

Annual Consolidated Activity Report of the Group of CHIMIMPORT AD, Sofia for 2014

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 2014 – 31 December 2014.

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. Invest Capital 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 Company's share capital amounts to BGN 239 646 267 reduced with shares /ordinary and preferred/, acquired by companies within the Group to 228 183 193.

The share capital of Chimimport AD as at 31 December 2014 consists of 150 875 596 (2013: 150 875 596) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2013: 88 770 671) preferred shares with a par value of BGN 1, including 6 574 081 (2013: 6 197 175) ordinary shares 5 680 402 (2012: 5 265 899) 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.

	2014	2013
	Number of shares	Number of shares
Shares issued and fully paid at 1 January:	228 183 193	229 388 143
treasury shares /ordinary and preferred/, acquired by subsidiaries during the year	(798 909)	(1 204 950)
Shares issued and fully paid as at period end	227 384 284	228 183 193

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

Share premium

	2014	2013
	BGN'000	BGN'000
Share premium from 2009, 2007 and 2006	257 674	257 674
Change in the begging of the period	(37 745)	(37 662)
Decrease of the reserve of treasury shares by acquired by subsidiaries for the period	(747)	(83)
	219 182	219 929

In 2014 the share premium was reduced by BGN 747 thousand (2013: BGN 83 thousand) as a result of acquisition of treasury shares of subsidiaries of the Group.

As at 31 December 2014 premium reserve amounts to BGN 219 182 thousand (2013 BGN 219 929 thousand). Premium reserve is formed by the issue of privilege shares from 2009 and two issues of ordinary shares from 2007 and 2009.

The Group is engaged in the following business activities:

- Acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which interest is held;
- Bank services, finance, insurance and pension insurance;
- Securitization of real estate and receivables;
- Extraction of oil and natural gas;
- Construction of output capacity in the area of oil-processing industry, production of biodiesel and production of rubber items;
- Production and trading with oil and chemical products;
- Production of vegetable oil, purchasing, processing and trading with grain foods;
- Aviation transport and ground activities on servicing and repairing of aircrafts and aircraft engines;
- River and sea transport and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehouse activity

The subsidiaries included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2014 Percentage of consolidation	31.12.2014 Nominal percentage	31.12.2013 Percentage of consolidation	31.12.2013 Nominal percentage
Central Cooperative Bank AD	Bulgaria	Finance	82.42%	82.43%	82.31%	82.32%
Central Cooperative Bank AD – Skopje	Macedonia	Finance	71.99%	87.35%	71.90%	87.35%
ZAO Investment Corporate Bank	Russia	Finance	71.10%	86.27%	49.38%	59.75%
CCB Group EAD	Bulgaria	Finance	100.00%	100.00%	100.00%	100.00%
CCB Assets Management EOOD	Bulgaria	Finance	82.42%	100.00%	82.31%	100.00%
ZAD Armeec	Bulgaria	Finance	96.34%	96.34%	96.34%	96.34%
IC OAO Itil Armeec	Russia	Finance	96.34%	100.00%	-	-
OOO Itil Med	Russia	Finance	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.	Netherlands	Finance	100.00%	100.00%	100.00%	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Production, Trade and Services	69.79%	69.79%	69.27%	69.27%
Oil and Gas Exploration and Production AD	Bulgaria	Production, Trade and Services	50.87%	66.36%	42.98%	55.64%
Bulgarska Petrolna Rafinieria EOOD	Bulgaria	Production, Trade and Services	50.87%	100.00%	42.98%	100.00%
Slanchevichki Provadia EOOD	Bulgaria	Production, Trade and Services	69.79%	100.00%	69.27%	100.00%
Asenova Krepost AD	Bulgaria	Production, Trade and Services	53.49%	76.65%	69.20%	77.20%
PDNG Service EOOD	Bulgaria	Production, Trade and Services	50.87%	100.00%	42.98%	100.00%



Name of the subsidiary	Country of incorporation	Main activities	31.12.2014	31.12.2014	31.12.2013	31.12.2013
Izdatelstvo Geologia i Mineralni Resursi OOD	Bulgaria	Services Production, Trade and	35.61%	70.00%	30.09%	70.00%
Bulchimtrade OOD	Bulgaria	Services Production, Trade and	46.06%	66.00%	45.72%	66.00%
Chimoil Trade OOD	Bulgaria	Services Production, Trade and	41.87%	60.00%	41.56%	60.00%
Rubber Trade OOD	Bulgaria	Services Production, Trade and	41.87%	60.00%	41.56%	60.00%
Chimceltex OOD	Bulgaria	Services Production, Trade and	41.96%	60.13%	41.65%	60.13%
Texim Trading OOD	Bulgaria	Services Production, Trade and	35.59%	51.00%	35.33%	51.00%
Chimoil BG EOOD	Bulgaria	Services Production, Trade and	50.87%	100.00%	50.87%	100.00%
Zarneni Hrani Grain AD	Bulgaria	Services Production, Trade and	69.79%	100.00%	69.27%	100.00%
Dializa Bulgaria OOD	Bulgaria	Services Production, Trade and	34.89%	50.00%	34.64%	50.00%
Chimimport Pharma AD	Bulgaria	Services Production, Trade and	47.46%	68.00%	47.10%	68.00%
Natsionalna Stokova Borsa	Bulgaria	Services Production, Trade and	75.00%	75.00%	75.00%	75.00%
Asela AD	Bulgaria	Services Production, Trade and	35.56%	51.39%	35.56%	51.39%
AK Plastic OOD	Bulgaria	Services Production, Trade and	68.51%	99.00%	68.51%	99.00%
Prime Lega Consult OOD	Bulgaria	Services Production, Trade and	70.00%	70.00%	70.00%	70.00%
AH HGH Consult OOD	Bulgaria	Services Production, Trade and	59.34%	59.34%	59.34%	59.34%



Name of the subsidiary	Country of incorporation	Main activities	31.12.2014	31.12.2014	31.12.2013	31.12.2013
Omega Finance OOD	Bulgaria	Production, Trade and Services	67.00%	96.00%	61.80%	96.00%
Medical Center Health Medica OOD	Bulgaria	Production, Trade and Services	-	-	90.00%	90.00%
IT Systems Consult EOOD	Bulgaria	Production, Trade and Services	69.79%	100.00%	66.74%	100.00%
Bulchimex GmbH	Germany	Production, Trade and Services	100.00%	100.00%	100.00%	100.00%
Technokapital AD	Bulgaria	Production, Trade and Services	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	79.54%	81.05%	82.21%	83.72%
Port Balchik AD	Bulgaria	Sea and River Transport	77.90%	100.00%	74.27%	100.00%
Port Lesport AD	Bulgaria	Sea and River Transport	99.00%	99.00%	99.00%	99.00%
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	77.49%	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	43.75%	55.00%	45.22%	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	79.54%	100.00%	82.21%	100.00%
Blue See Horizion corp.	Seychelles	Sea and River Transport	79.54%	100.00%	82.21%	100.00%
Interlihter EOOD	Slovakia	Sea and River Transport	79.54%	100.00%	82.21%	100.00%
Bulgarian Airways 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	Bulgaria	Aviation Transport	100.00%	100.00%	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%
Triplan Architects EOOD	Bulgaria	Construction and	-	-	83.20%	100.00%

Name of the subsidiary	Country of incorporation	Main activities	31.12.2014	31.12.2014	31.12.2013	31.12.2013
Energoproekt Utilities OOD	Bulgaria	engineering Construction and engineering	42.43%	51.00%	42.43%	51.00%
Golf Shabla AD	Bulgaria	Real Estate	33.06%	65.00%	27.94%	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 AD	Bulgaria	Real Estate	88.90%	88.90%	-	-

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

Name segment	Accumulated non-controlling interest	
	2014	2013
	BGN'000	BGN'000
Finance sector	67 635	69 324
Production, trade and services	131 161	130 781
Transport	17 247	14 713
Real Estate	20 407	20 561
Construction and engineering	766	611
	237 216	235 990

In 2014, dividends paid to non-controlling interest amount to BGN 4 722 thousand.

Summary of financial information of the assets and liabilities before intra-group eliminations is disclosed in Segment Reporting from the consolidated financial statement

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 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%

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 2013	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	18.91%	65.14%	15.62%	0.26%	0.08%

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

Operating segments 31 December 2014	Production, trade and services BGN '000	Financial sector BGN '000	Transport sector BGN '000	Real estate sector BGN '000	Construction and engineering sector BGN '000	Elimination BGN '000	Consolidated BGN '000
Income from non-financial activities from external customers	105 612	29 035	360 319	326	7 011	2 362	504 665
Change in fair value of investment property	(1 150)	3 425	15 062	-	-	25	17 362
Profit from the sale of non-current assets	2 000	6 926	1 240	-	1 470	6 339	17 975
Inter-segment income from non-financial activities	22 017	3 862	4 689	-	823	(31 391)	-
Total income from non-financial activities	128 479	43 248	381 310	326	9 304	(22 665)	540 002
Result from non-financial activities	12 543	39 577	8 059	(161)	992	5 130	66 140
Insurance income from external customers	-	498 725	-	-	-	-	498 725
Inter-segment insurance income	-	5 552	-	-	-	(5 552)	-
Total insurance income	-	504 277	-	-	-	(5 552)	498 725
Result from insurance	-	17 567	-	-	-	(4 875)	12 692
Interest income	9 088	246 230	14 598	529	218	(41 570)	229 093
Interest expenses	(11 624)	(148 856)	(13 495)	(38)	(647)	41 570	(133 090)
Result from interest	(2 536)	97 374	1 103	491	(429)	-	96 003
Gains from transactions with financial instruments from external customers	13 028	483 637	9 955	-	-	(26 167)	480 453
Inter-segment change with financial instruments.	8 672	3 215	1 188	-	15	-	13 090
Total income from financial activities	21 700	486 852	11 143	-	15	(26 167)	493 543
Result from transactions with financial instruments	21 251	65 764	10 648	-	15	(24 316)	73 362
Administrative expenses	(7 627)	(203 011)	(11 772)	-	-	16 784	(205 626)
Gain from investments accounted for under the equity method	60	-	15 356	-	-	-	15 416
Other financial income/ expense	110	84 393	(1 311)	(4)	(115)	(823)	82 250
Profit for allocating insurance batches	-	(55 151)	-	-	-	-	(55 151)
Profit for the period before tax	23 801	46 513	22 083	326	463	(8 100)	85 086
Tax expenses	(1 367)	(5 491)	361	(42)	(51)	(15)	(6 605)
Net profit for the year	22 434	41 022	22 444	284	412	(8 115)	78 481

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

	2014 BGN'000	2013 BGN'000	Change
Income from sale of plane tickets	280 465	288 318	(2.72%)
Income from sale of finished goods	68 693	72 276	(4.96%)
Income from services rendered	53 635	67 262	(20.26%)
Income from sale of trading goods	43 840	50 674	(13.49%)
Other	58 032	41 281	40.58%
	504 665	519 811	

Expenses for non-financial activities

	2014 BGN'000	2013 BGN'000	Change
Hired service expense	(205 594)	(209 141)	(1.70%)
Cost of materials	(136 528)	(143 777)	(5.04%)
Carrying amount of goods sold	(45 293)	(47 850)	(5.34%)
Employee expense	(34 423)	(35 589)	(3.28%)
Depreciation, amortization and impairment of non-financial assets	(26 023)	(16 819)	54.72%
Change in the stock from work in progress	(399)	(379)	5.28%
Other Expenses	(25 602)	(1 943)	1217.65%
	(473 862)	(455 498)	

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

	2014 BGN '000	2013 BGN '000	Change
Gain on change in fair value of investment properties	18 557	263	6 955.89%
Loss from change in fair value of investment properties	(1 195)	(4)	29 775.00%
Net effect of changes in fair value of investment properties	17 362	259	

Gain on sale of non-current assets

	2014 BGN '000	2013 BGN '000	Change
Proceeds from sale of non-current assets	56 130	44 521	26.08%
Carrying amount of non-current assets sold	(38 155)	(37 366)	2.11%
	17 975	7 155	

Insurance income

	2014 BGN '000	2013 BGN '000	Change
Insurance premium income	220 826	174 704	26.40%
Income from released insurance reserves	211 863	176 106	20.30%
Income from reinsurance operations	55 986	29 204	91.71%
Regression income	7 987	7 288	9.59%
Other insurance income	2 063	149	1284.56%
	498 725	387 451	

Insurance expense

	2014 BGN '000	2013 BGN '000	Change
Expenses for insurance reserves set aside	(255 991)	(202 279)	26.55%
Indemnities paid off	(122 874)	(80 754)	52.16%
Reinsurance expenses	(37 527)	(32 151)	16.72%
Acquisition expenses	(48 128)	(35 411)	35.91%
Liquidation of damages expenses	(4 610)	(3 336)	38.19%
Other insurance expenses	(16 903)	(12 049)	40.29%
	(486 033)	(365 980)	

	2014 BGN '000	2013 BGN '000	Change
Interest income by types of sources:			
Legal entities	153 715	162 582	(5.45%)
Government securities	35 565	32 985	7.82%
Banks	8 449	8 526	(0.90%)
Individuals	30 376	30 474	(0.32%)
Other	988	535	84.67%
	229 093	235 102	

	2014	2013	Change
	'000 AB	'000 AB	
Interest expenses by depositors:			
Legal entities	(39 354)	(55 393)	(28.95%)
Individuals	(78 874)	(78 032)	1.08%
Banks	(9 627)	(8 095)	18.93%
Other	(5 235)	(595)	779.83%
	(133 090)	(142 115)	

Gains from transactions with financial instruments

	2014	2013	Change
	BGN '000	BGN '000	
Revaluation of financial instruments	460 085	388 189	18.52%
Gains from transactions with securities	23 964	26 757	(10.44%)
Income from financial instruments dividends	5 342	4 396	21.52%
Other	4 152	-	100.00%
	493 543	419 342	

Losses from transactions with financial instruments

	2014	2013	Change
	BGN '000	BGN '000	
Revaluation of financial instruments	(404 752)	(339 490)	19.22%
Losses from transactions with securities	(15 329)	(7 247)	111.52%
Other	(100)	(2)	4900.00%
	(420 181)	(346 739)	

Administrative expenses

	2014	2013	Change
	BGN '000	BGN '000	
Employee benefits expense	(76 324)	(70 239)	8.66%
Hired services expense	(63 431)	(66 316)	(4.35%)
Depreciation and amortization	(35 051)	(33 943)	3.26%
Cost of materials	(6 618)	(6 676)	(0.87%)
Other	(24 340)	(35 193)	(30.84%)
	(205 626)	(212 367)	



Employee benefits expense

	2014 BGN '000	2013 BGN '000	Change
Wages expense	(94 307)	(90 215)	(4.54%)
Social security costs	(16 440)	(15 613)	(5.30%)
Employee benefits expense	(110 747)	(105 828)	

Gain on acquisitions

	2014 BGN '000	2013 BGN '000	Change
Silver Wings Bulgaria OOD	-	724	(100%)

Other financial income, net

	2014 BGN '000	2013 BGN '000	Change
Revenue from fees and commissions, net	50 263	45 389	10.74%
Net result from foreign exchange differences	23 221	3 146	638.11%
Other	8 766	17 139	(48.85%)
	82 250	65 674	

Fees and commissions income

	2014 BGN '000	2013 BGN '000	Change
Bank transfers in Bulgaria and abroad	22 737	21 942	3.62%
Servicing of deposit accounts	9 326	10 696	(12.81%)
Servicing loans	1 816	1 864	(2.58%)
Servicing commitments and contingencies	1 204	1 240	(2.90%)
Other fees and commissions income, different from banks	12 470	10 359	20.38%
Other income	11 763	7 247	62.32%
Total revenue from fees and commissions	59 316	53 348	

Fees and commissions expense

	2014 BGN '000	2013 BGN '000	Change
Bank transfers in Bulgaria and abroad	(5 780)	(5 375)	7.53%
Servicing accounts	(1 388)	(1 125)	23.38%
Release of precious parcels	(231)	(203)	13.79%
Transactions with securities	(130)	(73)	78.08%
Other fees and commissions expenses, different from banks	(67)	(427)	(84.31%)
Other expenses	(1 457)	(756)	92.72%
Total fees and commissions expenses	(9 053)	(7 959)	

Important Research and Development

The Group did not appoint or perform any important research and development activities during 2014

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 2013, 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

	2014 BGN '000	2013 BGN '000
Sale of goods and services, interest income and other income		
- <i>interest income</i>		
Invest Capital AD	9 159	11 302
Purchase of services, interest expense and other expenses		
- <i>purchase of services</i>		
Invest Capital AD	(21)	-
- <i>interest expense</i>		
Invest Capital AD	(5)	(3)

Transactions with associates and other related parties under common control

	2014 BGN'000	2013 BGN'000
Sale of goods and services, interest income and other income		
- <i>sale of work in progress</i>		
Kavarna Gas OOD	1 251	1 021
Chimsnab Trade OOD	488	484
- <i>sale of finished goods</i>		
Fraport TSAM AD	1 090	1 265
VTC AD	273	285
Aviation Company Hemus Air EAD	259	114
Chimsnab Trade OOD	4	1
Other	34	2
- <i>sale of services</i>		
Lufthansa Technik Sofia OOD	3 112	2 841
CCB Lider DF	603	537
CCB Aktiv DF	481	433
Swissport Bulgaria AD	202	12
Balkan Tours OOD	61	54
Neochim AD	48	48

Sale of goods and services, interest income and other income	2014	2013
	BGN'000	BGN'000
CCB Garant VF	23	22
Aviation Company Hemus Air EAD	12	67
Other	71	66
<i>- interest income</i>		
Aviation Company Hemus Air EAD	9 513	8 362
Invest Capital Asset Management EAD	661	-
Niko Commerce EAD	511	587
Konor GmbH	276	833
Varna Ferry OOD	119	88
Lufthansa Technik Sofia OOD	52	-
Fraport TSAM AD	6	20
M Car OOD	4	-
Other	88	234
<i>- other income</i>		
Aviation Company Hemus Air EAD	1 075	966
Bulgaria On Air OOD	-	648
Lufthansa Technik Sofia OOD	196	462
Other	54	52
Purchases of services and interest expense		
<i>-purchases of services</i>		
Lufthansa Technik Sofia OOD	(9 238)	(8 316)
Fraport TSAM AD	(6 060)	(6 103)
Swissport Bulgaria AD	(3 648)	(774)
Silver Wings Bulgaria OOD	(3 099)	(1 566)
Aviation Company Hemus Air EAD	(937)	(2 603)
Varna Cars OOD	(3)	(121)
Bulgaria On Air OOD	-	(1 097)
Other	(14)	(35)
<i>-interest expense</i>		
Niko Comers AD	(200)	(132)
Fraport TSAM AD	(100)	(36)
Invest Capital Asset Management EAD	(36)	(7)
Dobrichki panair AD	(26)	(35)
Amadeus Bulgaria OOD	(13)	(18)
CCB Cyprus	-	(62)
Other	(31)	(99)

Transactions with key management personnel

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

Transactions with key management personnel include the following:

	2014 BGN '000	2013 BGN '000
Short-term employee benefits:		
Salaries, including bonuses	(339)	(2 411)
Social security costs	(18)	(28)
Group car allowance	(1)	(6)
Total short-term benefits	(358)	(2 445)

Related party balances at year-end

	2014 BGN'000	2013 BGN'000
Non-current receivables from:		
- <i>owners</i>		
Invest Capital AD	2 762	2 200
	2 762	2 200
- <i>associates</i>		
Lufthansa Technik Sofia OOD	2 347	2 959
Varna Ferry OOD	2 433	1 993
	4 780	4 952
- <i>other related parties</i>		
Aviation Company Hemus Air EAD	11 998	99
PFK Chernomore AD	2 601	1 564
	14 599	1 663
Total non-current receivables from related parties	22 141	8 815

	2014 BGN'00	2013 BGN'000
Current receivables from:		
- <i>owners</i>		
Invest Capital AD	125 786	141 649
	125 786	141 649
- <i>associates</i>		
Varna Ferry OOD	1 173	-
Lufthansa Technik Sofia OOD	713	355
Kavarna Gas OOD	686	629
Fraport TSAM AD	139	151
VTC AD	-	1
	2 711	1 136

- other related parties

Aviation Company Hemus Air EAD	125 144	115 178
Konor GmbH	11 164	9 828
Niko Comers OOD	4 156	7 784
Consortium Energoproekt – Royal Haskoning	1 416	1 415
Varna Cars OOD	788	-
M Car OOD	177	58
PFC Chernomore AD	158	143
Via Intercar 2007	139	364
Chimsnab Trade OOD	65	37
Other	868	213
	144 075	135 020
Total current receivables from related parties:	272 572	277 805

	2014 BGN'000	2013 BGN'000
Non-current payables to:		
<i>-owners</i>		
Invest Capital AD	2	2
<i>- associates</i>		
VTC AD	1429	1 491
Nuance BG AD	432	162
Amadeus Bulgaria OOD	139	127
Fraport TSAM AD	90	1 719
Kavarna Gaz OOD	-	6
Lufthansa Technik Sofia OOD	-	1
	2 090	3 506
<i>- other related parties</i>		
Swissport Bulgaria AD	176	-
M Car OOD	159	164
Varna Cars OOD	94	62
Chimsnab Trade OOD	31	20
Invest Capital Asset Management EAD	20	3
Capital Invest EAD	11	21
Aviation Company Hemus Air EAD	-	1
Other	67	344
	558	615
Total non-current payables to related parties:	2 650	4 123

Current payables to:

	2014 BGN'000	2013 BGN'000
<i>-owners</i>		
Chiminvest Institute	-	1
Invest Capital AD	355	12 593
	355	12 594
<i>-associates</i>		
Fraport TSAM AD	2 288	7 176

Lufthansa Technik Sofia OOD	2 212	3 140
Silver Wings Bulgaria OOD	1 226	988
Swissport Bulgaria AD	942	445
Dobrichki panair AD	750	986
VTC AD	680	1 490
Amadeus Bulgaria OOD	478	478
Nuance BG AD	338	126
	8 914	14 829
<i>- other related parties</i>		
Niko Comers AD	2 290	1 827
Consortium Energoproekt – Royal Haskoning	1 900	1 900
Invest Capital Asset Management EAD	446	242
M Car OOD	347	202
Varna Cars	100	
Capital Invest EAD	29	8
Chimsnab Trade OOD	26	4
Other	507	2 028
	5 645	6 211
Total current payables to related parties:	14 914	33 634

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 2014

Information Non-cash transactions

During the reporting periods the Group had certain transactions which did not involve cash or cash equivalents and which are not reported under cash flows from financing activities in the statement of cash flows:

The Group has offset dividends payable on preferred shares against receivables from some of its shareholders amounting to BGN 14 179 for 2014 (13 614 thousand for 2013).

Information regarding off-balance transactions

As at 31 December 2014 and 2013 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.

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

	2014	2013
	BGN '000	BGN '000
Bank guarantees in:		
- BGN	51 484	33 636
- foreign currency	30 609	30 678
• Irrevocable commitments	104 273	108 698
• Other contingent liabilities	208	241
Total contingent liabilities	186 547	173 253

Other bank guarantees issued by DKS Bank EAD are as follows:

- For the sum of EUR 50 000, guaranteeing the activities of environmental protection and reclamation of damaged as a result of geological terrains activities in Block 1-12 Knezha, Bulgarian land. The bank guarantee is valid until 30.06.2015;
- In connection with the expiration of validity of the bank guarantee, issued by the "DSK Bank" EAD on 03.04.2013, a new bank guarantee in the amount of EUR 44 000 was issued, guaranteeing the execution of the work program of the Group for the third year of the term of the prospecting and exploration of crude oil and natural gas in Block 1-12 Republic, Bulgarian land.

The Group is party to bank guarantees issued by UniCredit Bulbank totaling BGN 121 thousand The guarantees are valid until 30.11.2030.

Under the concluded contract with Texim Bank AD for issuance of bank guarantees, the Group has provided bank guarantees in the amount of BGN 576 thousand

The Group shall provide and maintain confirmed, unconditional, irrevocable bank guarantee in the amount of BGN 100 thousand to ensure proper performance under contract to provide access for port services in a port for public transport of regional importance "Pristis".

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 160 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.

The Company maintains a counter bank guarantee in the amount of BGN 44 thousand to a bank guarantee for the implementation of an investment program for the first investment year.

Commitments

At the date of preparation of the consolidated financial statements, the Group has assumed the following commitments:

- As of 31 December 2014 a commitment to the provision of port services in a port for public transport with regional importance - Port "Pristis" for a period of not more than 5 years is effective. The Group undertakes to implement an annual traffic for each year of the contract period as follows: 1 510 Ship visits and 23 050 passengers. As of 31 December 2014 annual traffic was carried as follows: 1 092 ship visits and 39 443 passengers
- Concession Agreement for Port Terminal - Balchik: Investment Program in the amount no less than BGN 3 475 thousand
- The agreement with the Ministry of Transport, Information Technology and Communications, on concession service on port terminal "Vidin - North" and port terminal "Ferry complex Vidin" parts of the port for public transport of national importance Vidin, is for a period of 30 years.
- Contract for the concession of port terminal "Lesport" for a period of 30 years from 3 May 2006: Investment Program; - For the entire period - amounting to no less than BGN 129,010 thousand
- Agreement with the Ministry of Transport, Information Technology and Communications, on a service concession for the provision of a service concession on Port Terminal "Republic", part of the port for public transport of national importance Ruse is for a period of 35 years.

- The Group has a commitment to bring its activities in compliance with environmental standards pursuant to Directive 97/68 Level II of the European Union to reduce greenhouse gas emissions, as well as based on the Regulations for Protection of the Danube River from pollution navigation
- Agreement for the concession of "Port Terminal Lom" for a period of 35 years. The investment program for the second contract year in relation to obligations for investment covers the period 01.01.2015 - 31.12.2015 and amounts to BGN 2 100 thousand
- In 2015, the Company shall make a total investment of BGN 339 thousand for the eighth concession year of the concession in the following areas
 - Direction serviceability totaling BGN 195 thousand
 - Direction Consultation on the implementation of the concession contract in the amount of BGN 144 thousand

The term of the investments is 31 December 2015

Contingent liabilities for the Group's associates

Bank guarantees:

Bank guarantee in favor of CTM Sofia Airport in the amount of BGN 8 700 thousand

Bank guarantee in connection with the concession contract for the airports in Varna and Bourgas in the amount of BGN 15,000 thousand.

Commitments:

- Fraport Twin Star Airport Management AD is a concessionaire under the contract for the modernization and operation of Civil airport for public use "Burgas" and Civil airport for public use "Varna" with a 35 years period starting from 2006. Obligations under the investment program amounting to the higher of the two amounts: 19.2% of revenues or contractually guaranteed minimum annual fee and others.

During the year various legal claims to and from the Group were issued. With the exception of those that have already accrued provisions, the Group's management believes that the claims made claims are unfounded and that they tend to cost for the Group at their settlement is small. This assessment of the management is supported by the opinion of independent legal counsel. None of the above claims has not been exposed here in detail, in order not to have a serious impact on the Group's position in resolving them.

Information regarding shares of the issuer, its major investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as investments in securities outside its economic group and the sources / methods of financing

Information on changes in long-term and short-term investments of the Group:

Changes in investments in subsidiaries

Changes to the controlling interests

Acquisitions

Acquisition of OAO SK Itil Armeec

On 31.03.2014 the Group gained control over the company OAO SK Itil Armeec based in the town. of Kazan, Russian Federation through the purchase of 100% (restated 96.34%) of its equity and rights aloud in the company.

The total acquisition price amounted to BGN 12 126 thousand and includes the following components:

	BGN'000
Purchase price paid by offsetting a cession agreement	12 126
Total remuneration	12 126

The allocation of purchase price to the acquired assets and liabilities of the company OAO SK Itil Armeec was committed in 2014. The value of each group of assets acquired and liabilities recognized at the acquisition date is presented as follows:

	Acquired amount as at the date of acquisition BGN'000
Property, Plant and Equipment	1 879
Intangible Assets	6 181
Financial assets held for trading	12 729
Inventories	429
Financial assets and other receivables	5 731
Cash and cash equivalents	10 151
Insurance reserves	(19 669)
Obligations under insurance and reinsurance contracts and other obligations	(4 844)
Net identifiable assets and liabilities	12 587
Non-controlling interest	(461)
Fair value of identifiable net assets acquired by the Group	12 126

As a result of the business combination there is no termination or modification of the company.

	BGN'000
Total remuneration	12 126
Fair value of identifiable net assets acquired by the Group	(12 126)
Net cash inflow from acquisition	-

	BGN'000
Transferred remuneration paid in cash	-
Amount of acquired cash and cash equivalents	10 151
Net cash inflow from acquisition	10 151

Acquisition of controlling interest in Technoimpeks AD

In 2014 the Group acquired control over the company Technoimpex 98 AD, infused in its subsidiary Technoimpex AD in 2014 with headquarters in the city of Sofia through the purchase of shares by the majority owner, with the result that the Group now owns 88.90% of its equity and rights aloud in company.

The total cost for the Group amounted to BGN 480 thousand, whose allocation to the acquired assets and liabilities of the companies Technoimpex AD committed in 2014. The value of each group of assets acquired and liabilities recognized at the acquisition date is presented as follows:

	Acquired amount as at the date of the acquisition
	BGN'000
Goodwill	1 472
Investment property	174
Other Assets	32
Liabilities	(1 138)
Net amount of the assets	540
Non-controlling interest	(60)
Fair value of identifiable net assets acquired by the Group	480
	BGN'000
Total remuneration	480
Fair value of identifiable net assets acquired by the Group	(480)
Result from acquisition	-
	BGN'000
Transferred remuneration paid in cash	-
Amount of the acquired cash and cash equivalents	-
Net cash outflow from acquisition	-

Acquisition of controlling interest in Tehnocapital AD

In 2014, the Group acquired control over the company Tehnocapital AD seated in the city of Sofia through the purchase of shares by the majority owner, with the result that the Group now owns 88.90% of its equity and rights aloud in company.

The total cost for the Group amounts to BGN 140 thousand. The value of each group of assets acquired and liabilities recognized at the acquisition date is presented as follows:

	Acquired amount as at the date of the acquisition
	BGN'000
Property, Plant and Equipment	1
Other Assets	618
Cash	22
Liabilities	(391)
Net amount of the assets	250
Non-controlling interest	(110)
Fair value of identifiable net assets acquired by the Group	140
	BGN'000
Total remuneration	140
Fair value of identifiable net assets acquired by the Group	(140)
Result from acquisition	-
	BGN'000
Transferred remuneration paid in cash	(140)
Amount of the acquired cash and cash equivalents	22
Net cash outflow from acquisition	(118)

Acquisition of non-controlling interest in ZAO Corporate Invest Bank

In 2014, the Group acquired additional equity in the amount 26.52% in its subsidiary ZAO Corporate Investment Bank for the amount of BGN 1 126 thousand, thus increasing its controlling interest of 71.10% (consolidation).

The carrying value of the net assets of the newly acquired subsidiary ZAO Investment Corporate Bank recognized at the date of acquisition in the consolidated financial statements amounts to BGN 5 356 thousand. The Group recognized a reduction in non-controlling interest amounting to BGN 5 356 thousand and an increase in retained earnings amounting to BGN 4 230 thousand.

	BGN'000
Total consideration transferred	(1 126)
Additional share acquired in the net assets of ZAO Corporate Invest Bank	5 356
Increase in retained earnings	4 230

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

In 2014, the Group acquired additional equity in the amount 10.72% in its subsidiary Exploration and Production of Oil and Gas AD for the amount of BGN 13 492 thousand, thus increasing its controlling interest of 50.87% (consolidation).

The carrying value of the net assets of the newly acquired subsidiary Exploration and Production of Oil and Gas AD recognized at the date of acquisition in the consolidated financial statements amounts to BGN 9 627 thousand. The Group recognized a reduction in non-controlling interest amounting to BGN 9 627 thousand and a reduction of retained earnings amounting to BGN 3 865 thousand.

	BGN'000
Total consideration transferred	(13 492)
Additional share acquired in the net assets of Exploration and Production of Oil and Gas AD	9 627
Decrease in retained earnings	(3 865)

Acquisition of non-controlling interest in Central Cooperative Bank AD

In 2014, the Group acquired additional equity in the amount 0.11% in its subsidiary Central Cooperative Bank for the amount of BGN 161 thousand thus increasing its controlling interest to 82.42% (consolidation).

The carrying value of the net assets of the newly acquired assets of the subsidiary Central Cooperative Bank AD, recognized at the acquisition date of the financial statement, amounts to BGN 388 thousand. The Group recognizes a reduction in non-controlling interests amounting to BGN 388 thousand and an increase in retained earnings with BGN 227 thousand.

	BGN'000
Total consideration transferred	(161)
Additional share acquired in the net assets of Central Cooperative Bank AD	388
Increase in retained earnings	227

Acquisition of non-controlling interest in Zurneni Hrani Bulgaria AD

In 2014, the Group acquired additional equity in the amount 0.52% in its subsidiary Zurneni Hrani Bulgaria AD for the amount of BGN 649 thousand, thus increasing its controlling interest to 69.79% (consolidation).

The carrying value of the net assets of the newly acquired subsidiary Zurneni Hrani Bulgaria AD recognized at the acquisition date of the financial statements, amounts to BGN 1 202 thousand. The Group recognizes a reduction in non-controlling interest amounting to BGN 1 202 thousand and an increase in retained earnings amounting to BGN 553 thousand.

	BGN'000
Total consideration transferred	(649)
Additional share acquired in the net assets of Zurneni Hrani Bulgaria AD	1 202
Increase in retained earnings	553

Sale of part of non-controlling interest in Parahodstvo bulgarsko rechno plavane AD

In 2014, the Group sold equity amounting to 2.67% in its subsidiary Parahodstvo bulgarsko rechno plavane AD for the amount of BGN 1 565 thousand. Thereby reducing its controlling interest to 79.54%.

The carrying value of the net assets of the subsidiary Parahodstvo bulgarsko rechno plavane AD recognized at the date of sale in the consolidated financial statements as an increase in non-controlling interest amounts to BGN 1 834 thousand. The Group recognizes a reduction of retained earnings amounting to BGN 269 thousand.

	BGN'000
Total consideration transferred	1 565
Additional share acquired in the net assets of Parahodstvo bulgarsko rechno plavane AD	(1 834)
Decrease in retained earnings	(269)

Sale of parts of controlling interest in Asenova Krepost AD

In 2014, the Group sold equity amounting to 0.55% in its subsidiary Asenova Krepost AD for the amount of BGN 176 thousand. Thereby reducing its controlling interest to 53.49%.

The carrying value of the net assets of the subsidiary Asenova Krepost AD recognized at the date of sale in the consolidated financial statements as an increase in non-controlling interests amounts to BGN 130 thousand. The Group recognized an increase in retained earnings in the amount of BGN 46 thousand

	BGN'000
Total consideration transferred	176
Additional share sold in the net assets of Asenova Krepost AD	(130)
Increase in retained earnings	46

Investments accounted for using equity method

Investments in associates

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

Name of associate	2014	Share	2013	Share
	BGN '000		BGN '000	
Fraport TSAM AD	117 021	40.00%	107 726	40.00%
Lufthansa Technik Sofia OOD	6 038	24.90%	7 971	24.90%
VTC AD	2 541	41.00%	3 886	41.00%
Amadeus Bulgaria OOD	3 140	45.00%	3 762	45.00%
Silver Wing Bulgaria OOD	5 656	42.50%	3 468	42.50%
Swissport Bulgaria	2 933	49.00%	1 565	49.00%
Dobrich fair AD	695	39.98%	1 320	37.92%
Kavarna Gas OOD	466	35.00%	583	35.00%
	138 490		130 281	

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:

	2014	2013
	BGN '000	BGN '000
Assets	550 692	548 948
Liabilities	(350 542)	(368 870)
Revenues	246 082	307 237
Profit for the period	40 398	37 009
Profit attributable to the Group	<u>15 416</u>	<u>13 778</u>

As at 31 December 2014 the Group holds 39.98% (2013: 37.92%) of the rights aloud and equity of the company Dobrich Fair AD.

On 18 June 2014 the Group acquired 40 shares, representing 2.06% of the capital of Dobrich Fair AD for the sum of BGN 60 thousand.

In 2014 by the General Meeting of Shareholders of Dobrich Fair reduced the share capital by reduction of the nominal value of the issued 1 946 shares with voting aloud, respectively from BGN 1 000 nominal value of each share to BGN 100 nominal value of each share.

In 2014 the Group received dividends from its associated enterprises amounting to BGN 6 393 thousand.

Investments in joint ventures

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

Company name	2014	Share %	2013	Share %
	BGN '000		BGN '000	
Nuance BG AD	1 036	50.00%	727	50.00%
Varna ferry OOD	-	50.00%	313	50.00%
	<u>1 036</u>		<u>1 040</u>	

Investment in Varna Ferry OOD is completely impaired during the period. In the above 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:

	2014	2013
	BGN '000	BGN '000
Assets	40 302	32 269
Liabilities	(2 842)	(9 872)
Revenues	41 193	6 265
Profit / (Loss) for the period	(8 767)	134
Profit / (Loss) attributable to the Group	<u>(4 384)</u>	<u>67</u>

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	
	2014	2013	2014	2013
	BGN '000	BGN '000	BGN '000	BGN '000
Financial liabilities measured at amortized cost:				
Liabilities to depositors	3 092 272	2 633 684	755 990	712 690
Liabilities for dividends	14 127	15 544	20 545	32 303
Bonds and debenture loan	3 980	4 625	174 571	169 789
Bank loans	39 060	59 344	44 300	95 287
Other borrowings	31 798	57 636	5 188	7 813
Insurance contract liabilities	15 946	15 639	-	-
Derivatives, held-for-trading	2 633	10 860	-	-
Deposits from banks	17 875	22 722	620	620
Cession liabilities	36 195	16 109	49 310	-
Liabilities under repurchase agreements	1 408	-	-	-
Total carrying amount	3 255 294	2 836 163	1 050 524	1 018 502

Liabilities to depositors

Analysis by term and type of currency:

	2014	2013
	BGN '000	BGN '000
Demand deposits		
in BGN	669 282	552 574
in foreign currency	166 728	182 833
	<u>836 010</u>	<u>735 407</u>
Term deposits		
in BGN	1 003 280	1 042 318
In foreign currency	973 455	1 048 102
	<u>1 976 735</u>	<u>2 090 420</u>
Savings accounts		
in BGN	685 529	339 603
in foreign currency	329 423	152 564
	<u>1 014 952</u>	<u>492 167</u>
Other deposits		
in BGN	13 217	20 115
in foreign currency	7 348	8 265
	<u>20 565</u>	<u>28 380</u>
Total liabilities to depositors	3 848 262	3 346 374

	2014	2013
Analysis by type client and type of currency:	BGN '000	BGN '000
Individual deposits		
in BGN	1 702 868	1 271 031
in foreign currency	1 205 867	982 655
	<hr/>	<hr/>
	2 908 735	2 253 686
Legal entities deposits		
in BGN	646 751	611 320
in foreign currency	270 198	450 595
	<hr/>	<hr/>
	916 949	1 061 915
Deposits of other institutions		
in BGN	13 464	20 983
in foreign currency	9 114	9 790
	<hr/>	<hr/>
	22 578	30 773
Total liabilities to other depositors	<hr/> <hr/>	<hr/> <hr/>
	3 848 262	3 346 374

Dividend liabilities

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

	Current		Non-current	
	2014	2013	2014	2013
	BGN '000	BGN '000	BGN '000	BGN '000
Dividend liabilities	14 127	15 544	20 545	32 303
	<hr/>	<hr/>	<hr/>	<hr/>
	14 127	15 544	20 545	32 303

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 2014 and 2013 Chimimport AD distributed to its shareholders, holders of preferred shares, guaranteed dividend in the amount of BGN 16 606 thousand (2013: BGN 16 684 thousand) or BGN 0.1998 per a privileged share.

Bonds and debenture loans

	Current		Non-current	
	2014	2013	2014	2013
	BGN '000	BGN '000	BGN '000	BGN '000
Chimimport Holland B.V.	3 442	3 442	147 302	142 156
CCB AD	-	-	15 534	15 898
Asenova Krepost AD	538	1 183	11 735	11 735
	3 980	4 625	174 571	169 789

Chimimport Holland B.V. – bonds

On 22 August 2008 the Group by its subsidiary Chimimport Holland B.V. has issued *a debenture loan, amounting to EUR 65 million with a 7-year maturity. The loan is with attached coupons bearing a fixed annual interest rate amounting to 7%, as the coupon payments are carried out twice a year, respectively on 22 February and on 22 August. According to the call option in the contract, agreed upon with Invest Capital AD, the bonds can be exchanged with ordinary shares of Chimimport AD with par value of BGN 1.00. The redemption of the bonds will be carried out on 22 August 2016 and the price of the redemption will be 118.9% of the total amount of the debenture loan.

According to Condition 8 (c) from the Terms and Conditions of the issued by Chimimport Holland B.V. bonds as at 31 December 2011 and 31 December 2009, each debenture holder has the right to claim the repurchase right for all or a portion of the bonds. The repurchase right could have been exercised on 22 August 2012. On 22 August 2012, none of the repurchase rights were exercised. The next date for exercising the right is 22 August 2016.

The fair value of the bonds as of the issue date is EUR 65 000 thousand. The expenditures that are directly attributable to the issue of the bonds – amounting to EUR 2 737 thousand, are deducted from the value of the principal of the bonds.

The value of the redemption and the respective expenditures, related to the bonds are accounted for on the basis of effective interest rate - 9.787968312%, applied to the principal, amounting to EUR 65 000 thousand. The market value of the bonds and the effective interest rate are calculated based on the method of discounted cash flows. The bonds are valued using the amortized value. In favor of the bond holders 11.6 million ordinary shares of Chimimport AD, owned by the main shareholder “Invest Capital” AD, are pledged as collateral.

As at 31 December 2014 the Group’s liability to bondholders amounts to BGN 150 774 (2013 BGN 145 598 thousand).

Asenova Krepost AD – debenture loan

On 2 February 2009, the Company has announced a release for bond issue at the amount of BGN 11 735 thousand (EUR 6 million) for 6 000 bonds with nominal value amounting to EUR 1 thousand each. The debenture loan is maturing on 30 January 2015. The interest expense on the debenture loan for the reporting period amounts to BGN 1 291 thousand. Other related expenses, amounting to BGN 50 thousand are included in the consolidated statement of profit or loss and other comprehensive income within ‘Interest expense’.

The debenture loan is secured by insurance ‘Financial Risk’ in favor of the bank trustee Eurobank EFG Bulgaria. The risk exposure amounts to EUR 9 960 thousand, including single risk exposure to a six month coupon interest rate amounting to EUR 330 thousand for each maturity of the interest payment and single

exposure of the principal at maturity of the Debenture emission on 30 January 2015 amounting to EUR 6 000 thousand.

The issue costs amounting to BGN 3 thousand are included in the initial valuation of the liability and are deducted from the amount of the financial liability. They are recognized as current finance cost on a straight line basis.

The carrying amount of the bond issue at 31 December 2014 is BGN 12 273 thousand (2013 BGN 12 918 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	
	2014	2013	2014	2013
	BGN '000	BGN '000	BGN '000	BGN '000
Bank loans	39 060	59 344	44 300	95 287

Long - term bank loans

	2014	2013
	BGN '000	BGN '000
Revolving and investment bank credits	44 300	88 215
Program for special purpose refinancing of commercial banks	-	7 072
Other bank loans	-	-
	44 300	95 287

Investment loans

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

Investment loans

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

- The Group has received a loan from a commercial bank under the loan agreement 114 concluded on 06 June 2006 maturity: April 25, 2016 interest at the rate of three-month EURIBOR plus 4.50%. Collateral for the loan real estate property worth BGN 6 293 thousand. Payments are made in EURO. According to the repayment schedule the loan is repaid by monthly installments in the amount of BGN 189 thousand (EUR 97 thousand). The remainder of the loan as at 31 December 2014 amounts to BGN 3 206 thousand (EUR 1 639 thousand), of which long-term portion - BGN 941 thousand and short-term portion - BGN 2 265 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 2014 is BGN 14 974 thousand (2013: BGN 9 439).

In 2014, the Group is party to a contract for an investment credit with "Eurobank Bulgaria" AD with maturity on 21.12.2020 at an interest rate three Sofibor + 6% margin. As at 31.12.2014 BGN

2 305 thousand, of which BGN 1 923 thousand is long-term portion and BGN 382 - short-term portion.

The Group is party to a contract for an investment loan from 21 June 2013 at an interest rate 3-month SOFIBOR plus 3 bonus points, but not less than 6.0%, maturing on 20 May 2016. As at 31.12.2014 the remaining loan is BGN 10,673 thousand

Revolving Credit

The revolving loan contract is concluded on 16 March 2011 with maturity date 31 December 2015. The interest rate equals 12-month EURIBOR, plus 7.0% premium. All payments are carried out in euro. According to the repayment schedule, the Group repays the loan by 35 equal payments at the amount of EUR 93 thousand each. The loan is secured with mortgages on real estate, pledge on machines, plant and equipment, owned by a subsidiary, and mortgage on real estate, owned by a subsidiary. The outstanding amount of the loan as at 31 December 2013 amounts to BGN 8 704 thousand (EUR 4 450 thousand), of which the long-term portion is BGN 5 037 thousand and short-term portion BGN 3 764 thousand

The Group has concluded three contracts for a revolving credit with commercial banks on 10 November 2006, 16 November 2006 and 29 August 2008 with maturity dates 30 April 2015, 28 August 2017 and 28 August 2017 respectively. The interest rate on those three loans is 6-month EURIBOR plus 0.875% premium. Payments shall be made in euro. The outstanding amount of the loans at 31 December 2014 amounts to BGN 4 303 thousand (EUR 2 200 thousand), of which long-term portion is BGN 2 308 thousand and short-term portion is BGN 1 995 thousand. Discount on bank loans is BGN 269 thousand.

The Group has a contract with Eurobank Bulgaria AD from 16 May 2013, at an interest rate 3-month SOFIBOR plus 5 points premium and maturity - 10 April 2016. The remainder of the contract at 31.12.2014 is BGN 1 661 thousand.

As at 31.12.2014 the Group has a contract with UniCredit Bulbank AD from 13 December 2013 with interest rate of 1 week SOFIBOR plus 3 bonus points and maturing on 13 December 2016. The remaining loan as at 31.12.2014 is BGN 16 000 thousand

Short-term bank loans

	2014	2013
	BGN'000	BGN'000
Short-term portion of revolving and investment bank credits	35 970	16 314
Short-term revolving and investment bank credits	3 090	43 030
	39 060	59 344

Investment Loans

Liabilities of the Group as at 31 December 2014 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 2014. 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

- On 12 May 2009 the Group has concluded an overdraft agreement at the amount of EUR 6 135 thousand. The loan is classified as short-term because the Group is entitled to receive and return the funds allocated to the limit during the financial year. As at 31.12.2014 the utilized amount is BGN 8 870 thousand (2013: BGN 8 865 thousand). The loan repayments are carried out in euro. The interest rate on the overdraft is 3-month EURIBOR, plus 7 points premium, but not less than

8.51%. The contract is secured by Group's assets – a hangar, pledged rental receivables according to signed operating lease contract with Lufthansa Technik Sofia OOD, pledged assets of the related party Aviation company Hemus Air EAD and a warranty of the related party Bulgarian Airways Group EAD.

- Two contracts for bank loans made with commercial banks to provide working capital. The maturity on the borrowings are on 28.06.2014 and 02.01.2021. The utilized amount due as at 31.12.2014 is BGN 2 606 thousand (2013: BGN 3 050 thousand). Annual interest rates on contracts is within 6.5% - 8.00% on the used portion of the loans. The carrying values of assets provided as collateral on the loan is given in note 15 from the consolidated financial statement.
- A bank loan agreement - overdraft for working capital amounting to BGN 1 200 thousand is granted for seven months as the deadline for repayment is 08.03.2015, and is secured by a registered pledge on fixed assets owned by the Group. The annual interest rate for the loan is 6.5%. On 06.03.2015 the Group has repaid the obtained bank loan

Other borrowings

	Current		Non-current	
	2014 BGN'000	2013 BGN'000	2014 BGN'000	2013 BGN'000
Other borrowings	31 798	57 636	5 188	7 813

Other non-current borrowings

	2014 BGN'000	2013 BGN'000
Financing from State Agricultural Fund	78	157
Long term borrowings	5 110	7 656
	5 188	7 813

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

	2014 BGN '000	2013 BGN '000
Current borrowings	31 798	57 636
	31 798	57 636

Other current borrowings are received under annual interest rates from 8% to 12% 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

	2014 BGN '000	2013 BGN '000
Insurance liabilities	10 122	8 717
Reinsurance liabilities	4 935	5 281
Transactions with Guarantee fund	865	1 640
Other	24	1
	15 946	15 639

Derivatives, held-for-trading

As at 31 December 2014 derivatives, held-for-trading, amounting to BGN 2 633 thousand (2013 BGN 10 860 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	
	2014 BGN '000	2013 BGN '000	2014 BGN '000	2013 BGN '000
Demand deposits – local banks				
-in BGN	1 015	2 439	-	-
-in foreign currency	826	430	-	-
Demand deposits from foreign banks in foreign currency	3 253	789	-	-
Term deposits from foreign banks in foreign currency	12 781	19 064	620	620
	17 875	22 722	620	620

Payables under repurchase agreements of securities

As at 31 December 2014 the Group has signed agreements with a repurchase clause of securities with Bulgarian companies totaling 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" . Net book value of assets acquired under finance leases amounted to BGN 34 766 thousand (2013: BGN 35 668 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 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

31 December 2013	Within 1 year BGN'000	1 to 5 years BGN'000	Total BGN'000
Lease payments	5 460	10 748	16 208
Finance charges	(392)	(354)	(746)
Net present values	5 068	10 394	15 462

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 BGN '000	1 to 5 years BGN '000	Over 5 years BGN '000	Total BGN '000
31 December 2014	56 797	129 354	12 233	198 384
31 December 2013	53 477	131 239	28 597	213 313

Lease payments recognized as an expense during the period amount to BGN 57 446 thousands (2013: BGN 58 319 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 18 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. In 2014, the Group has rented under operating lease 11 more administrative buildings, located in major cities throughout the country, that shall be used for bank branches. The rights for the use of the buildings are established for up to 2026.

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

Operating leases as lessor

In 2014 and 2013 the Group allows for the lease of airplanes to other companies under operating leases. Revenues from leasing of airplanes rent in 2014 amounted to BGN 13 788 thousand (2013: BGN 17 663 thousand).

In 2014 and 2013 the Group leases real estate of property, plant and equipment, and investment properties under operating leases.

Rental income for 2014 amounting to BGN 6 728 thousand (2013: BGN 6 909 thousand).

Future minimum lease payments are as follows:

	Minimum lease payments due			
	Within 1 year	1 to 5 years	Over 5 years	Total
	BGN '000	BGN '000	BGN '000	BGN '000
31 December 2014	1 889	747	1 123	3 759
31 December 2013	7 250	13 002	15 024	35 276

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 2014 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 2014, 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. Invest Capital AD	111 539 365	73.93%

Members of the Managing Board

Name	Number of shares	% of share capital
Alexander Kerezov	100 000	0.07%
Ivo Kamenov	309 925	0.21%
Nikola Mishev	33 790	0.02%
Miroliub Ivanov	55 666	0.04%

Change in the number of shares held during the period
01 January 2014 – 31 December 2014

Throughout the period Mr Alexander Kerezov has bought 5 000 new shares of the share capital of Chimimport AD.

Information about participation of Supervisory and Management Board's members in other trade companies as general partners, as owners' of more than 25 % in other capital shares, as managers of other companies and as members of other companies' Supervisory, Management and Directors Boards, regarding Art. 247 of Commercial act.

Ivo Kamenov Georgiev - CEO, Member of Supervisory and management Board of Chimimport AD

- CEO: Chimimport AD, ID:000627519 - Sofia; Invest Capital AD, ID: 831541734 - Sofia; Invest Capital Consult EOOD, ID: 103050543 - Varna; Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 – Varna; Varna Estates Management EOOD ID 203303200 – Varna;
- member of other companies' Supervisory Board: CCB AD, ID: 831447150 – Sofia
- member of other companies' Management Board: CCB Group EAD, ID: 121749139 - Sofia, Chimimport AD, ID:000627519 - Sofia;
- member of other companies' Directors Board: Invest Capital AD, ID: 831541734 - Sofia; Varna - Plod AD, ID:103106697 -Varna;
- owner of more than 25 % in other capital shares: Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna

Marin Velikov Mitev - CEO, Member of Supervisory and management Board of Chimimport AD

- CEO: Chimimport AD, ID:000627519 - Sofia; Invest Capital AD, ID: 831541734 - Sofia; Invest Capital Consult EOOD, ID: 103050543 - Varna; Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD,

ID: 103060548 - Varna; Sporten Komplex Varna AD, ID: 103941472 - Varna, Golf Shabla AD, ID: 124712625 - Shabla, AMG EOOD, ID:103131753 - Varna; Graphity galery EOOD, ID: 103812011, ET Marin Mitev - Project Management, ID: 103326073

- procurator of other companies -TIM EOOD, ID:202317193;
- member of other companies' Supervisory Board;; CCB AD, ID: 831447150 - Sofia; CCB Group EAD, ID: 121749139 - Sofia
- member of other companies' Management Board: Chimimport AD, ID:000627519 - Sofia
- member of other companies' Directors Board: Invest Capital AD, ID: 831541734 - Sofia; Sporten Komplex Varna AD, ID: 103941472 - Varna, Golf Shabla AD, ID: 124712625 - Shabla ; Varna Plod AD, ID: 103106697 - Varna; Ahilea EAD, ID: 124609740 - Dobrich;
- owner of more than 25 % in other capital shares: Tortuga OOD, ID: 103536374 - Varna; Invest Capital Management OOD, ID: 103045368 - Varna; Varnenska Konsultantska Kompania OOD, ID: 103060548 - Varna; ET Marin Mitev - Project Management, ID: 103326073

Mariana Angelova Bazhdarova - Member of Supervisory Board of Chimimport AD

- CEO: Technoimpex AD, ID: 121483350 – Sofia;
- member of other companies' Management Board: Technoimpex AD, ID: 121483350 – 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

- CEO: Chimimport Pharma AD, ID: 131181471 – Sofia; Bulchimtrade OOD, ID 200477808 – Sofia; Dializa Bulgaria OOD, ID: 131084129 – Sofia;
- procurator of other companies: Dializa Sofia OOD, ID: 131180953 – Sofia;
- member of other companies' Management Board: (Vice – Chairman) CCB AD, ID: 831447150 – Sofia; Chimimport AD, ID: 000627519 – Sofia;
- member of other companies' Directors Board: Chimimport Pharma AD, ID: 131181471 – Sofia; Petrohim 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

- CEO: Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; HGH Consult, ID: 130452457 – Sofia;
- member of other companies' Supervisory Board: POAD CCB, ID: 825240908, - Sofia;
- member of other companies' Management Board: CCB AD, ID: 831447150 – Sofia; Chimimport AD, ID: 000627519 – Sofia; ZAD Armeec, ID: 121076907 – Sofia; Parahodstvo BRP AD, ID: 827183719 – Ruse; CCB Group EAD, ID: 121749139 - Sofia; Bulgarian Airways Group EAD, ID:131085074 – Sofia; Zurneni Hrani Bulgaria AD, ID: 175410085 – Sofia; Asenova Krepost AD ID 112012041.
- does not own direct investment of more than 25 % of the share capital of other companies

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

- CEO: Satellit X OOD, ID: 130584793 – Sofia; Omega Finance OOD, ID: 831385114 – Sofia; Prime Lega Consult OOD, ID: 130993620 – Sofia; Oxymeron 2003 EOOD, ID: 131224983 – Sofia; CCB Real Estates Fund REIT, ID: 131550406 – Sofia; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital Asset Management" JSC ID: 200775128 – Sofia;
- 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

EXCHANGEAD, ID: 115223519 – Plovdiv; Capital Invest EAD, ID: 121878333 – Sofia; Invest Capital EAD, ID: 200775128 – Sofia;

- member of other companies' Supervisory Board: POAD CCB, 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 – Asenovgrad; 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;
- does not own direct investment of more than 25 % of the share capital of other companies.

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

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.

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 2013 are as follows:

Ordinary shares

Opening price : 2.080 BGN on 02 January 2014
Closing price : 1.727 BGN on 30 December 2014

Preference shares

Opening price : 2.300 BGN on 03 January 2014
Closing price : 2.197 BGN on 30 December 2014

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	2014	2013
	BGN'000	BGN'000
Financial assets held to maturity		
- debentures	298 338	303 235
Financial assets available for sale:		
- Securities and debentures	356 196	307 900
Financial assets held for trading (carried at fair value through profit or loss):		
- Non-derivative financial assets securities and debentures	1 180 633	851 874
- Derivatives	6 068	13 097
	1 186 701	864 971
Loans and receivables		
- Trade and other receivables	166 597	264 295
- Receivables on insurance and reinsurance contracts	62 392	56 985
- Receivables on loans provided	2 318 421	2 143 593
- Receivables from related parties	294 713	286 620
- Cash and cash equivalents	1 480 670	1 317 412
	4 322 793	4 068 905
	6 164 028	5 545 011
Financial liabilities		
	2014	2013
	BGN'000	BGN'000
Financial liabilities, measured at amortised cost:		
- liabilities to depositors	3 848 262	3 346 374
- loans	298 897	394 494
- dividend obligations	34 672	47 847
- bank deposits	18 495	23 342
- cession payables	85 505	16 109
- insurance contracts payables	15 946	15 639
- obligations under repo agreements	1 408	-
- finance lease obligations	10 776	15 462
- trade and other payables	201 369	218 034
- related parties payables	17 564	37 757
	4 532 894	4 115 058
Derivatives designated as hedging instruments in cash flow (at fair value):		
Derivatives	2 633	10 860
	4 535 527	4 125 918

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.

Insurance risk

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 analyze 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 2014	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN'000	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%

Simulations as at 31 December 2013	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN'000	BGN'000	BGN'000	%	%
Текуща капиталова позиция	443	60 215	27 100	222%	
Доход от инвестиции (+2%)	7 263	67 035	27 100	247%	25%
Доход от инвестиции (- 1.5%)	3 082	62 854	27 100	232%	10%
Увеличение на квотата на разходите (+10%)	(3 550)	56 222	27 100	207%	(15%)
Увеличение на квотата на щетимост (+10%)	(4 325)	55 447	27 100	205%	(18%)

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 analyzes the credit rating of the respective reinsurer. Only the ones with high credit rating are being chosen. The Group periodically analyzes 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	2014	2014	2013	2013
	Damages, quota, gross %	Damages, quota, net %	Damages, quota, gross %	Damages, quota, net %
Accident insurance	24%	22%	51%	52%
Including obligatory accident insurance of the passengers in the public transport	7%	8%	2%	2%
Illness	0%	0%	0%	0%
Casco	99%	71%	65%	66%
Insurance of rail vehicles	0%	0%	0%	0%
Casco of aircrafts	-38%	208%	141%	30%
Casco of vessels	46%	55%	21%	(9%)
Cargo insurance during transportation	9%	-8%	27%	20%
Fire and natural calamities insurance	75%	39%	14%	14%
Property damage insurance	125%	131%	24%	28%
Insurance associated with the ownership and usage of motor vehicles, including:	51%	54%	46%	40%
Third-party vehicle insurance	50%	52%	42%	36%
“Green Card” insurance	61%	124%	439%	405%
Third-party boarder insurance	200%	285%	14%	14%
Third-party carrier insurance	5%	5%	27%	27%
Third-party aviation insurance	0%	36%	0%	35%
Third party vessels insurance	3181%	1578%	6%	10%
General third-party insurance	-220%	-181%	38%	46%
Credit insurance	-51%	-51%	32%	32%
Guarantees insurance	0%	0%	0%	0%
Insurance against financial losses	8%	8%	53%	53%
Insurance against legal expenses	0%	0%	0%	0%
Travel assistance	36%	36%	41%	41%
Total:	71%	59%	54%	53%

Comparing annual net damages quota - for 2014 and 2013 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 indemnity 2014	Average indemnity 2013	Average indemnity 2012	Average indemnity 2011
Accident insurance	789 154	1 528	516	461	764	519
Casco	79 398 875	82 884	958	749	767	760
Casco of aircrafts	3 696 100	20	184 805	85 859	57 053	162 113
Casco of vessels	160 494	26	6 173	8 289	17 934	15 402
Cargo insurance during transportation	223 731	86	2 602	2 601	469	1 190
Fire and Natural calamities insurance	3 749 919	2 485	1 509	2 668	1 364	965
Property damage insurance	2 241 912	119	18 840	8 040	7 957	8 526
Insurance associated with the ownership and usage of motor vehicles, including:	19 054 502	9 163	2 080	2 241	2 235	2 180
Third-party aviation insurance	5 862	6	977	2 051	10 645	5 222
Third party vessels insurance	-	-	-	-	-	36 270
General third-party insurance	1 089 926	26	41 920	12 783	23 774	12 997
Credit insurance	54 779	5	10 956	9 754	9 754	40 511
Guarantees insurance	-	-	-	-	-	161
Insurance against financial losses	18 637	3	6 212	-	7 758	7 350
Travel assistance	1 184 119	1 633	725	727	717	983
Total:	111 668 010	97 984	1 140	948	949	960

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
	2014	2013	2012	2011	2010	2009	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	
At the end of the period	76 769	47 874	52 711	42 654	48 214	42 575	310 797
1 year later	-	20 408	25 093	17 472	18 386	16 747	98 106
2 years later	-	-	5 528	4 142	3 679	3 938	17 287
3 years later	-	-	-	3 034	1 878	2 550	7 462
4 years later	-	-	-	-	1 420	830	2 250
5 years later	-	-	-	-	-	2 881	2 881
Cumulative payments, current	76 769	68 282	83 332	67 302	73 577	69 521	438 783
General assessment of the indemnities	127 728	80 049	91 686	71 358	76 758	69 522	517 101
As at 31 December							
Payments:							
Assessment:	50 959	11 767	8 354	4 056	3 181	1	78 318
Actual	80 867	13 965	15 045	6 328	4 627	2 472	123 304

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 2014 the defined solvency limit is in accordance with the respective legal requirements:

	2014 BGN'000
Equity, less intangible assets	33 694
Share capital	33 019
Reserves and funds	46 548
Revaluation reserve	(18 590)
	(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

	2013
	BGN'000
Equity, less intangible assets	55 282
Share capital	33 019
Reserves and funds	46 104
Revaluation reserve	(18 908)
Deductions	
Participations in subsidiaries under art. 5, par. 2, item 5 of Ordinance № 21	(410)
Intangible assets	(4 523)
Solvency limit	27 100
Surplus	28 182

Foreign currency risk

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 2014 is as follows:

	<u>BGN</u>	<u>EUR</u>	<u>USD</u>	<u>Other</u>	<u>Total</u>
	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	28 672	240,908
Held-to-maturity financial assets	36 095	146 788	-	95 888	278 771
TOTAL ASSETS	<u>1 280 007</u>	<u>1 296 761</u>	<u>103 494</u>	<u>290 744</u>	<u>2 971 006</u>
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	<u>2 416 815</u>	<u>1 168 504</u>	<u>182 958</u>	<u>184 931</u>	<u>3 953 208</u>
NET POSITION	<u>(1 136 808)</u>	<u>128 257</u>	<u>(79 464)</u>	<u>105 813</u>	<u>(982 202)</u>

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2013 is as follows:

	<u>BGN</u>	<u>EUR</u>	<u>USD</u>	<u>Other</u>	<u>Total</u>
	'000	'000	'000	'000	'000
FINANCIAL ASSETS					
Placements with, and advances to, banks	31 075	159 876	8 256	63 612	262 819
Receivables under repurchase agreements	47 695	969	-	-	48 664
Financial asset held-for-trading	97 491	21 415	10 822	2 311	132 039
Loans and advances to customers, net	928 568	756 123	89 074	87 087	1 860 852
Available-for-sale financial assets	40 916	153 891	11 430	8 959	215 196
Held-to-maturity financial assets	69 837	90 415	-	123 299	283 551
TOTAL ASSETS	<u>1 215 582</u>	<u>1 182 689</u>	<u>119 582</u>	<u>285 268</u>	<u>2 803 121</u>
FINANCIAL LIABILITIES					
Deposits from banks	4 541	13 445	2 272	448	20 706
Bank loans	7 072	-	-	739	7 811
Liabilities to other depositors	2 038 970	1 074 740	180 406	187 320	3 481 436
Other attracted funds	290	-	-	778	1 068
Subordinated liabilities	-	19 325	-	-	19 325
TOTAL LIABILITIES	<u>2 050 873</u>	<u>1 107 510</u>	<u>182 678</u>	<u>189 285</u>	<u>3 530 346</u>
NET POSITION	<u>(835 291)</u>	<u>75 179</u>	<u>(63 096)</u>	<u>95 983</u>	<u>(727 225)</u>

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 2014, 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-week SOFIBOR, amounting to +/- 1.79 %, 1-month SOFIBOR, amounting to +/- 4.84% , 3-month SOFIBOR, amounting to +/- 9.12% and a floating rate based on 1-month EURIBOR, amounting to +/- 9.86 %, 3-month EURIBOR, amounting to +/- 9.70%, 12-month EURIBOR, amounting to +/- 10.32%. 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 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
1W SOFIBOR	(3)	3	(3)	3
1M SOFIBOR	(6)	6	(6)	6
3M SOFIBOR	(27)	27	(27)	27
1M EURIBOR	(4)	4	(4)	4
3M EURIBOR	(12)	12	(12)	12
12M EURIBOR	(9)	9	(9)	9

31 December 2013

	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	(9)	9	(9)	9
3M SOFIBOR	(2)	2	(2)	2
3M EURIBOR	(11)	11	(11)	11
6M EURIBOR	(3)	3	(3)	3
12M EURIBOR	(6)	6	(6)	6
3M LIBOR	(2)	2	(2)	2

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 2014 is negative, amounting to BGN 1 168 195 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 39.32%.

	<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	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	483 417	2 835 998
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	-	-	-	-	69 946	69 946
INTEREST-BEARING LIABILITIES	1 843 093	375 753	963 134	745 409	76 804	4 004 193
IMBALANCE BETWEEN INTEREST BEARING ASSETS AND LIABILITIES, NET	(1 493 658)	(262 369)	(169 471)	350 690	406 613	(1 168 195)

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 2014, over the net interest income, assuming an increase of 2% (2013: 2%) of the interest rates for one year is a reduction of the net interest income amounting to BGN 1 902 thousand (2013: BGN 1 809 thousand).

The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2013 is negative, amounting to BGN 882 743 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 31.49%.

	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	243 648	15 427	710	3 034	-	262 819
Receivables under repurchase agreements	11 469	17 246	19 949	-	-	48 664
Financial assets held-for-trade	-	10 167	31 387	3 811	9 556	54 921
Loans and advances to customers, net	230 142	112 380	384 846	779 257	354 227	1 860 852
Financial assets held-for-trade	524	2 865	5 523	152 899	25 557	187 368
Financial assets held-to-maturity	2 887	63 916	69 971	112 277	34 500	283 551
INTEREST-BEARING ASSETS	488 670	222 001	512 386	1 051 278	423 840	2 698 175
INTEREST-BEARING LIABILITIES						
Deposits from banks	12 254	8 452	-	-	-	20 706
Bank loans	90	-	168	7 328	225	7 811
Liabilities to other depositors	1 395 128	406 819	995 761	678 738	4 990	3 481 436
Other attracted funds	17	34	82	157	778	1 068
Shares Issues	-	-	-	-	69 897	69 897
INTEREST-BEARING LIABILITIES	1 407 489	415 305	996 011	686 223	75 890	3 580 918
IMBALANCE BETWEEN INTEREST BEARING ASSETS AND LIABILITIES, NET	(918 819)	(193 304)	(483 625)	365 055	347 950	(882 743)

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:

	2014 BGN'000	2013 BGN'000
Financial assets – carrying amounts:		
Non-current financial assets	1 848 462	1 676 397
Related parties receivables	22 141	8 815
Current financial assets	2 373 586	2 000 287
Related parties receivables	272 572	277 805
Cash and cash equivalents	1 480 670	1 317 412
Trade and other receivables	166 597	264 295
Carrying amount	6 164 028	5 545 011

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 1 232 519 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 147 141 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 2014 the lump sum of this risk amounts to BGN 30 161 thousand. As at 31 December 2014 the provisions for coverage of losses from impairments of the placements and advances to banks amount to BGN 59 thousand.

The receivables under repurchase agreements, amounting to BGN 156 201 thousand carries credit risk to the Group, which is dependent on the credit risk of the collateral. One part of receivables amounting to BGN 70 899 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 85 302 thousand carry credit risk 100% to the Group, as they are secured by corporate securities.

The held-for-trading financial assets, amounting to BGN 205 219 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 53 857 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 53 857 thousand. As at 31 December 2014 the provisions for coverage of losses from impairment of the held-for-sale equity instruments, amount to BGN 265 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 96 459 thousand, bear credit risk, whose maximum exposure is 100% or BGN 96 459 thousand .

The debentures held to maturity and issued by the Republic of Bulgaria in the amount of BGN 162 657 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 19 380 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 75 692 thousand do not carry credit risk as they are guaranteed by the Macedonian state. The debentures held to maturity and issued by the Russian Federation in the amount of BGN 816 thousand do not carry credit risk as they are guaranteed by the Russian Federation.

The debt instruments held-to-maturity and issued by foreign trade company, amounting to BGN 20 226 thousand carry credit risk to the Group, whose maximum exposure in percentage is one hundred percent or BGN 20 226 thousand.

Loans and advances to customers with a carrying value of BGN 1 978 711 thousand carry credit risk for the Group. To determine the amount of exposure of the Group to this risk, an analysis of individual risk for the Group arising from each particular exposure , the Group applies the criteria for assessment and classification of risk exposures , compliance with the banking legislation of the Republic of Bulgaria , the Republic of Macedonia, Russian Federation and IFRS. According to these criteria and performed analysis of the Group's maximum exposure to credit risk amounts to BGN 1 634 934 thousand. In order to minimize the credit risk in the lending process detailed procedures for the analysis of the economic viability of each project, the types of collateral acceptable to the Group's control over the use of allocations and administration associated with this activity, are applied. The Group maintains respect to total capital ratio above the statutory requirements, mainly as a response to concentration risk.

The adoption and control over the limits for credit risk restrict concentrations of risk exposures by geographic regions, industries, business segments and groups of loans, common risk bearers. The Group has adopted a methodology for calculating the allowance for impairment of loans and advances to customers based on the requirements of IFRS. As of 31 December 2014 the amount of formed by the provisions for losses on impairment of loans and advances amounts to BGN 35 887 thousand.

Quality of the credit portfolio

Classes of financial assets as at 31 December 2014:

Debt Group	Granted loans			Unutilized engagement	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000	Amount BGN '000	Amount BGN '000	Share %	Provisions BGN '000
Regular	1 886 050	95.32	6 291	105 699	76 986	93.78	39
Monitored	24 381	1.23	1 187	1 100	3 168	3.86	-
Not serviced	13 525	0.68	3 152	153	-	-	-
Loss	54 755	2.77	25 257	130	1 939	2.36	-
Total	1 978 711	100	35 887	107 082	82 093	100	39

Classes of financial assets as at 31 December 2013:

Debt Group	Granted loans			Unutilized engagement	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000	Amount BGN '000	Amount BGN '000	Share %	Provisions BGN '000
Regular	1 802 568	95.14	3 059	107 854	64 314	100	22
Monitored	25 927	1.37	1 514	533	-	-	-
Not serviced	18 687	0.99	3 637	184	-	-	-
Loss	47 382	2.50	25 502	149	-	-	-
Total	1 894 564	100	33 712	108 720	64 314	100	22

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

Name of the group	31 December 2014		31 December 2013	
	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	1 243 330	62.84	156 201	70.95
Outstanding but not impaired	578 629	29.24	-	22.46
Impaired on individual base	156 752	7.92	-	6.59
Total	1 978 711	100	156 201	100
Set-aside provisions	(35 887)		-	(33 712)
Net loans	1 942 824		156 201	1 860 852

As at 31 December 2014 and 2013 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:

	2014 BGN '000	2013 BGN'000
Individuals		
Credit cards and overdrafts	14 925	22 102
Consumer loans	139 791	94 670
Mortgage loans	60 143	40 565
Corporate clients	1 028 471	1 186 924
Total	1 243 330	1 344 261

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.

	2014 BGN '000	2013 BGN'000
Individuals		
Credit cards and overdrafts	6 429	8 152
Consumer loans	15 019	15 577
Mortgage loans	19 656	20 234
Corporate clients	537 525	381 550
Total	578 629	425 513

The book value of the loans, with accrued provision on an individual basis as at 31 December 2014 and 2013 is BGN 44 460 thousand and BGN 51 230 thousand. These amounts do not include cash flows from the collaterals of these loans.

	Book value before impairment BGN '000	Book value before impairment BGN '000	Book value before impairment BGN '000	Total highly liquid collateral BGN '000
31 December 2014				
Credit cards and overdrafts	1 490	680	3 056	-
Consumer loans	5 620	2 246	7 919	3 417
Mortgage loans	1 310	66	2 072	2 629
Corporate clients	1 991	2 440	15 568	24 221
Total	10 412	5 432	28 615	30 267
31 December 2013				
Credit cards and overdrafts	245	78	2 184	-
Consumer loans	7 405	3 781	8 528	5 078
Mortgage loans	1 046	147	6 361	9 882
Corporate clients	2 543	1 274	17 638	21 358
Total	11 239	5 280	34 711	36 318

The net exposure to the ten largest loans and advances to clients is presented in the table below:

Client	Contracted limit	Net exposure as at 31.12.2014	Client	Contracted limit	Net exposure as at 31.12.2013
Company 1	81 771	80 416	Company 1	75 008	80 112
Company 2	64 884	44 201	Company 2	75 916	77 810
Company 3	68 388	67 592	Company 3	65 850	65 864
Company 4	55 076	52 667	Company 4	68 255	60 385
Company 5	73 301	48 085	Company 5	71 697	49 444
Company 6	42 246	46 971	Company 6	48 070	49 273
Company 7	43 764	45 739	Company 7	42 246	44 096
Company 8	39 420	40 697	Company 8	39 420	39 576



Client	Contracted limit	Net exposure as at Client 31.12.2014	Client	Contracted limit	Net exposure as at 31.12.2013
Company 9	73 998	73 480	Company 9	52 844	37 699
Company 10	31 793	36 023	Company 10	58 969	36 611
Total	574 641	535 871		598 275	540 870

The total net exposure for 2014 and 2013 represents 27.08 % and 27.19%, respectively, from the Group's loans and advances from clients.

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

Segment	Amount Group	Delay of payment						
		Number of transactions	Debt	Principal	Interest	Court receivables	Provisions	Unutilized engagement
Trade	Regular	80 616	320 954	432	189	-	2 186	41 208
	Monitored	2 946	12 715	424	221	-	713	463
	Not serviced	1 317	7 652	643	346	-	1 444	153
	Loss	4 099	20 353	1 978	1 312	10 974	9 843	108
Total		88 978	361 674	3 477	2 068	10 974	14 186	41 932
Corporate	Regular	1 060	1 558 477	8 989	3 242	-	4 085	64 481
	Monitored	53	11 666	40	192	-	474	587
	Not serviced	10	5 873	42	58	-	1 708	-
	Loss	152	34 402	6 546	1 919	17 419	15 414	22
Total		1 275	1 610 418	15 617	5 411	17 419	21 681	65 090
Budget	Regular	6	6 619	345	-	-	20	11
	Monitored	3	-	-	-	-	-	49
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		9	6 619	345	-	-	20	60
Total portfolio		90 262	1 978 711	19 439	7 479	28 393	35 887	107 082

Business segment, classification group and delays of payments as at 31 December 2013:

Segment	Group	Amount		Delay of payment				Unutilized engagement
		Number of transactions	Debt	Principal	Interest	Court receivables	Provisions	
Trade	Regular	75 777	241 892	481	196	-	2 751	37 486
	Monitored	3 296	15 369	467	268	-	912	508
	Not serviced	1 540	10 118	778	418	-	1 950	183
	Loss	3 703	20 121	2 212	1 215	9 964	14 159	134
Total		84 316	287 500	3 938	2 097	9 964	19 772	38 311
Corporate			1 443					
	Regular	1 297	214	2 301	2 412	-	307	70 298
	Monitored	98	10 558	65	101	-	602	24
	Not serviced	54	7 004	335	194	-	906	2
Loss	225	27 261	3 617	1 425	17 200	12 125	15	
Total		1 674	037	6 318	4 132	17 200	13 940	70 339
Budget	Regular	9	119 027	-	92	-	-	49
	Monitored	-	-	-	-	-	-	-
	Not serviced	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		9	119 027	-	92	-	-	49
Total portfolio		85 999	564	10 256	6 321	27 164	33 712	108 699

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 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	
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	

As at 31 December 2013 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
Dividend payables	15 544	32 303	-
Bank and other loans	121 605	198 530	74 359
Related parties payables	33 634	4 123	-
Financial lease payables	5 460	10 748	-
Trade and other payables	243 311	17 331	-
Total	419 554	263 035	74 359

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 21 695 thousand (2013: BGN 15 560 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 2014 they cover about 28% 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 2014 they cover over 3% 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 2.5% of the Group's assets. Maintaining over 33.5% 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 2014, according to their residual term is as follows:

	Up to 1 month BGN'00	From 1 to 3 months BGN'00	From 3 months to 1 year BGN'00	From 1 year to 5 years BGN'00	Above 5 years BGN'000	Total BGN'000
Financial liabilities	0	00	0	0	000	000
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	-	-	-	-	69 945	69 945
Other liabilities	10 842	-	-	-	-	10 842
Financial liabilities	1 849 077	346 790	994 056	748 308	76 803	4 015 034

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 2013, 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'00 0	BGN' 000	BGN'000
Financial liabilities						
Deposits from banks	12 254	8 452	-	-	-	20 706
Credits from banks	90		168	7 328	225	7 811
Liabilities to other depositors	1 395 855	406 819	995 761	678 011	4 990	3 481 436
Other borrowed funds	17	34	82	157	778	1 068
Subordinated liabilities	-	-	-	-	69 897	69 897
Other liabilities	19 017	-	-	-	-	19 017
Financial liabilities	<u>1 427 233</u>	<u>415 305</u>	<u>996 011</u>	<u>685 496</u>	<u>75 890</u>	<u>3 599 935</u>

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)	991 387	184 981	1 520	1 177 888
Financial assets available for sale	b)	168 008	-	109 188	277 196
Total		1 159 395	184 981	110 708	1 455 084
Liabilities					
Derivatives		-	2 633	-	2 633
Loans		2 525	-	-	2 525
Total		2 525	2 633	-	5 158

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 BGN '000	Level 2 BGN '000	Level 3 BGN '000	Total BGN '000
Investment property:				
Land, building, machines and equipment	-	-	310 684	310 684

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 31.12.2014.

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	229 768
Gains or losses recognised in profit or loss	
- change in fair value of investment property	17 362
Acquisitions and reclassifications	65 781
Disposals and reclassifications	(2 227)
Balance at 31 December 2014	310 684
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	17 362

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:

	2014 BGN '000	2013 BGN '000
Shareholders' equity	1 561 082	1 521 274
Equity	1 561 082	1 521 274
Debt	5 441 946	4 850 247
- Cash and cash equivalents	(1 480 670)	(1 317 412)
Net debt	3 961 276	3 532 835
Capital to net debt	1:2.54	1:2.32

The increase in ratio during 2014 is primarily a result of the increase in the Group's net debt due to its bank and other activities. The Group has honored its covenant obligations, including maintaining capital ratios.

Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization Except the following:

- With a contract for the sale of an entity signed on 07.01.2015 and entered in the Commercial Register on 15.01.2015, "Bulgaria Air" AD acquired the commercial entity "Airline Hemus Air" EAD as a set of rights, liabilities and factual relations

30 April 2015

Sofia



Chimimport AD

Ivo Kamenov /Executive director/

