of exposure of the Group to this risk, an analysis of individual risk for the Group is performed, resulting from any particular exposure, the Group applies the criteria for evaluation and classification of risk exposures compliance with the banking legislation of the Republic of Bulgaria, Macedonia, the Russian Federation and IFRS. According to these criteria, and the analysis performed the maximum exposure of the Group to credit risk amounts to BGN 1 905 012 thousand. In order to minimize the credit risk detailed lending process procedures on the analysis of the economic viability of each project, the types of collateral acceptable to the Group controls on the use of funds allocated and administration associated with that activity are applied.

The Group maintains relation to total capital adequacy above the regulatory requirements, mainly as a measure against the risk of concentrations. Adoption and control limits for credit risk limit

concentrations of risk exposures by geographic areas, industries, business segments and groups of loans, presenting joint risk.

The Group has adopted a methodology for calculating the provision for impairment of loans and advances to customers according to the IFRS.

As of 31 December 2015 the amount of the Group's formed provisions to cover impairment losses on loans and advances amounts to BGN 58 715 thousand..

Quality of the credit portfolio

Classes of financial assets as at 31 December 2015:

Debt Group	Granted loans			Unutilized engagement Amount BGN '000	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000		Amount BGN '000	Share %	Provisions BGN '000
Serviced	2 031 091	88.59	7 456	89 760	85 443	99.93	31
Not serviced	261 448	11.41	51 259	11 646	61	0.07	-
Total	2 292 539	100	58 715		85 504	100	31

Classes of financial assets as at 31 December 2014:

Debt Group	Granted loans			Unutilized engagement Amount BGN '000	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000		Amount BGN '000	Share %	Provisions BGN '000
Serviced	1 910 431	96.55	7 478	106 799	80 154	97.64	39
Not serviced	68 280	3.45	28 409	283	1 939	2.36	-
Total	1 978 711	100	35 887	107 082	82 093	100	39

Loans granted by the Group can be summarized in the following table:

Name of the group	31 December 2015			31 December 2014		
	Loans, granted to non-financial clients		Loans to banks and receivables under repurchase agreements	Loans, granted to non-financial clients		Loans to banks and receivables under repurchase agreements
	BGN '000	%		BGN '000	%	
Not outstanding and not impaired	943 937	41.17	152 448	1 243 330	62.84	156 201
Outstanding but not impaired	987 073	43.06	-	578 629	29.24	-
Impaired on individual base	361 529	15.77	-	156 752	7.92	-
Total	2 292 539		152 448	1 978 711	100	156 201
Set-aside provisions	(58 715)		-	(35 887)		-
Net loans	2 233 824		152 448	1 942 824		156 201

As at 31 December 2015 and 2014 the predominant share of the loans, represented as outstanding but not impaired, are loans, for which a 30-day delay in payment is allowed. The Group considers that such incidental delays are not indication for impairment of these loans.

Loans and advances, which are not outstanding and not impaired, are presented in the following table:

	2015 BGN '000	2014 BGN'000
Individuals		
Credit cards and overdrafts	21 311	14 925
Consumer loans	190 106	139 791
Mortgage loans	82 952	60 143
Corporate clients	649 568	1 028 471
Total	943 937	1 243 330

The value of the outstanding loans that are not impaired is presented in the table below. These loans are not impaired, as the delays are accidental and of up to a 30-day period, which does not necessitate their impairment.



	2015 BGN '000	2014 BGN'000
Individuals		
Credit cards and overdrafts	12 042	6 429
Consumer loans	32 810	15 019
Mortgage loans	18 976	19 656
Corporate clients	923 245	537 525
Total	987 073	578 629

The book value of the loans, with accrued provision on an individual basis as at 31 December 2015 and 2014 is BGN 361 529 thousand and BGN 44 460 thousand. These amounts do not include cash flows from the collaterals of these loans.

31 December 2015	Book value before impairment	Total highly liquid collateral
	BGN '000	BGN '000
Credit cards and overdrafts	7 409	-
Consumer loans	57 565	988
Mortgage loans	56 185	-
Corporate clients	240 370	7 609
Total	361529	8 597

31 December 2014	Book value before impairment	Total highly liquid collateral
	BGN '000	BGN '000
Credit cards and overdrafts	5 228	-
Consumer loans	15 785	3 417
Mortgage loans	3 448	2 629
Corporate clients	19 999	24 221
Total	44 460	30 267

The amount of net exposure for 2015 and 2014 for the five largest loans and advances to clients is BGN 339 487 thousand and BGN 292 961 thousand respectively, which represents 15.2% for 2015 and 15.08% for 2014 of the credits and advances to clients of the Group

Business segment, classification group and delays of payments as at 31 December 2015:

Segment	Amount	Delay of payment						Unutilized engagement
		Number of transactions	Debt	Principal	Interest	Court receivables	Provisions	
Group								
Serviced		87 999	436 966	841	361	-	2 771	46 586
Trade								
Not serviced		6 153	41 749	2 786	1 716	15 851	14 569	277



Total		94 152	478 715	3 627	2 076	15 851	17 340	46 863
			1 579					
Corporate	Serviced	1 214	868	41 462	14 804	-	4 685	43 077
	Not serviced	232	219 699	27 502	6 220	41 501	36 690	11 369
Total		1 446	1 799	68 964	21 024	41 501	41 375	54 446
	Serviced	9	567	-	-	-	-	78
Budget	Not serviced	-	14 257	-	-	-	-	-
Total		9	-	-	-	-	-	78
			2 292					
	Total portfolio	95 607	539	72 591	23 100	57 352	58 715	101 387

Business segment, classification group and delays of payments as at 31 December 2014:

Segment	Group	Amount		Delay of payment				Unutilized engagement
		Number of transactions	Debt	Principal	Interest	Court receivables	Provisions	
	Serviced	83 562	333 669	856	410	-	2 899	41 671
Trade	Not serviced	5 416	28 005	2 621	1 658	10 974	11 287	261
Total		88 978	361 674	3 477	2 068	10 974	14 186	41 932
			1 570					
	Serviced	1 113	143	9 029	3 434	-	4 559	65 068
Corporate	Not serviced	162	40 275	6 588	1 977	17 419	17 122	22
Total		1 275	418	15 617	5 411	17 419	21 681	65 090
	Serviced	9	6 619	345	-	-	20	11
Budget	Not serviced	-	-	-	-	-	-	-
Total		9	6 619	345	-	-	20	60
			1 978					
	Total portfolio	90 262	711	19 439	7 479	28 393	35 887	107 082

Credit exposures with restraining measures

As exposures with restraining measures the Group accepts credit exposures that have changed the original terms of the contract caused by deterioration in the financial condition of the debtor leading to inability to pay the full amount of the debt on time and other discounts that the bank would not give in other circumstances.

The amendments to the original terms of the contract in connection with the implementation of measures under restraint may include:

- Reduction / removal of the debt or part of it
- Replacement of part of the debt to equity;
- Refinancing of exposures that the debtor is unable to fulfill under the current contract;
- When the contract terms include more favorable terms for the repayment of obligations compared with the terms that the Bank would offer other clients with similar risk profile;
- Reduction of the interest rate under the contract, except for the change in the contractual rate of interest arising from changes in market interest rates.

Information on exposures with restraint measures is as follows:

2015

	Corporate clients	Individuals
Book value before impairment	121 365	1 952
Impairment	(17 974)	(816)
Net value	103 391	1 136

2014

	Corporate clients	Individuals
Book value before impairment	15 921	2 607

Impairment	(2 851)	(1 076)
Net value	13 070	1 531

Liquidity risk analysis

Liquidity risk is the risk that the Group cannot meet its liabilities. The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash in- and outflows due to day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. The need for cash is compared to the available loans in order to determine shortage or surplus. This analysis determines whether the loans available will be enough to cover the Group's needs for the period.

The Group maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and sale of long-term financial assets.

As at 31 December 2015 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

	Current		Non-current	
	Within 12 months BGN'000	From 2 to 5 years BGN'000	Over 5 years BGN'000	BGN'000
Dividend payables	14 257	6 912	-	-
Bank and other loans	104 644	123 171	147 302	-
Related parties payables	16 217	3 607	-	-
Financial lease payables	1 809	4 910	-	-
Trade and other payables	168 018	48 277	-	-
Total	304 945	186 877	147 302	-

As at 31 December 2014 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

	Current		Non-current	
	Within 12 months BGN'000	From 2 to 5 years BGN'000	Over 5 years BGN'000	BGN'000
Dividend payables	14 127	20 545	-	-
Bank and other loans	74 838	197 897	26 162	-
Related parties payables	14 914	2 650	-	-
Financial lease payables	4 836	6 275	-	-
Trade and other payables	255 315	51 546	-	-
Total	364 030	278 913	26 162	-

The amounts, reported in this analysis for the maturity of the liabilities represent the non-discounted cash flows from the contracts, which may differ from the carrying amounts of the

liability as at the reporting date. The annual interest payments amount to BGN 3 473 thousand (2014: BGN 21 695 thousand).

Group's policy regarding banking activities

The Group follows the obligations and restriction arising from the regulations of the banking legislations in countries involved in the management and supervision of bank's liquidity. The Group maintains specialized collective bodies for liquidity's management, which adopt the Group's policy of managing the liquidity risk.

Quantitative measurement of liquidity risk, according to the regulations of the banking legislation is the coefficient of liquid assets, expressing the ratio of liquid assets to borrowing of the Group.

The Group traditionally maintains huge volume of highly liquid assets – cash and cash equivalents on hand and cash in Central Banks, which ensures the Group's smooth addressing of liquid need. As of 31 December 2015 they cover about 20% of the total assets. As an additional tool for ensuring high liquidity the Group uses resources and advances given to financial institutions. Essentially, these are deposits in prime foreign and Bulgarian financial institutions with maturity of 7 days. As of 31 December 2015 they cover over 4% of the total assets. Bonds issued by the Republic of Bulgaria, the Russian Soviet Federative Socialist Republic and from National Bank of the Republic of Macedonia, which the Group possesses and has not pledged as a security are about 15% of the Group's assets. Maintaining over 30% of its assets in highly liquid assets, the Group is able to cover all its needs regarding payments on matured financial liabilities.

The allocation of financial liabilities of the Group as of 31 December 2015, according to their residual term is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Above 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
FINANCIAL LIABILITIES						
Deposits from banks	5 502	268	-	-	-	5 770
Credits from banks	10	2	20	244	-	276
Obligations under repo agreements	9 000	-	-	-	-	9 000
Liabilities to other depositors	2 040 915	389 670	1 109 744	832 470	10 110	4 382 909
Other borrowed funds	4	8	53	816	-	881
Issued bonds	-	-	-	18 585	-	18 585
Other liabilities	9 964	-	-	-	-	9 964
FINANCIAL LIABILITIES	2 065 395	389 948	1 109 817	852 115	10 110	4 427 385

Financial liabilities of the Group are formed mainly by borrowing from other depositors – deposits of natural persons and legal entities. Most of them – 46% have residual maturity of less than one month. Usually customers of the Group that prefer concluding deposit contract with 1 month maturity renegotiating it for longer period later on. Therefore, one-month deposits are essentially long and relatively permanent resource for the Group.

The allocation of financial liabilities of the Group as of 31 December 2014, according to their residual term is as follows:

	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	Above 5 years	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
FINANCIAL LIABILITIES						
Deposits from banks	6 683	7 649	-	2 900	-	17 232
Credits from banks	25	2	43	203	176	450
Liabilities to other depositors	1 831 521	339 127	993 938	745 127	5 904	3 915 616
Other borrowed funds	6	12	75	78	778	949
Issued bonds	-	-	-	-	18 961	18 961

Other liabilities	10 842	-	-	-	-	10 842
FINANCIAL LIABILITIES	1 849 077	346 790	994 056	748 308	25 819	3 963 101

Financial assets as means for managing the liquidity risk

While appraising and managing the liquidity risk the Group measures the expected cash flows from financial instruments, namely the available cash and trade receivables. The available cash resources and trade and other receivables significantly exceed the current needs of cash outflow. According to the concluded agreements all cash flows from trade and other receivables are due within 1 year.

Fair value measurement

Fair value measurement of financial instruments

Financial assets and liabilities at fair value in the consolidated financial statements of financial position are grouped into three levels according to the fair value hierarchy

This hierarchy groups is based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset that are not based on observable market data.

A financial asset is classified at the lowest level of significant inputs used in measuring fair value.

31 December 2014	Note	Level 1 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Assets					
Financial assets held for trading	a)	1 048 388	190 306	3 443	1 242 137
Financial assets available for sale	b)	231 089	-	36 943	268 032
Total		1 279 477	190 306	40 386	1 510 169
Liabilities					
Derivatives		-	578	-	578
Total		-	578	-	578

There have been no significant transfers between levels 1 and 2.

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed equity instruments

All listed equity investments are denominated in BGN and are publicly traded on the Bulgarian Stock Exchange, Sofia. Fair values have been determined by reference to their quoted bid prices at the reporting date.

b) Non-listed equity instruments

The fair value of these instruments is based on observed rates of recent market transactions with shares of similar companies, adjusted for specific factors.

c) Derivatives

When derivative financial instruments are traded on stock markets or liquid OTC markets, the Group uses the closing prices on the stock markets at the reporting date. When derivative financial instruments are not traded on active markets, the fair value of these contracts is determined by using valuation techniques using observable market data (Level 2).

d) Loans in BGN

The fair value of loans is determined by using valuation techniques.

All significant inputs to the model are based on observable market prices, namely market interest rates on similar loans with similar risk.

Fair value measurement of nonfinancial assets

The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at 31 December 2014:

31 December 2014	Level 1	Level 2	Level 3	Total
	BGN	BGN	BGN	BGN
	'000	'000	'000	'000

Investment property:

Land, building, machines and equipment	-	-	302 421	302 421
--	---	---	---------	---------

Fair value of the Company's main property assets is estimated based on appraisals performed by independent qualified valuers.

Land, buildings, machines and equipment (Level 3)

The land, buildings, machines and equipment are revaluated on 31 December 2015.

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:

	Investment properties Land, buildings, machines and equipment BGN '000
Balance at 1 January 2014	310 684
Gains or losses recognised in profit or loss	
- change in fair value of investment property	(1 211)
Acquisitions and reclassifications	30 529
Disposals and reclassifications	(37 581)
Balance at 31 December 2014	302 421
Total amount included in Income from non-financial activities as a result of unrealized gains or losses from assets held at the end of the reporting period	1 958

Capital management policies and procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide an adequate return to the shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the correlation between capital to net debt.

The Group determines the capital based on the carrying amount of the equity presented in the statement of financial position.

Net debt is calculated as total liabilities less the carrying amount of the cash and cash equivalents.

Group's goal is to maintain a capital-to-net-debt ratio in a reasonable range, which would ensure relevant and conservative ratio of financing.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The capital for the presented reporting periods is summarized as follows:

	2015	2014
	BGN '000	BGN '000
Shareholders' equity	1 517 135	1 536 537
Equity	1 517 135	1 536 537
Debt	6 027 514	5 442 637
- Cash and cash equivalents	(1 229 113)	(1 480 670)
Net debt	4 798 401	3 961 967
Capital to net debt	1:3.16	1:2.58

The increase in ratio during 2015 is primarily a result of the increase in the Group's net debt due to its bank and other activities. The Group has honoured its covenant obligations, including maintaining capital ratios.

Authorization of the Annual Consolidated Activity Report

As at 31 December 2013, the Annual Activity Report of the Group of Chimimport (including comparatives) was approved by the Managing Board on 28 April 2016.

28 April 2016

Sofia



Ivo Kamenov /Executive director/

