

Annual Consolidated Activity Report of the Group of CHIMIMPORT AD, Sofia for 2013

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 2013 – 31 December 2013.

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

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

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

1 Members of the Supervisory Board:

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

2 Members of the Managing Board:

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

The Company is represented by its executive directors Ivo Kamenov and Martin 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.

Number of shares issued: The share capital of Chimimport AD as at 31 December 2013 consists of 150 875 596 (2012: 150 875 596) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2012: 88 770 671) preferred shares with a par value of BGN 1, including 6 197 175 (2012: 5 962 675) ordinary shares and 5 265 899 (2012: 4 295 449) preferred shares, acquired by companies of Chimimport Group. 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.

	2013	2012
	Number of shares	Number of shares
Shares issued and fully paid::		
- beginning of the year	229 388 143	230 344 603
- treasury shares /ordinary and preferred/ (acquired) by subsidiaries during the year	(1 204 950)	(956 460)
Shares issued and fully paid as at period end	228 183 193	229 388 143

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 on 12 June 2009 funds 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 – reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 8 348 thousand – current dividend payables
- BGN (634) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 70 008 thousand – non-current dividend payables
- BGN (2 710) thousand – reduction of non-current dividend payables due to treasury shares acquired by subsidiaries
- BGN 3 391 thousand – share issues expenses

Dividend payables and share premium, resulting from the conversion of 875 612 preferred shares and the acquisition of 1 204 950 shares of the Group by subsidiaries, are allocated as follows:

- BGN 28 271 thousand – share premium
- BGN (1 677) thousand- reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 16 770 thousand – current dividend payables
- BGN (1 226) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 34 851 thousand – non-current dividend payables
- BGN (2 548) thousand - reduction of non-current dividend payables due to treasury shares acquired by subsidiaries



Premium reserves	2013 BGN '000	2012 BGN '000
Premium reserves from 2009, 2007 and 2006	257 674	257 674
Change in the beginning of the period from treasure shares, acquired by subsidiaries	(37 662)	(32 031)
(Decrease) of the reserve of treasury shares by acquired by subsidiaries for the period	(83)	(5 631)
	219 929	220 012

In 2013 the share premium was reduced by BGN 83 thousand (2012: BGN 5 631 thousand) as a result of acquisition of treasury shares of subsidiaries of the Group.

As at 31 December 2013 premium reserve amounts to BGN 219 929 thousand (2012: BGN 220 012 thousand). Premium reserve is formed by the following issues:

- Share premium amounting to BGN 28 256 thousand from the issue of preferred shares in 2009. The share premium is reduced by the portion of the issue expenses, attributable to equity, at the amount of BGN 2 033 thousand. In 2011, the share premium is increased by BGN 16 thousand, related to the converted during the year 16 787 preferred shares.
- Share premium amounting to BGN 199 418 thousand from secondary public offering of shares of the Group in 2007. The premium is reduced by the issue expenses at the amount of BGN 581 thousand.
- Share premium amounting to BGN 32 925 thousand from initial public offering of shares of the Group for the period of 7 September 2006 to 20 September 2006. Share premium of the issue is reduced by the share issue expenses at the amount of BGN 327 thousand.

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

The main business activity of the Group consists of:

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

The subsidiaries included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2013 Percentage of consolidation	31.12.2013 Nominal percentage	31.12.2012 Percentage of consolidation	31.12.2012 Nominal percentage
Central Cooperative Bank AD	Bulgaria	Finance	82.31%	82.32%	82.31%	82.32%
Central Cooperative Bank AD – Skopje	Macedonia	Finance	71.90%	87.35%	71.90%	87.35%
TAT Investbank ZAO (renamed to ZAO Investment Corporate Bank from 27.04.2014)	Russia	Finance	49.38%	59.75%	49.16%	59.48%
CCB Group EAD	Bulgaria	Finance	100.00%	100.00%	100.00%	100.00%
CCB Assets Management EOOD	Bulgaria	Finance	82.31%	100.00%	82.31%	100.00%
ZAD Armeec	Bulgaria	Finance	96.34%	96.34%	87.90%	87.90%
ZAED CCB Life	Bulgaria	Finance	100.00%	100.00%	100.00%	100.00%
ZOK CCB Health EAD	Bulgaria	Finance	-	-	100.00%	100.00%
POAD CCB Sila	Bulgaria	Finance	51.26%	51.26%	46.75%	46.75%
DPF CCB Sila	Bulgaria	Finance	51.26%	51.26%	46.75%	46.75%
UPF CCB Sila	Bulgaria	Finance	51.26%	51.26%	46.75%	46.75%
PPF CCB Sila	Bulgaria	Finance	51.26%	51.26%	46.75%	46.75%
Chimimport Holland B.V.	The Netherlands	Finance	100.00%	100.00%	100.00%	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Production, Trade and Services	69.27%	69.27%	68.74%	68.74%
Oil and Gas Exploration and Production AD	Bulgaria	Production, Trade and Services	42.98%	55.64%	42.71%	55.64%
Bulgarska Petrolna Rafinieria EOOD	Bulgaria	Production, Trade and Services	42.98%	100.00%	42.71%	100.00%
Slanchevi Iachi Provadia EOOD	Bulgaria	Production, Trade and Services	69.27%	100.00%	68.74%	100.00%
Asenova Krepost AD	Bulgaria	Production, Trade and Services	69.20%	77.20%	76.58%	84.58%
PDNG Service EOOD	Bulgaria	Production, Trade and Services	42.98%	100.00%	42.71%	100.00%
Izdatelstvo Geologia i Mineralni Resursi OOD	Bulgaria	Production, Trade and Services	30.09%	70.00%	29.90%	70.00%
Bulchimtrade OOD	Bulgaria	Production, Trade and Services	45.72%	66.00%	45.37%	66.00%

Name of the subsidiary	Country of incorporation	Main activities	31.12.2013 Percentage of consolidation	31.12.2013 Nominal percentage	31.12.2012 Percentage of consolidation	31.12.2012 Nominal percentage
Chimoil Trade OOD	Bulgaria	Production, Trade and Services	41.56%	60.00%	41.24%	60.00%
Rubber Trade OOD	Bulgaria	Production, Trade and Services	41.56%	60.00%	41.24%	60.00%
Petrochim Trade EAD	Bulgaria	Production, Trade and Services	0.00%	0.00%	68.74%	100.00%
Orgachim Trading 2008 OOD	Bulgaria	Production, Trade and Services	0.00%	0.00%	41.24%	60.00%
Chimceltex OOD	Bulgaria	Production, Trade and Services	41.65%	60.13%	41.33%	60.13%
Texim Trading OOD	Bulgaria	Production, Trade and Services	35.33%	51.00%	35.06%	51.00%
Chimoil BG EOOD	Bulgaria	Production, Trade and Services	69.27%	100.00%	68.74%	100.00%
Zarneni Hrani Grain AD	Bulgaria	Production, Trade and Services	69.27%	100.00%	68.74%	100.00%
Dializa Bulgaria OOD	Bulgaria	Production, Trade and Services	34.64%	50.00%	34.37%	50.00%
Chimimport Pharma AD	Bulgaria	Production, Trade and Services	47.10%	68.00%	46.74%	68.00%
Plovdivska Stokova Borsa AD	Bulgaria	Production, Trade and Services	75.00%	75.00%	75.00%	75.00%
Asela AD	Bulgaria	Production, Trade and Services	35.56%	51.39%	39.35%	51.39%
AK Plastic OOD	Bulgaria	Production, Trade and Services	68.51%	99.00%	75.81%	99.00%
Prime Lega Consult OOD	Bulgaria	Production, Trade and Services	70.00%	70.00%	70.00%	70.00%
AH HGH Consult OOD	Bulgaria	Production, Trade and Services	59.34%	59.34%	59.34%	59.34%
Omega Finance OOD	Bulgaria	Production, Trade and Services	61.80%	96.00%	61.80%	96.00%
Medical Centre Health Medica OOD	Bulgaria	Production, Trade and Services	90.00%	90.00%	60.00%	90.00%
IT Systems Consult EOOD	Bulgaria	Production, Trade and Services	66.74%	100.00%	68.74%	100.00%
Anitas 2003 EOOD	Bulgaria	Production, Trade and Services	0.00%	0.00%	100.00%	100.00%
Besa Tour AD	Bulgaria	Production, Trade and Services	0.00%	0.00%	56.62%	82.37%
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	82.21%	83.72%	82.20%	83.72%
Port Balchik AD	Bulgaria	Sea and River Transport	74.27%	100.00%	73.74%	100.00%
Port Lesport AD	Bulgaria	Sea and River Transport	99.00%	99.00%	99.00%	99.00%

Name of the subsidiary	Country of incorporation	Main activities	31.12.2013 Percentage of consolidation	31.12.2013 Nominal percentage	31.12.2012 Percentage of consolidation	31.12.2012 Nominal percentage
Lesport Project Management EOOD	Bulgaria	Sea and River Transport	99.00%	100.00%	99.00%	100.00%
MAYAK KM AD	Bulgaria	Sea and River Transport	77.49%	94.25%	77.47%	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	45.22%	55.00%	45.21%	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	82.21%	100.00%	82.20%	100.00%
Blue See horizon corp.	Seychelles	Sea and River Transport	82.21%	100.00%	82.20%	100.00%
Interlihter EOOD	Slovakia	Sea and River Transport	82.21%	100.00%	82.20%	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%	-	-
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 engineering	83.20%	100.00%	83.20%	100.00%
Energoproekt Utilities OOD	Bulgaria	Construction and engineering	42.43%	51.00%	42.43%	51.00%
Golf Shabla AD	Bulgaria	Real Estate	27.94%	65.00%	27.76%	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%
Bulchimex GmbH	Germany	Real Estate	100.00%	100.00%	100.00%	100.00%

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 2013	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	16.42%	69.73%	13.56%	0.22%	0.07%

The Finance segment has the biggest share of the Group's net profit in 2012.

Business Segments	Production, Trade and Services	Financial sector	Transport sector	Real estate	Construction and Engineering sector
31 December 2012	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Share of the single segment in the Group's profit	11.47%	76.20%	12.01%	0.26%	0.06%

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

Operating segments 31 December 2013	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	126 324	15 558	373 555	212	3 192	970	519 811
Change in fair value of investment property	-	15 259	-	-	-	-	15 259
Profit from the sale of non-current assets	1 220	4 943	1 143	-	-	(151)	7 155
Inter-segment income from non-financial activities	45 287	4 936	2 328	-	1 636	(54 187)	-
Total income from non-financial activities	172 831	40 696	377 026	212	4 828	(53 368)	542 225
Result from non-financial activities	27 075	40 696	15 560	(33)	687	2 742	86 727
Insurance income from external customers	-	387 451	-	-	-	-	387 451
Inter-segment insurance income	-	5 036	-	-	-	(5 036)	-
Total insurance income	-	392 487	-	-	-	(5 036)	387 451
Result from insurance	-	25 858	-	-	-	(4 387)	21 471
Interest income	9 682	254 961	12 960	506	230	(43 237)	235 102
Interest expenses	(14 573)	(153 355)	(16 233)	-	(718)	42 764	(142 115)
Result from interest	(4 891)	101 606	(3 273)	506	(488)	(473)	92 987
Gains from transactions with financial instruments from external customers	11 263	414 093	2 025	-	-	(8 039)	419 342
Result from transactions with financial instruments	11 235	66 929	2 022	-	-	(7 583)	72 603
Administrative expenses	(12 980)	(192 238)	(11 744)	(204)	-	4 799	(212 367)
Gain from purchases	-	-	-	-	-	724	724
Gain from investments accounted for under the equity method	108	-	13 737	-	-	-	13 845
Other financial income/ expense	(1 367)	68 309	(2 412)	-	(102)	1 246	65 674
Profit for allocating insurance batches	-	(32 530)	-	-	-	-	(32 530)
Profit for the period before tax	19 180	78 630	13 890	269	97	(2 932)	109 134
Tax expenses	(2 347)	(7 139)	14	(41)	(25)	261	(9 277)
Net profit for the year	16 833	71 491	13 904	228	72	(2 671)	99 857

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

	2013 BGN'000	2012 BGN'000	Change
Income from the sale of plane tickets	288 318	265 760	8.49%
Income from sale of finished goods	72 276	65 469	10.40%
Income from services rendered	67 262	64 272	4.65%
Income from sale of trading goods	50 674	46 991	7.84%
Other	41 281	42 760	(3.46)%
	519 811	485 252	

Expenses for non-financial activities

	2013 BGN'000	2012 BGN'000	Change
Hired services expense	(209 141)	(205 803)	1.62%
Cost of materials	(143 777)	(158 447)	(9.26)%
Cost of goods sold	(47 850)	(42 569)	12.41%
Employee benefits expense	(35 589)	(35 921)	(0.92)%
Depreciation and Amortization	(16 819)	(25 662)	(34.46)%
Changes in inventories of finished goods and work in progress	(379)	482	(178.63)%
Other	(1 943)	(15 329)	(87.32)%
	(455 498)	(483 249)	

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

	2013 BGN '000	2012 BGN '000	Change
Gain on change in fair value of investment properties	15 263	8 067	89.20%
Loss from change in fair value of investment properties	(4)	(141)	(97.16)%
Net effect of changes in fair value of investment properties	15 259	7 926	



Gain on sale of non-current assets

	2013 BGN '000	2012 BGN '000	Change
Revenue from sale of non-current assets	44 521	48 815	(8.80)%
Carrying amount of sold non-current assets	(37 366)	(24 515)	52.42%
	7 155	24 300	

Insurance income

	2013 BGN '000	2012 BGN '000	Change
Insurance premium income	174 704	166 528	4.91%
Income from released insurance reserves	176 106	154 510	13.98%
Income from reinsurance operations	29 204	24 198	20.69%
Regression income	7 288	7 235	0.73%
Other insurance income	149	467	(68.09)%
	387 451	352 938	

Insurance expense

	2013 BGN '000	2012 BGN '000	Change
Expenses for insurance reserves set aside	(202 279)	(178 744)	13.17%
Indemnities paid off	(80 754)	(79 538)	1.53%
Reinsurance expenses	(32 151)	(33 330)	(3.54)%
Acquisition expenses	(35 411)	(33 670)	5.17%
Liquidation of damages expenses	(3 336)	(2 853)	16.93%
Other insurance expenses	(12 049)	(10 714)	12.46%
	(365 980)	(338 849)	

	2013 BGN '000	2012 BGN '000	Change
Interest income by types of sources:			
Legal entities	162 582	153 926	5.62%
Government securities	32 985	27 735	18.93%
Banks	8 526	16 828	(49.33)%
Individuals	30 474	32 292	(5.63)%
Other	535	3 779	(85.84)%
	235 102	234 560	



	2013	2012	Change
	BGN '000	BGN '000	
Interest expenses by depositors:			
Legal entities	(55 393)	(45 284)	22.32%
Individuals	(78 032)	(84 768)	(7.95)%
Banks	(8 095)	(28 437)	(71.53)%
Other	(595)	(624)	(4.65)%
	(142 115)	(159 113)	

Gains from transactions with financial instruments

	2013	2012	Change
	BGN '000	BGN '000	
Revaluation of financial instruments	388 189	294 921	31.62%
Gains from transactions with securities	26 757	68 859	(61.14)%
Dividend income from financial instruments	4 396	3 435	27.98%
Other	-	3 751	(100.00)%
	419 342	370 966	

Losses from transactions with financial instruments

	2013	2012	Change
	BGN '000	BGN '000	
Revaluation of financial instruments	(339 490)	(188 709)	79.90%
Losses from transactions with securities	(7 247)	(11 172)	(35.13)%
Other	(2)	(483)	(99.59)%
	(346 739)	(200 364)	

Administrative expenses

	2013	2012	Change
	BGN '000	BGN '000	
Employee benefits expense	(70 239)	(69 403)	1.20%
Hired services expense	(66 316)	(61 168)	8.42%
Depreciation and Amortization	(33 943)	(25 460)	33.32%
Cost of materials	(6 676)	(7 126)	(6.31)%
Other	(35 193)	(27 249)	29.15%
	(212 367)	(190 406)	

Employee benefits expense

	2013	2012	Change
	BGN '000	BGN '000	
Wages	(90 215)	(89 973)	0.27%
Social security expenses	(15 613)	(15 351)	1.71%
	(105 828)	(105 324)	



Gain on acquisitions	2013	2012	Change
	BGN '000	BGN '000	
	724	346	(109.25)%

Including:

Alpha Airport Services OOD	724	-	
Asela AD	-	183	
Besa Tour AD	-	135	
AK Plastic OOD	-	28	

Other financial income, net

	2013	2012	Change
	BGN '000	BGN '000	
Fees and commissions income, net	45 389	41 688	8.88%
Net result from foreign exchange differences	3 146	4 195	(25.01)%
Other	17 139	6 030	184.23%
	65 674	51 913	

Fees and commissions income

	2013	2012	Change
	BGN '000	BGN '000	
Bank transfers in Bulgaria and abroad	21 942	18 941	15.84%
Servicing of deposit accounts	10 696	5 746	86.15%
Servicing loans	1 864	5 844	(68.10)%
Servicing commitments and contingencies	1 240	1 359	(8.76)%
Other fees and commissions income, different from banks	10 359	8 673	19.44%
Other income	7 247	8 231	(11.95)%
Total fees and commissions income	53 348	48 794	

Fees and commissions expense

	2013	2012	Change
	BGN '000	BGN '000	
Bank transfers in Bulgaria and abroad	(5 375)	(3 125)	72,00%
Servicing accounts	(1 125)	(296)	280,07%
Release of precious parcels	(203)	(208)	(2,40)%
Transactions with securities	(73)	(407)	(82,06)%
Other fees and commissions expenses, different from banks	(427)	(2 535)	(83,16)%
Other expenses	(756)	(535)	41,31%
Total fees and commissions expenses	(7 959)	(7 106)	

In 2013 and 2012 Chimimport AD paid to its shareholders, owners of preferred shares guaranteed dividend at the total of BGN 17 736 thousand for both years or BGN 0.1998 per preferred share.

Important Research and Development

The Group did not appoint or perform any important research and development activities during 2013.

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

	2013 BGN '000	2012 BGN '000
Sale of goods and services, interest income and other income		
- <i>interest income</i>		
Chimimport Invest AD	11 302	13 317
Purchase of services, interest expense and other expenses		
- <i>purchase of services</i>		
Chimimport Invest AD	-	(10)
- <i>interest expense</i>		
Chimimport Invest AD	(3)	-

Transactions with associates and other related parties under common control

	2013 BGN '000	2012 BGN '000
Sale of goods and services, interest income and other income		
- <i>sale of finished goods</i>		
Kavarna Gas OOD	1 021	1 326
Chimsnab Trade OOD	484	433
- <i>sale of goods</i>		
Fraport TSAM AD	1 265	1 267
VTC AD	285	254
Hemus Air EAD	114	-
Chimsnab Trade OOD	1	23
Other	2	21

Sale of goods and services, interest income and other income	2013	2012
	BGN '000	BGN '000
<i>- sale of services</i>		
Lufthansa Technik Sofia OOD	2 841	2 840
CCB Leader – VF	537	506
CCB Active – VF	433	410
Hemus Air EAD	67	385
Balkantours OOD	54	50
Neochim AD	48	-
CCB Garant – VF	22	13
Consortium Energoproekt-Royal Haskoning	-	103
Other	78	74
<i>- interest income</i>		
Hemus Air EAD	8 362	8 351
Conor GmbH	833	90
Nico Commerce AD	587	714
Varnaferry OOD	88	49
Fraport TSAM AD	20	467
Lufthansa Technik Sofia OOD	-	85
M Car OOD	-	33
Other	234	139
<i>- other income</i>		
Hemus Air EAD	966	960
Bulgaria On Air OOD	648	-
Lufthansa Technik Sofia OOD	462	2 065
Other	52	40
 Purchase of services and interest expense		
	2013	2012
	BGN '000	BGN '000
<i>- purchase of services</i>		
Lufthansa Technik Sofia OOD	(8 316)	(6 813)
Fraport TSAM AD	(6 103)	(4 097)
Hemus Air EAD	(2 603)	(5 450)
Alpha Airport Services OOD	(1 566)	-
Bulgaria On Air OOD	(1 097)	-
Swissport Bulgaria AD	(774)	-
Varna Cars OOD	(121)	-
Other	(35)	(38)
<i>- Interest expense</i>		
Nico Commerce AD	(132)	-
CCB – Cyprus	(62)	(227)

Fraport TSAM AD	(36)	(304)
Dobrichki panair AD	(35)	(39)
Amadeus Bulgaria OOD	(18)	(20)
Invest capital EAD	(7)	(8)
Texim AD	-	(64)
Other	(99)	(97)

Transactions with key management personnel

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

Transactions with key management personnel include the following:

	2013 BGN '000	2012 BGN '000
Short-term employee benefits:		
Salaries, including bonuses	(2 411)	(570)
Social security costs	(28)	(28)
Group car allowance	(6)	(9)
Total short-term benefits	(2 445)	(607)

Related party balances at year-end

	2013 BGN '000	2012 BGN '000
Non-current receivables from:		
- <i>owners</i>		
Chimimport Invest AD	2 200	2 300
	2 200	2 300
- <i>associates</i>		
Lufthansa Technik Sofia OOD	2 959	3 042
Varna ferry OOD	1 993	-
	4 952	3 042
- <i>other related parties under common control</i>		
PFC Chernomore AD	1 564	-
Hemus Air EAD	99	8 078
Other	-	1 459
	1 663	9 537
Total non-current receivables from related parties:	8 815	14 879

Current receivables from:

- *owners*

Chimimport Invest AD	141 649	126 536
	141 649	126 536

- *associates*

Kavarna Gas OOD	629	592
Lufthansa Technik Sofia OOD	355	900
Fraport TSAM AD	151	91
VTC AD	1	-
PIC Saglasie AD	-	1
Other	-	1
	1 136	1 585

- *other related parties under common control*

Hemus Air EAD	115 178	86 530
Conor GmbH	9 828	9 356
Nico Commerce OOD	7 784	8 889
Consortium Energoproekt – Royal Haskoning	1 415	1 414
VIA Intercar OOD	364	-
PFC Chernomore AD	143	-
M Car OOD	58	1
Chimsnab Trade OOD	37	56
Other	213	4 741
	135 020	110 987

Total current receivables from related parties:

277 805	239 108
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2013	2012
BGN '000	BGN '000

Non-current payables to:

- *owners*

Chimimport Invest AD	2	157
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- *associates and joint ventures*

Fraport TSAM AD	1 719	2 039
VTC AD	1 491	1 383
Nuance BG AD	162	162
Amadeus Bulgaria OOD	127	135
Kavarna Gas OOD	6	6
Lufthansa Technik Sofia OOD	1	15
	3 506	3 740

- *other related parties under common control*

M Car OOD	164	80
Varna Cars OOD	62	-
Capital Invest EAD	21	17
Chimsnab Trade OOD	20	27
Invest Capital EAD	3	1
Hemus Air EAD	1	58
Other	344	73
	615	256

Total non-current payables to related parties:

4 123	4 153
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	2013 BGN '000	2012 BGN '000
Current payables to:		
<i>- owners</i>		
Chiminvest Institute	1	494
Chimimport Invest AD	12 593	9 482
	12 594	9 976
<i>- associates and joint ventures</i>		
Fraport TSAM AD	7 176	17 305
Lufthansa Technik Sofia OOD	3 140	2 675
VTC AD	1 490	645
Alpha Airport Services OOD	988	-
Dobrichki panair AD	986	951
Amadeus Bulgaria OOD	478	401
Swissport Bulgaria AD	445	-
Nuance BG AD	126	338
Kavarna Gas OOD	-	62
	14 829	22 377
<i>- other related parties under common control</i>		
Consortium Energoproekt – Royal Haskoning	1 900	1 900
Nico Commerce AD	1 827	-
Invest Capital EAD	242	252
M Car OOD	202	437
Capital Invest EAD	8	39
Chimsnab Trade OOD	4	-
Varna Cars OOD	-	143
Hemus Air EAD	-	39
Other	2 028	1 796
	6 211	4 606
Total current payables to related parties:	33 634	36 959

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 2013.

Information regarding off-balance transactions

As at 31 December 2013 and 2012, 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:

	2013	2012
	BGN '000	BGN '000
Bank guarantees in:		
- BGN	33 636	27 510
- foreign currency	30 678	50 331
• Irrevocable commitments	108 698	78 806
• Other contingent liabilities	241	95
Total contingent liabilities	173 253	156 742

The Group is a counterparty to bank guarantees issued under contract dated with DSK Bank EAD, secured by mortgage on the building "House of geologist" located in resort St. Constantine and Elena, owned by Park Build Ltd., as follows:

- Bank guarantee in favour of Bulgartransgas EAD at the amount of BGN 141 thousand;
- Bank guarantees in favour of the Ministry of Economy, Energy and Tourism at the amount of BGN 86 thousand and BGN 98 thousand;
- Bank guarantees in favour of the Ministry of Transport at the amount of BGN 449 thousand and BGN 160 thousand.

Other bank guarantees, issued by DSK Bank EAD are as follows:

- for the amount of EUR 50 thousand, guaranteeing the activities of environmental protection and reclamation of damaged as a result of geological terrains activities in Block 1-12 Republic, Bulgarian land. The bank guarantee is valid until 30.06.2015
- for the amount of EUR 18 thousand, guaranteeing the execution of the work program of the Group for the second year of the term of the contract for prospecting and exploration of crude oil and natural gas in Block 1-12 Republic, Bulgarian land. In connection with the expiry of the bank guarantee, issued by the "DSK Bank" EAD was issued a new bank guarantee for the amount EUR 44 thousand, 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 a party to bank guarantees issued by UniCredit Bulbank totalling BGN 121 thousand, valid through 30.11.2030.

As at 31 December 2013 the Group has a guarantee, issued by "Eurobank EFG Bulgaria" AD amounting to BGN 2 600 thousand in favour of the Customs Agency valid until 05.04.2015.

In connection with the contract for the concession of "Port Terminal Lom" - part of the public transport port of Lom, the Group should maintain bank guarantees as follows:

- performance guarantee for the implementation of the Investment program for the first investment year at the amount of BGN 160 thousand;
- performance guarantee for the implementation of the contractual obligations at the amount of BGN 449 thousand;
- bank guarantee for customs purposes to cover the duties and other state receivables of goods, stored in a customs warehouse at the amount of 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 year investment.

Contractual Commitments

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

- Concession Agreement for Port Terminal - Balchik: Investment Program at the amount of not less than BGN 3 475 thousand;
- Concession Agreement for Port Terminal – Lesport over the term of 30 years, starting 30 May 2006: Investment program for the term – at the amount of not less than BGN 129 010 thousand
- Concession Agreement for Port Terminal – Nikopol over the term on 35 years
- Concession Agreement for Port Terminal – Lom for 35 years. The investment program for the first year in relation to investment liabilities amount to BGN 1 602 thousand.
- Commitment to provide port services in a port for public transport with regional importance - Port "Pristis." for a period of not more than 5 years. The Group undertakes to implement an annual traffic for each year of the contract period as follows: 1 510 trips and 23 050 passengers. As of 31 December 2013 was carried annual traffic as follows: 1 074 trips and 32 139 passengers.
- According to concluded concession agreements for crude oil and natural gas, the Group is obliged to make concession payments (concession fee) every six months based on realized quantities crude oil and natural gas. Accumulated concession fee for 2013 amounted to BGN 2 496 thousand.

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

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

Changes occurred in investment in subsidiaries

Changes in controlling shares

Acquisition of Airport Consult OOD

In 2013, the Group acquired control over the company Airport Consult OOD based in Sofia, Bulgaria through the purchase of shares of the company, resulting in the ownership of 100% of the capital.

The total acquisition cost for the Group amounts to BGN 2 738 thousand. The allocation of the purchase price to the assets acquired and liabilities of Airport Consult OOD was completed in 2013. The value of each group of acquired assets, liabilities and contingent liabilities recognized at the acquisition date is as follows:

	Amount recognized at the acquisition date
	BGN '000
Investments	2 737
Cash and cash equivalents	1
Carrying amount of net assets, net	2 738
Fair value of identifiable net assets acquired by the Group	2 738
	BGN '000
Acquisition cost	2 738
Fair value of identifiable net assets acquired by the Group	(2 738)
Goodwill	-
	BGN '000
Consideration transferred, cash paid	-
Amount of acquired cash and cash equivalents	1
Net cash inflow on acquisition	1

Sale of ZOK CCB Zdrave

In 2013, the Group sold 100% of its shares in the equity of the subsidiary ZOK CCB Zdrave in relation to changes in the requirements of the FSC for imposed restrictions on investment in more than one insurance company of the same insurance activity by one legal person.

Loss of controlling interest in Anitas 2003 OOD in 2013

On 6 February 2013 Chimimport Invest AD, the majority shareholder of Chimimport AD made an in-kind contribution of non-current assets in the capital of Anitas 2003 OOD, whereby the Company's capital increased by 41 676 shares of BGN 100 each to 41 726 shares of BGN 100 per share. Following the increase, the share owned by the Group Chimimport AD amounts to 0.12%.

Sale of Petrochim Trade AD and Besa Tour AD in 2013

During the reporting period the Group sold its shares in Petrochim Trade AD, thus losing control of Besa Tour AD – subsidiary. The effect of the sale is recorded in the profit for the period and is included within “Gain on transactions with financial instruments: in the consolidated statement of profit or loss of the Group.

Liquidation of Orgachim Trading OOD in 2013

In 2013, the subsidiary of the Group Orgachim Trading OOD was liquidated. The amount of investment of BGN 220 thousand of the Group has been recovered through liquidation proceeds.

Changes in the controlling interest in subsidiaries

Acquisition of non-controlling interest in POAD CCB Sila

In December 2013 the Group acquired additional share capital of 4.51% in its subsidiary POAD CCB Sila for the amount of BGN 7 200 thousand, thereby increasing its controlling interest of 46.75% to 51.26%.

The carrying amount of the net assets of the subsidiary POAD CCB Sila recognized at the acquisition date in the consolidated financial statements amounts to BGN 603 thousand. The Group recognized a decrease in the non-controlling interest at the amount of BGN 839 thousand and a reduction of retained earnings amounting to BGN 6 597 thousand.

	BGN '000
Total consideration transferred	(7 200)
Additionally acquired share in the net assets of POAD CCB Sila	603
Decrease in retained earnings	<u>(6 597)</u>

Acquisition of non-controlling interest in ZAD Armeec

In December 2013, the Group acquired additional share capital of 8.44% of its subsidiary ZAD Armeec for the amount of BGN 696 thousand, thus increasing its controlling interest from 87.90% to 96.34%.

The carrying amount of the net assets of the subsidiary ZAD Armeec recognized at the acquisition date in the consolidated financial statements amounts to BGN 5 082 thousand. The Group recognized a decrease in the non-controlling interest at the amount of BGN 5 119 thousand and increase in the retained earnings at the amount of BGN 4 386 thousand.

	BGN '000
Total consideration transferred	(696)
Additionally acquired share in the net assets of ZAD Armeec	5 082
Increase in retained earnings	<u>4 386</u>

Acquisition of non-controlling interest in Zarneni Hrani Bulgaria AD

In December 2013, the Group acquired additional share capital of 0.53% of its subsidiary Zarneni Hrani Bulgaria EAD for the amount of BGN 2 255 thousand, thus increasing its controlling interest from 68.74% to 69.27%.

The carrying amount of the net assets of the subsidiary Zarneni Hrani Bulgaria AD recognized at the acquisition date in the consolidated financial statements amounts to BGN 1 358 thousand. The Group recognized a decrease in the non-controlling interest at the amount of BGN 1 357 thousand and decrease in the retained earnings at the amount of BGN 898 thousand.

	BGN '000
Total consideration transferred	(2 255)
Additionally acquired share in the net assets of Zarneni Hrani Bulgaria AD	1 357
Decrease in retained earnings	<u>(898)</u>

Acquisition of non-controlling interest in Tatinvestbank - Russia, renamed to ZAO Investment Corporate Bank from 27.04.2014

In December 2013, the Group acquired additional share capital of 0.22% of its subsidiary Tatinvestbank – Russia for the amount of BGN 49 thousand, thus increasing its controlling interest from 49.16% to 49.38%.

The carrying amount of the net assets of the subsidiary Tatinvestbank – Russia recognized at the acquisition date in the consolidated financial statements amounts to BGN 47 thousand. The Group recognized a decrease in the non-controlling interest at the amount of BGN 51 thousand and decrease in the retained earnings at the amount of BGN 2 thousand.

	BGN '000
Total consideration transferred	(49)
Additionally acquired share in the net assets of Tatinvestbank – Russia	47
Decrease in retained earnings	<u>(2)</u>

Sale of portion of the controlling interest in Asenova Krepost AD

In 2013, the Group sold share capital of 7.38% of its subsidiary Asenova Krepost AD for the amount of BGN 2 265 thousand, thus decreasing its controlling interest from 76.58% to 69.20%.

The carrying amount of the net assets of the subsidiary Asenova Krepost AD recognized at the date of sale in the consolidated financial statements amounts to BGN 1 738 thousand. The Group recognized an increase in the non-controlling interest at the amount of BGN 1 749 thousand and decrease of the goodwill at the amount of BGN 527 thousand, reflected in the retained earnings.

	BGN '000
Total consideration transferred	2 265
Sold shares in the net assets of Asenova Krepost AD	(1 738)
Decrease in goodwill	<u>527</u>
Effect on the retained earnings	<u>-</u>

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	2013	Share	2012	Share
	BGN '000	%	BGN '000	%
Fraport TSAM AD	107 726	40.00%	97 033	40.00%
Lufthansa Technik Sofia OOD	7 971	24.90%	4 840	24.90%
VTC AD	3 886	41.00%	2 801	41.00%
Amadeus Bulgaria OOD	3 762	45.00%	3 627	45.00%
Alpha Airport Services OOD	3 468	42.50%	-	-
Swissport Bulgaria	1 565	49.00%	-	-
Dobrich fair AD	1 320	37.92%	1 214	37.92%
Kavarna Gas OOD	583	35.00%	581	35.00%
PIC Saglasie AD	-	-	18 157	49.43%
	130 281		128 253	

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:

	2013	2012
	BGN '000	BGN '000
Assets	549 030	461 858
Liabilities	368 882	312 103
Revenues	196 878	217 839
Profit for the period	37 091	31 012
Profit attributable to the Group	13 809	11 902

In 2013, the Group acquired 42.50% of the share capital of the company Alpha Airport Services OOD based in Sofia, Bulgaria, through the purchase of shares of the company. The total cost for the Group amounted to BGN 2 744 thousand value of net assets acquired amounted to BGN 3 468 thousand the result that the Group has recognized a current profit of BGN 724 thousand, reflected in the profit or loss and other comprehensive income within "Profit from acquisitions."

In 2013, the Group acquired 49% of the capital of Swissport Bulgaria AD, based in Sofia, Bulgaria, through the purchase of shares of the company. The total acquisition cost for the Group amounted to BGN 1 096 thousand value of net assets acquired amounted to BGN 1 096 thousand with the result that there is no effect on the acquisition.

In 2013, the Group sold 24.98% of its investment in PIC Saglasie AD, while the remaining 24.45% Group has entered into a preliminary agreement for the sale of a substantial part of its stake in PIC Saglasie AD. The Group reclassified this position in the statement of financial position as current financial assets available for sale.



Investments in joint ventures

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

Company name	2013	Share %	2012	Share %
	BGN '000		BGN '000	
Nuance BG AD	727	50.00%	250	50.00%
Varna ferry OOD	313	50.00%	-	50.00%
	<u>1 040</u>		<u>250</u>	

During the period of 2013, the Group has paid its full contribution to participate in 50% of the rights aloud and equity of the newly formed company in 2012 Nuance BG AD through its subsidiary Bulgarian Airways Group EAD.

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:

	2013 BGN '000	2012 BGN '000
Assets	32 285	16 702
Liabilities	30 742	17 482
Revenues	6 576	1 024
Profit / (Loss) for the period	72	(516)
Profit / (Loss) attributable to the Group	<u>36</u>	<u>(258)</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	
	2013 BGN '000	2012 BGN '000	2013 BGN '000	2012 BGN '000
Financial liabilities measured at amortized cost:				
Liabilities to depositors	2 633 684	2 254 126	712 690	656 366
Liabilities for dividends	15 544	15 935	32 303	43 834
Bonds and debenture loan	4 625	3 755	169 789	146 686
Bank loans	59 344	58 726	95 287	129 979
Other borrowings	57 636	59 160	7 813	14 841
Insurance contract liabilities	15 639	14 980	-	-
Derivatives, held-for-trading	10 860	8 265	-	-
Deposits from banks	22 722	36 013	620	2 934
Cession liabilities	16 109	5 209	-	-
Liabilities under repurchase agreements	-	20 143	-	-
Total carrying amount	<u>2 836 163</u>	<u>2 476 312</u>	<u>1 018 502</u>	<u>994 640</u>

Liabilities to depositors – current and non-current

Analysis by term and type of currency:

	2013	2012
	BGN '000	BGN '000
Demand deposits		
in BGN	552 574	483 449
in foreign currency	182 833	230 860
	<hr/> 735 407	<hr/> 714 309
Term deposits		
in BGN	1 042 318	1 035 879
In foreign currency	1 048 102	973 912
	<hr/> 2 090 420	<hr/> 2 009 791
Savings accounts		
in BGN	339 603	95 576
in foreign currency	152 564	64 814
	<hr/> 492 167	<hr/> 160 390
Other deposits		
in BGN	20 115	17 399
in foreign currency	8 265	8 603
	<hr/> 28 380	<hr/> 26 002
Total liabilities to depositors	<hr/> 3 346 374	<hr/> 2 910 492

Analysis by type client and type of currency:

	2013	2012
	BGN '000	BGN '000
Individual deposits		
in BGN	1 271 031	1 091 944
in foreign currency	982 655	872 458
	<hr/> 2 253 686	<hr/> 1 964 402
Legal entities deposits		
in BGN	611 320	517 539
in foreign currency	450 595	399 791
	<hr/> 1 061 915	<hr/> 917 330
Deposits of other institutions		
in BGN	20 983	18 439
in foreign currency	9 790	10 321
	<hr/> 30 773	<hr/> 28 760
Total liabilities to other depositors	<hr/> 3 346 374	<hr/> 2 910 492

Dividend liabilities

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

	Current		Non-current	
	2013 BGN '000	2012 BGN '000	2013 BGN '000	2012 BGN '000
Dividend liabilities	15 544	15 935	32 303	43 834
	15 544	15 935	32 303	43 834

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 2013 and 2012 the Chimimport AD has paid out guaranteed dividend to its preferred shareholders at the amount of BGN 17 736 thousand and BGN 17 736 thousand, respectively or BGN 0.1998 per share.

Bonds and debenture loans

	Current		Non-current	
	2013 BGN '000	2012 BGN '000	2013 BGN '000	2012 BGN '000
Chimimport Holland B.V.	3 442	3 217	142 156	134 951
CCB AD	-	-	15 898	-
Asenova Krepost AD	1 183	538	11 735	11 735
	4 625	3 755	169 789	146 686

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 Chimimport Invest 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 2015 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 2015.

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.

In favour of the bond holders 11.6 million ordinary shares of Chimimport AD, owned by the main shareholder “Chimimport Invest” AD, are pledged as collateral.

As at 31 December 2013, the Group’s liability to bondholders amounts to BGN 145 598 (2012: BGN 138 168 thousand) calculated using the effective interest.

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 dated 30 January 2009, maturing on 30 January 2015. Interest payments are made on 30 January and 30 July.

The interest expense on the debenture loan for the reporting period amounts to BGN 1 291 thousand. Other related expenses, amounting to BGN 101 thousand are included in the consolidated financial statement of comprehensive income within ‘Finance cost’.

The debenture loan is secured by insurance ‘Financial Risk’ in favour 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 2013 is BGN 12 918 thousand (2012: BGN 12 273 thousand) calculated using the effective interest.

Bank loans

	Current		Non-current	
	2013	2012	2013	2012
	BGN ‘000	BGN ‘000	BGN ‘000	BGN ‘000
Bank loans	59 344	58 726	95 287	129 979

Non-current bank loans

	2013 BGN '000	2012 BGN '000
Revolving and investment bank credits	88 215	87 676
Program for special purpose refinancing of commercial banks	7 072	40 937
Other bank loans	-	1 366
	95 287	129 979

Investment loans

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

- Agreement signed on July 4, 2011 for an amount of BGN 19 558 thousand with final maturity on June 25, 2017 and an interest rate of 7.375%. Payments on the loan are made in euro. The group should make yearly instalments of repayment schedule by the end of the contract term. The loan is secured by the deterioration of the financial position of the Group; it should provide additional collateral acceptable to the Bank, within a specified period. The outstanding loan as at 31 December 2013 BGN 18 189 thousand (EUR 9 300 thousand), of which BGN 16 820 thousand term portion and BGN 1 369 thousand current portion.
- Bank loan, dated 4 July 2011 for the amount of BGN 39 117 thousand with maturity 25 June 2017 and semi-annual interest rate of 7.375%. Payments are concluded in euro. The Group is to repay it in 5 installments. The loan is secured by first pledge of all current and future receivables from contracts for payment accounts with the Bank – lender. The outstanding loan as at 31 December 2013 is BGN 46 353 thousand (EUR 23 700 thousand), BGN 16 233 thousand (EUR 8 300 thousand) of which - current.
- The Group loan from a commercial bank under the loan agreement 114 dated June 6, 2006 with a maturity date: April 25, 2016 Interest at the rate of three-month EURIBOR plus 4.50%. Collateral for the loan real estate property - "House of Geologa" - Varna resort St. Constantine and Elena worth BGN 6 293 thousand - owned by Park Build OOD. The currency, in which payments are made, is Euro. According to a repayment plan with the Group repaid the loan instalments in the amount of BGN 189 thousand (EUR 97 thousand euro). The outstanding loan as at 31 December 2013 amounted to BGN 5 471 thousand (EUR 2 797 thousand), of which long-term portion - BGN 3 206 thousand and short-term portion - BGN 2 265 thousand
- As at 31 December 2013 the Group has received investment credit from commercial bank with maturity date 26 July 2014. The payments are carried out in US dollars and the interest rate is 3-month LIBOR, plus 3.5% premium. The loan is secured with an aircraft BOING 737 – 300. The outstanding balance of the loan as at 31 December 2013 amounts to BGN 1 927 thousand (USD 1 358 thousand), of which short-term portion – BGN 1 927 thousand.
- As at 31 December 2012 the Group has investment credit obligation with maturity date 31 December 2015 at the amount of BGN 1 437 thousand with interest rate – 3-month Libor plus 4 points premium. Payments are carried out in euro. The credit is secured with mortgage on second and third floor of administrative building on Korab Planina street and warranty agreement. The outstanding amount of the credit is as at 31

December 2013 is BGN 599 thousand. (EUR 306 thousand), of which long-term portion is BGN 292 thousand and short-term portion is BGN 307 thousand.

- The Group is party to a contract for an investment bank loan from Bulgarian Development Bank AD, signed on June 21, 2013, maturing on May 22, 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 2013 is BGN 9 439 thousand, including current portion - BGN 9 439 thousand.

Revolving Loans

- 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 7 equal payments at the amount of EUR 1 117 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 10 861 thousand (EUR 5 553 thousand), (31 December 2012 amounts to BGN 15 396 thousand (EUR 7 872 thousand)), of which long-term portion is BGN 4 344 thousand (2012: BGN 8 689 thousand) and short-term portion – BGN 6 517 thousand (2012: BGN 6 707 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 2013 amounts to BGN 6 808 thousand (EUR 3 481 thousand), of which long-term portion is BGN 4 974 thousand (2012: BGN 6 814 thousand) and short-term portion is BGN 1 834 thousand (2012: BGN 2 513 thousand). Discount on bank loans is BGN 522 thousand, of which BGN 346 thousand is long-term portion and BGN 176 thousand is short-term portion.

Program for special purpose refinancing of commercial banks

As of 31 December 2013 the Group has reflected a liability at Bulgarian Development Bank amounting to BGN 7 072 thousand, including interest obligations resulting from agreements concluded in 2013 contract assignment. The final date for payment of the debt is in April 2015.

As at 31 December 2013 the Group has the following credit obligations: program for targeted refinancing of commercial banks amounting to BGN 40 937 thousand:

- on a program for refinancing of commercial banks for the medium and long-term investment and project financing for technical improvement, adoption of new technologies, know-how, increase competitiveness and export potential projects under the EU structural funds and short-term pre-export financing small and medium enterprises registered under the Commercial Law;
- under a program to provide targeted credit lines to commercial banks for financing farmers.



Short-term bank loans	2013	2012
	BGN '000	BGN '000
Short-term portion of revolving and investment bank credits	16 314	15 617
Short-term revolving and investment bank credits	43 030	41 192
Other	-	1 917
	59 344	58 726

Investment Loans

Liabilities of the Group as at 31 December 2013 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 loans

- The Group is granted an investment loan under a contract amounting to BGN 10 million, dated 28 January 2008, with maturity date 25 March 2017. The interest rate equals to 1-month SOFIBOR, plus 6% premium. Payments are carried out in Bulgarian leva. The loan is secured with mortgages on real estate, pledge in machines, plant and equipment, and with pledge on tangible fixed assets under the Law on registered pledges;
- In 2007 the Group has concluded 2 bank revolving credits which will be in force until 20 September 2013 at total amount of BGN 18 195, with interest rates as follows: 1-month SOFIBOR plus 3 points premium and 1-month SOFIBOR plus 3.5 points premium. Repayments under both agreements are carried out in Bulgarian leva. The agreements are secured with mortgages on real estate property, machines and equipment under the Law on registered pledges, as well as pledges on inventory and future receivables. The outstanding amount of the credits as at 31 December 2013 is BGN 16 200 thousand. Discount on credits amounts to BGN 72 thousand.

As of December 31, 2013 the loans are overdue. At the date of preparation of the financial statements is signed to take credit obligations between the Group and the bank - lender. In the month of January 2014 the Group's debt (principal, interest, fees, commissions and expenses) under the two contracts is fully repaid

- 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 31.12.2012 the utilized amount is BGN 8 865 thousand (2012: BGN 8 867 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, and pledged assets of the related party Aviation Company Hemus Air EAD and a warranty of the related party Bulgarian Airways Group EAD. The outstanding balance of the loan as at 31 December 2013 amounts to BGN 8 865 thousand (EUR 4 533 thousand);

- Three contracts for bank loans have been concluded with Commercial bank for working capital. The maturities are 31.03.2014, 28.06.2014 and 01.02.2021, respectively. The utilized amount and the amount due as at 31.12.2013 amounts to BGN 3 050 thousand (2012 BGN 759 thousand). The annual interest rate under the agreement is within 6.5% - 8.00% on the utilized amount.

Other borrowings

	Current		Non-current	
	2013 BGN '000	2012 BGN '000	2013 BGN '000	2012 BGN '000
Other borrowings	57 636	59 160	7 813	14 841

Other non-current borrowings

	2013 BGN '000	2012 BGN '000
Financing from State Agricultural Fund	157	668
Long term borrowings	7 656	14 173
	7 813	14 841

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 borrowings are not secured. Payments are concluded in the currency, in which they were granted.

Current borrowings

	2013 BGN '000	2012 BGN '000
Current borrowings	57 636	59 160
	57 636	59 160

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

	2013 BGN '000	2012 BGN '000
Insurance liabilities	8 717	7 799
Reinsurance liabilities	5 281	5 957
Transactions with Guarantee fund	1 640	1 206
Other	1	18
	15 639	14 980

Derivatives, held-for-trading

As at 31 December 2013 derivatives, held-for-trading, amounting to BGN 10 860 thousand (2012: BGN 8 265 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	
	2013 BGN '000	2012 BGN '000	2013 BGN '000	2012 BGN '000
Demand deposits – local banks				
-in BGN	2 439	1 537	-	-
-in foreign currency	430	793	-	-
Demand deposits from foreign banks in foreign currency	789	6	-	-
Term deposits from local banks in BGN	-	17 995	-	-
Term deposits from foreign banks in foreign currency	19 064	15 682	620	2 934
	22 722	36 013	620	2 934

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 35 668 thousand (2012: BGN 41 800 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 2013	Within 1 year BGN '000	1 to 5 years BGN '000	Over 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

31 December 2012	Within 1 year BGN '000	1 to 5 years BGN '000	Over 5 years BGN '000	Total BGN '000
Lease payments	5 965	16 160	-	22 125
Finance charges	(548)	(698)	-	(1 246)
Net present values	5 417	15 462	-	20 879

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 2013	53 477	131 239	28 597	213 313
31 December 2012	62 002	146 841	48 369	257 212

Lease payments recognized as an expense during the period amount to BGN 58 319 thousands (2012: 63 224 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 centre of Sofia, which will be used as the headquarters of the Bank. The right to use the building is established for a period until 2016, the Group is a party to operating leases of fourteen massive office buildings located in several major cities across the country that will be used for bank branches. Rights to use the buildings are set up for a period up to 2020.

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

Operating leases as lessor

In 2013 and 2012 the Group allows for the lease of airplanes to other companies under operating leases. Revenues from leasing of airplanes rent in 2013 amounted to BGN 17 663 thousand (2012: BGN 17 567 thousand).

In 2013 and 2012, the Group leases real estate of property, plant and equipment, and investment properties under operating leases.

Rental income for 2013, amounting to BGN 6 909 thousand (2012: BGN 5 311 thousand).

Future minimum lease payments are as follows:

	Minimum lease payments due			Total BGN '000
	Within 1 year BGN '000	1 to 5 years BGN '000	Over 5 years BGN '000	
31 December 2013	7 250	13 002	15 024	35 276
31 December 2012	4 200	11 361	14 109	29 670

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 2013 the issuer did not increase its capital.

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

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

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

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

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

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

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

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

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

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

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

According to a reference from the Central Depository issued as at 31 December 2013, the members of the Managing and Supervisory Board own the following number of shares:

Members of the Supervisory Board

Name	Number of shares	% of share capital
1. Chimimport Invest AD	111 539 365	73.93%
2. CCB Group EAD	5 160 005	3.42%

Members of the Managing Board

Name	Number of shares	% of share capital
1. Aleksandar Kerezov	95 000	0.06%
2. Ivo Kamenov	309 925	0.21%
3. Marin Mitev	-	-
4. Nikola Mishev	33 790	0.02%
5. Miroljub Ivanov	55 666	0.04%

Within the period Marin Mitev has sold its entire interest in Chimimport AD amounting to 65 301 shares representing 0.04% of the share capital of the parent Company.

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

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

Ivo Georgiev Kamenov - Executive Director, Member of the Supervisory Board and the Management Board of Chimimport AD:

- Manager / Executive director:: Chimimport "AD UIC 000627519 - Sofia; "CHIMIMPORT Invest", UIC 831541734 - Sofia, "Invest Capital Consult" Ltd., UIC 103050543; "Tortuga" OOD, UIC 103536374 - Varna; "Invest Capital Management" OOD, UIC 103045368 - Varna; "Varna Consulting Company" Ltd, UIC 103060548 - Varna;
- Member of the Managing Board of Chimimport AD UIC 000627519 - Sofia; "CCB Group" AD UIC 121749139 - Sofia.
- Member of the Supervisory Board of CCB AD, UIC 831447150 – Sofia;
- Member of the Board of Directors of: Chimimport Invest AD, UIC 831541734 - Sofia; Varna - Plod AD, UIC 103106697 – Varna; Bulgarian Airways Group EAD, UIC 131085074 – Sofia; Investment Group AD, UIC 124613710 – Dobrich

- owns more than 25% of the share capital of other companies as follows:
Varnenska Konsultantska Kompania OOD, UIC 103060548 – Varna; Invest Capital Management OOD, UIC 103045368 - Varna; Tortuga OOD, UIC 103536374 – Varna

Marin Velikov Mitev – Executive director, member of the Supervisory and Managing Board of Chimimport AD:

- manager/executive director: Chimimport AD, UIC 000627519 – Sofia, Chimimport Invest AD, UIC 831541734 – Sofia; Sporten Complex Varna AD, UIC 103941472 – Varna; Golf Shabla AD, UIC 124712625 – Shabla, Global Project Management EOOD, UIC 175463433 – Varna; Tortuga OOD, UIC 103536374 – Varna; Invest Capital Consult EOOD, UIC 103050543 – Varna; Varnenska Konsultatska Kompania OOD, UIC 103060548 – Varna; AMG EOOD, UIC 103131753 – Varna; Invest Capital Management OOD, UIC 103045368 – Varna, Graphite Gallery EOOD UIC 103812011, ET Marin Mitev – Project Management, UIC 103326073. Procurator: TIM EAD – UIC 202317193;
- member of Supervisory Board of CCB AD, UIC 831447150, CCB Group EAD, UIC 121749139 - Sofia.
- member of Managing Board and executive director of Chimimport AD, UIC 000627519 – Sofia.
- member of the Board of Directors of Chimimport Invest AD, UIC 831541734 – Sofia; Sporten complex Varna AD, UIC 103941472 – Varna; Golf Shabla AD, UIC 124712625 – Shabla; Varna plod AD, UIC 103106697- Varna; Awhile EAD, UIC 124609740 – Dobrich;
- owns more than 25% of the share capital of other companies as follows:
Varnenska Konsultantska Kompania OOD, UIC 103060548 – Varna; Invest Capital Management OOD, UIC 103045368- Varna; Tortuga OOD, UIC 103536374 – Varna; ET Marin Mitev – Project Management, UIC 103326073.

Mariana Angelova Bazhdarova – member of the Supervisory Board:

- executive director and member of the Managing Board of Technoimpex AD, UIC 121483350 – Sofia; procurator of Technoimpex – 98 AD, UIC 121784510 – Sofia
- does not own more than 25% of the share capital of other companies

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

- Manager/CEO Chimimport Pharma AD UIC 131181471 – Sofia “Bulchimtrade” OOD UIC 200477808 – Sofia “Dializa Bulgaria” OOD UIC 131084129 – Sofia
- Vice chairman of the board of “Central Cooperative Bank” AD UIC 831447150; member of the Managing board of Chimimport AD UIC 000627519 – Sofia.
- Member of the BD Chimimport Pharma AD UIC 131181471 – Sofia
- Procurator Dializa Sofia 1 OOD UIC 131180953 – Sofia.
- Does not own directly more than 25 % of the share capital of other trade entities

Alexander Dimitrov Kerezov – vice. Chairman and member of the Managing Board of Chimimport AD

- Manager / CEO of Zarneni Hrani Bulgaria AD UIC 175410085. Manager of AH HGH Consult OOD UIC 130452457
- Member of the managing board of Central Cooperative Bank AD UIC 831447150;
- Member of the NB of POAD CCB SILA UIC EIK 825240908.
- Member of the Managing board of Chimimport AD UIC; ZAD Armeec UIC 121076907; Bulgarian River Shipping AD UIC 827183719; CCB Group EAD UIC 121749139,

Bulgarian Airways Group EAD UIC 131085074; Zarneni Hrani Bulgaria AD UIC 175410085.

- Does not own directly more than 25 % of the share capital of other trade entities.

Miroliub Panchev Ivanov Member of the Managing Board of Chimimport AD

- Manager/CEO of Satelit X OOD UIC 130584793 – Sofia; Omega Finance OOD UIC 831385114 – Sofia; Prime Lega Consult OOD UIC 130993620 – Sofia; Oksimoron 2003 EOOD UIC 131224983 – Sofia, CCB Real Estate Fund ADSIC UIC 131550406 – Sofia, Capital Invest EAD UIC 121878333– Sofia, Invest Capital EAD UIC 200775128 – Sofia
- Member of the Managing Board of Prouchvane I dobiv na neft I gaz AD, UIC 824033568 – Sofia;; Member of the MB of Zarneni Hrani Bulgaria AD, UIC 175410085 – Sofia;
- Member in the BD of CCB Real Estate Fund ADSIC UIC 131550406 – Sofia; Bulgarska Korabna Kompania AD, UIC 175389730 – Sofia; Plovdiv Stock Exchange AD UIC 115223519 – Plovdiv ; Capital Invest EAD UIC 121878333– Sofia; Invest Capital EAD, UIC 200775128 – Sofia;
- Member of the NB of POAD Sila AD, UIC 825240908 – Sofia

Nikola Peev Mishev - Member of the Managing Board of Chimimport AD

- Manager/CEO: Petrochim Trade EAD, UIC 130535554 – Sofia, Chimsnab Trade OOD UIC 131388356 – Sofia; Rubber Trade OOD UIC 130430425 – Sofia; Pamporovo Property EOOD UIC 200886790 – Asenovgrad; Bulchimtrade OOD UIC 200477808 – Sofia; Chimceltex OOD, UIC 130434434 – Sofia; Asenova Krepost AD UIC 115012041 – Asenovgrad
- Member of the BD of Petrochim Trade EAD, UIC 130535554 – Sofia; Asela AD , UIC 115023575 – Asenovgrad

Member of the Managing Board of Zarneni Hrani Bulgaria AD UIC 175410085 – Sofia; „Asenova Krepost AD, UIC 115012041 – Asenovgrad

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.

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

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



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

Information regarding this section is presented in a separate document.

Changes in the Company's share prices

According to information from the Bulgarian Stock Exchange – Sofia, the prices of the ordinary and preference shares during the twelve month period in 2013 are as follows:

Ordinary shares

Opening price : 0.830 BGN on 02 January 2013
Closing price : 1.550 BGN on 30 December 2013

Preference shares

Opening price : 1.440 BGN on 03 January 2013
Closing price : 1.850 BGN on 30 December 2013

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	2013	2012
	BGN '000	BGN '000
Financial assets held to maturity		
- debentures	<u>303 235</u>	<u>289 349</u>
Financial assets available for sale:		
- Securities and debentures	<u>307 900</u>	<u>289 346</u>
Financial assets held for trading (carried at fair value through profit or loss):		
- Nonderivative financial assets securities and debentures	851 874	705 393
- Derivatives	13 097	12 252
	<u>864 971</u>	<u>717 645</u>
Loans and receivables		
- Trade and other receivables	264 295	271 383
- Receivables on insurance and reinsurance contracts	56 985	53 098
- Receivables on loans provided	2 147 212	1 876 880
- Receivables from related parties	286 620	253 988
- Cash and cash equivalents	1 317 412	1 212 020
	<u>4 072 524</u>	<u>3 667 369</u>
	<u>5 548 630</u>	<u>4 963 709</u>



Financial liabilities, measured at amortised cost:	2013	2012
	BGN '000	BGN '000
Non-current:		
- liabilities to depositors	3 346 374	2 910 492
- loans	394 494	413 147
- dividend obligations	47 847	59 769
- bank deposits	23 342	38 947
- cession payables	16 109	5 209
- insurance contracts payables	15 639	14 980
- obligations under repo agreements	-	20 143
- finance lease obligations	15 462	20 879
- trade and other payables	221 634	217 059
- related parties payables	37 757	41 112
	4 118 658	3 741 737
Derivatives designated as hedging instruments in cash flow (at fair value):		
Derivatives	10 860	8 265
	4 129 518	3 750 002

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 2013	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN '000	BGN '000	BGN '000	%	%
Current capital position	443	60 215	27 100	222%	
Return on investments (+2%)	7 263	67 035	27 100	247%	25%
Return on investments (- 1.5%)	3 082	62 854	27 100	232%	10%
Increase of the expenses quota (+10%)	(3 550)	56 222	27 100	207%	(15%)
Increase of the damages (+10%)	(4 325)	55 447	27 100	205%	(18%)
Simulations as at 31 December 2012	Profit	Equity	Solvency limit	Coverage coefficient	Δ of the coverage coefficient
	BGN '000	BGN '000	BGN '000	%	%
Current capital position	205	58 319	25 750	226%	
Return on investments (+2%)	13 938	72 052	25 750	280%	53%
Return on investments (- 1.5%)	9 983	68 097	25 750	264%	38%
Increase of the expenses quota (+10%)	(3 848)	54 265	25 750	211%	(16%)
Increase of the damages (+10%)	(4 823)	53 291	25 750	207%	(20%)

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 or damages.

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 or damages.

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 ensure the opportunity for more precise information about the risk development during the reporting periods:

Type of insurance	2013	2013	2012	2012
	Damages, quota, gross %	Damages, quota, net %	Damages, quota, gross %	Damages, quota, net %
Accident insurance	51%	52%	23%	23%
Including obligatory accident insurance of the passengers in the public transport	2%	2%	3%	4%
Illness	0%	0%	0%	0%
Casco	65%	66%	67%	68%
Insurance of rail vehicles	0%	0%	0%	0%
Casco of aircrafts	141%	30%	4%	360%
Casco of vessels	21%	(9%)	49%	68%
Cargo insurance during transportation	27%	20%	4%	0%
Fire and natural calamities insurance	14%	14%	70%	58%
Property damage insurance	24%	28%	30%	33%
Insurance associated with the ownership and usage of motor vehicles, including:	46%	40%	44%	42%
Third-party vehicle insurance	42%	36%	44%	42%
"Green Card" insurance	439%	405%	46%	48%
Third-party boarder insurance	14%	14%	4%	4%
Third-party carrier insurance	27%	27%	53%	41%
Third-party aviation insurance	0%	35%	1%	13%
Third party vessels insurance	6%	10%	(86%)	(13%)
General third-party insurance	38%	46%	39 603%	(1 012%)
Credit insurance	32%	32%	7%	7%
Guarantees insurance	0%	0%	0%	0%
Insurance against financial losses	53%	53%	0%	0%



Type of insurance	2013	2013	2012	2012
	Damages, quota, gross %	Damages, quota, net %	Damages, quota, gross %	Damages, quota, net %
Insurance against legal expenses	0%	0%	0%	0%
Travel assistance	41%	41%	39%	39%
Total:	54%	53%	57%	59%

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

Type of insurance	BGN	Number	Average	Average	Average	Average
			indemnity 2013	indemnity 2012	indemnity 2011	indemnity 2010
Accident insurance	702 361	1 522	461	764	519	967
Casco	54 286 153	72 479	749	767	760	735
Casco of aircrafts	1 287 890	15	85 859	57 053	162 113	14 077
Casco of vessels	91 176	11	8 289	17 934	15 402	12 199
Cargo insurance during transportation	135 256	52	2 601	469	1 190	414
Fire and Natural calamities insurance	4 223 814	1 583	2 668	1 364	965	1 476
Property damage insurance	377 899	47	8 040	7 957	8 526	9 433
Insurance associated with the ownership and usage of motor vehicles, including:	18 102 046	8 079	2 241	2 235	2 180	2 291
Third-party aviation insurance	10 256	5	2 051	10 645	5 222	-
Third party vessels insurance	-	-	-	-	36 270	14 200
General third-party insurance	460 188	36	12 783	23 774	12 997	14 572
Credit insurance	78 033	8	9 754	9 754	40 511	78 899
Guarantees insurance	-	-	-	-	161	-
Insurance against financial losses	-	-	-	7 758	7 350	13 152
Travel assistance	959 162	1 320	727	717	983	836
Total:	80 714 234	85 157	948	949	960	935

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
	2013	2012	2011	2010	2009	2008	
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	
At the end of the period	48 106	53 652	42 426	48 100	42 465	34 034	268 782
1 year later	-	21 692	18 447	18 664	16 751	20 079	95 633
2 years later	-	-	4 275	4 033	3 311	3 021	14 640
3 years later	-	-	-	1 282	3 083	1 651	6 016
4 years later	-	-	-	-	2 539	1 325	3 864
5 years later	-	-	-	-	-	1 057	1 057
Cumulative payments	48 106	75 344	65 148	72 079	68 148	61 167	389 992
Total valuation of indemnities	79 165	86 502	70 512	75 625	69 347	61 167	442 317
Payments as at 31 December:							
Valuations	31 059	11 158	5 364	3 546	1 198	-	52 325
Actual	50 000	25 281	11 371	4 844	3 205	1 973	96 675

The presented table shows that the reserves for unsettled payments are adequate as at the end of 2013.

Solvency limit

As at the end of 2013 the defined solvency limit is in accordance with the respective legal requirements:

	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

	2012
	BGN '000
Equity, less intangible assets	52 717
Share capital	15 019
Reserves and funds	63 444
Revaluation reserve	(20 144)
Deductions	
Participations in subsidiaries under art. 5, par. 2, item 5 of Ordinance № 21	(410)
Intangible assets	(5 192)
Solvency limit	26 597
Surplus	26 120

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 other foreign currency includes mainly subsidiary's 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 2013 is as follows:

	<u>BGN</u>	<u>EUR</u>	<u>USD</u>	<u>Other</u>	<u>Total</u>
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
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
Financial assets at fair value					
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
		1 074			
Liabilities to other depositors	2 038 970	740	180 406	187 320	3 481 436
Other attracted funds	290	-	-	778	1 068
Subordinated liabilities	-	69 897	-	-	69 897
Total liabilities	<u>2 050 873</u>	<u>1 158 082</u>	<u>182 678</u>	<u>189 285</u>	<u>3 580 918</u>
Net position	<u>(835 291)</u>	<u>24 607</u>	<u>(63 096)</u>	<u>95 983</u>	<u>(777 797)</u>

The currency structure of the financial assets and liabilities at their carrying amount as at 31 December 2012 is as follows:

	<u>BGN</u>	<u>EUR</u>	<u>USD</u>	<u>Other</u>	<u>Total</u>
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
Financial assets					
Placements with, and advances to, banks	28 217	83 694	23 673	36 916	172 500
Receivables under repurchase agreements	42 866	21 110	-	-	63 976
Financial asset held-for-trading	72 148	12 214	8 621	3 423	96 406
Financial assets at fair value	-	-	-	1 446	1 446
Loans and advances to customers, net	834 277	611 731	141 314	64 777	1 652 099
Available-for-sale financial assets	48 976	152 385	47	3 876	205 284
Held-to-maturity financial assets	58 991	93 507	-	117 176	269 674
Total assets	<u>1 085 475</u>	<u>974 641</u>	<u>173 655</u>	<u>227 614</u>	<u>2 461 385</u>



Financial liabilities

Deposits from banks	19 532	14 195	1 724	562	36 013
Bank loans	40 937	-	-	1 213	42 150
Liabilities under repurchase agreements	-	-	-	-	-
Liabilities to other depositors	1 729 888	993 179	163 082	186 211	3 072 360
Other attracted funds	1 000	-	-	778	1 778
Subordinated liabilities	45 023	-	-	-	45 023
Total liabilities	1 836 380	1 007 374	164 806	188 764	3 197 324
Net position	(750 905)	(32 733)	8 849	38 850	(735 939)

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 2013, 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 net financial result after tax and equity to a possible change of the variable interest rates on loans, based on 1-month SOFIBOR, at the amount of +/- 7.64%, 3-month SOFIBOR, at the amount of +/- 9.23% and variable interest rates, based on 3-month EURIBOR, at the amount of +/- 8.29%, 6-month EURIBOR, at the amount of +/- 5.37%, 12-month EURIBOR, at the amount of +/- 5.32%, and 3-month LIBOR, at the amount of +/- 7.20%. These changes are considered to be reasonably possible, based on observations on current market conditions. The calculations are based on the volatility of the average market interest rate and the financial instruments, held by the Group as at the end of the reporting period, sensitive to interest rate changes. All other variables are held constant.

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

31 December 2012	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	(119)	119	(119)	119
3M SOFIBOR	(17)	17	(17)	17
1M EURIBOR	(21)	21	(21)	21
3M EURIBOR	(26)	26	(26)	26
12M EURIBOR	(33)	33	(33)	33

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 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%.

	<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	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	-	-	-	-	-	-
Financial assets held-for-trade	230 142	112 380	384 846	779 257	354 227	1 860 852
Financial assets held-to-maturity	524	2 865	5 523	152 899	25 557	187 368
Total interest-bearing assets	<u>2 887</u>	<u>63 916</u>	<u>69 971</u>	<u>112 277</u>	<u>34 500</u>	<u>283 551</u>
Interest-bearing assets	<u>488 670</u>	<u>222 001</u>	<u>512 386</u>	<u>1 051 278</u>	<u>423 840</u>	<u>2 698 175</u>



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
Total interest-bearing liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69 897</u>	<u>69 897</u>
Interest-bearing liabilities	<u>1 407 489</u>	<u>415 305</u>	<u>996 011</u>	<u>686 223</u>	<u>75 890</u>	<u>3 580 918</u>

Imbalance between interest bearing assets and liabilities, net

	<u>(918 819)</u>	<u>(193 304)</u>	<u>(483 625)</u>	<u>365 055</u>	<u>347 950</u>	<u>(882 743)</u>
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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 2013, over the net interest income, assuming an increase of 2% (2012: 2%) of the interest rates for one year is a reduction of the net interest income amounting to BGN 1 809 thousand (2012: BGN 1 690 thousand).

The Group's imbalance between the interest bearing assets and liabilities as at 31 December 2012 is negative, amounting to BGN 822 042 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 33.42%

	<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	161 915	7 583	3 002	-	-	172 500
Receivables under repurchase agreements	37 671	12 860	13 445	-	-	63 976
Financial assets held-for-trade	-	-	12	37 303	5	37 320
Loans and advances to customers, net	523	923	-	-	-	1 446
Financial assets held-for-trade	218,203	98 639	372 350	625 198	337 709	1 652 099
Financial assets held-to-maturity	893	9 510	943	119 251	47 670	178 267
Total interest-bearing assets	<u>84 796</u>	<u>84 343</u>	<u>2 576</u>	<u>70 932</u>	<u>27 027</u>	<u>269 674</u>
Interest-bearing assets	<u>504 001</u>	<u>213 858</u>	<u>392 328</u>	<u>852 684</u>	<u>412 411</u>	<u>2 375 282</u>
Interest-bearing liabilities						
Deposits from banks	31 787	2 416	1 182	628	-	36 013
Bank loans	162	98	288	5 453	36 149	42 150
Liabilities under repurchase agreements	-	-	-	-	-	-
Liabilities to other depositors	1 222 810	434 451	805 254	602 059	7 786	3 072 360
Other attracted funds	52	40	240	668	778	1 778
Total interest-bearing liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45 023</u>	<u>45 023</u>
Interest-bearing liabilities	<u>1 254 811</u>	<u>437 005</u>	<u>806 964</u>	<u>608 808</u>	<u>89 736</u>	<u>3 197 324</u>
Imbalance between interest bearing assets and liabilities, net	<u>(750 810)</u>	<u>(223 147)</u>	<u>(414 636)</u>	<u>243 876</u>	<u>322 675</u>	<u>(822 042)</u>

Other price risk sensitivity

A threat for the Group is the decrease of the market prices of its equity instruments, held-for-trade, which will lead to a decrease of the net profit. The Group does not possess significant exposure to derivative instruments, based on the equity instruments and indices. The carrying amount of equity instruments and investments in mutual funds, which are from financial assets held- for-trade portfolio, exposures to risk amounts to BGN 63 279 thousand (2012 – 46 092 thousand.).

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:

	2013 BGN '000	2012 BGN '000
Financial assets – carrying amounts:		
Non-current financial assets	1 676 397	1 430 610
Related parties receivables	8 815	14 879
Current financial assets	2 003 906	1 795 708
Related parties receivables	277 805	239 108
Cash and cash equivalents	1 317 412	1 212 020
Trade and other receivables	264 295	271 384
Carrying amount	5 548 630	4 963 709

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, corresponding securities and guarantees are required.

The cash and bank accounts in the Central bank, amounting to BGN 974 628 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 262 952 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 2013 the lump sum of this risk amounts to BGN 56 010 thousand. As at 31 December 2013 the provisions for coverage of losses from impairments of the placements and advances to banks amount to BGN 133 thousand.

The receivables under repurchase agreements, amounting to BGN 48 664 thousand carries credit risk to the Group, which is dependent on the credit risk of the collateral. One part of receivables amounting to BGN 13 964 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 33 175 thousand carry credit risk 100% to the Group, as they are secured by corporate securities.

The held-for-trading financial assets, amounting to BGN 132 039 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 28 632 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 28 632 thousand. As at 31 December 2013 the provisions for coverage of losses from impairment of the held-for-sale equity instruments, amount to BGN 280 thousand.

The debt instruments held-for-sale, amounting to BGN 86 321 thousand bear the credit risk of the country issuer.

The debentures held-for-sale and issued by local and foreign companies, amounting to BGN 100 523 thousand, bear credit risk, whose maximum exposure is 100% or BGN 100 523 thousand.

The debt instruments held-to-maturity and issued by Republic of Bulgaria, amounting to BGN 139 787 thousand do not bear any credit risk for the Group, as they are secured by the Bulgarian government.

The debt instruments held-to-maturity and issued by the National Bank of the Republic of Macedonia, amounting to BGN 2 572 thousand do not bear any credit risk for the Group, as they are secured by the National Bank of the Republic of Macedonia. The debt instruments held-to-maturity and issued by the National Bank of the Republic of Macedonia at the amount of BGN 116 348 thousand do not bear any credit risk as they are guaranteed by the Republic of Macedonia.

The debt instruments held-to-maturity and issued by the Russian federation at the amount of BGN 4 379 thousand do not bear any credit risk for the Group, as they are secured by the Russian federation.

The debt instruments held-to-maturity and issued by foreign company at the amount of BGN 20 465 thousand bear credit risk with maximum exposure of 100% or BGN 20 465.

Loans and advances to customers with book value of BGN 1 894 564 thousand expose the Group to credit risk. In order to determine the amount of exposure of the Group to this kind of risk, an analysis is being conducted of the individual risk for the Group, originating from every specifically determined exposure, as the Group applies the criteria for evaluation and classification of the risky exposures, set in the bank legislation of the Republic of Bulgaria and the Republic of Macedonia. In accordance with these criteria and the conducted analysis the Group's maximum exposure amounts to BGN 1 570 972 thousand. In order to minimize the credit risk, in the process of granting credits detailed procedures, regarding the analysis of the economic appropriateness of any single project, the different kinds of securities acceptable by the Group, the control of the placements and their administration, are applied. The Group monitors the observance of the limits for credit exposure by regions and industries. The purpose of the above-mentioned limits is to limit the concentration of one region or industry in the portfolio, which could lead to increased credit risk. The Group has adopted the methodology for calculating the provisions for impairment of loans and advances to customers, based on the requirements of the bank legislation, respectively in the Republic of Bulgaria and the Republic of Macedonia, as they do not differ significantly. As at 31 December 2013 the provisions for coverage of losses from impairment of loans and advances amount to BGN 33 712 thousand.

Quality of the credit portfolio

Classes of financial assets as at 31 December 2013:

Debt Group	Granted loans			Unutilized engagement Group	Given guarantees		
	Amount BGN '000	Share %	Provisions 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

Classes of financial assets as at 31 December 2012:

Debt Group	Granted loans			Unutilized engagement Group	Given guarantees		
	Amount BGN '000	Share %	Provisions BGN '000		Amount BGN '000	Share %	Provisions BGN '000
Regular	1 587 047	94.01	3360	78 049	77 876	100	59
Monitored	29 333	1.74	2 346	488	-	-	-
Not serviced	21 085	1.25	3 370	167	-	-	-
Loss	50 710	3.00	27 000	125	-	-	-
Total	1 688 175	100	36 076	78 829	77 876	100	59

Loans granted by the Group are presented in the following table:



	31 December 2013			31 December 2012	
	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	1 344 261	70.95	48 664	1 138 551	67.44
Outstanding but not impaired	425 513	22.46	-	452 331	26.79
Impaired on individual base	124 790	6.59	-	97 293	5.76
Total	1 894 564	100	48 664	1 688 175	100
Set-aside provisions	(33 712)		-	(36 076)	
Net loans	1 860 852		48 664	1 652 099	

As at 31 December 2013 and 2012 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:

	2013 BGN '000	2012 BGN '000
Individuals		
Credit cards and overdrafts	22 102	22 024
Consumer loans	94 670	108 831
Mortgage loans	40 565	44 677
Corporate clients	1 186 924	969 278
Total		
Individuals	1 344 261	1 144 810

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.

	2013 BGN '000	2012 BGN '000
Individuals		
Credit cards and overdrafts	8 152	10 508
Consumer loans	15 577	17 737
Mortgage loans	20 234	24 420
Corporate clients	381 550	399 666
Total	425 513	452 331

The book value of the loans, with accrued provision on an individual basis as at 31 December 2013 and 2012 is BGN 51 230 thousand and BGN 56 280 thousand. These amounts do not include cash flows from the collaterals of these loans.

	Book value before impairment	Book value before impairment	Book value before impairment	Total highly liquid collateral
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
	Book value before impairment	Book value before impairment	Book value before impairment	Total highly liquid collateral
31 December 2013				
Credit cards and overdrafts	2 103	759	4 584	-
Consumer loans	7 233	4 124	6 415	5 668
Mortgage loans	73	434	5 074	6 982
Corporate clients	4 768	393	20 320	22 809
Total	14 177	5 710	36 393	35 459

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 December 2013	Client	Contracted limit	Net exposure as at 31 December 2012
Company 1	75 008	80 112	Company 1	73 464	74 894
Company 2	75 916	77 810	Company 2	60 000	60 310
Company 3	65 850	65 864	Company 3	48 636	49 014
Company 4	68 255	60 385	Company 4	55 249	47 294
Company 5	71 697	49 444	Company 5	45 047	45 377
Company 6	48 070	49 273	Company 6	56 197	42 990
Company 7	42 246	44 096	Company 7	37 835	37 974
Company 8	39 420	39 576	Company 8	37 253	36 656
Company 9	52 844	37 699	Company 9	34 412	32 156
Company 10	58 969	36 611	Company 10	33 771	33 907
Total	598 275	540 870		481 864	460 572

The total net exposure for 2013 and 2012 represents 29.07% and 27.88%, respectively, from the Group's loans and advances from clients.

The following table presents the Group's portfolio by type of collateral:



	2013 BGN '000	2012 BGN '000
Secured with cash and government securities	125 781	115 103
Mortgage	599 152	514 013
Other collateral	992 335	897 179
No collateral	177 296	161 880
Expenses for provisions of impairment losses	(33 712)	(36 076)
Total	1 860 852	1 652 099

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

Segment	Amount Amount	Number of transactions	Debt	Delay of payment			Provisions	Unutilized engagement
				Principal	Interest	Court receivables		
		75 777	241 892	481	196	-	2 751	37 486
Trade	Group	3 296	15 369	467	268	-	912	508
	Regular	1 540	10 118	778	418	-	1 950	183
	Monitored	3 703	20 121	2 212	1 215	9 964	14 159	134
Total	Not services	84 316	287 500	3 938	2 097	9 964	19 772	38 311
	Loss	1 297	1 443 214	2 301	2 412	-	307	70 298
Corporate		98	10 558	65	101	-	602	24
	Regular	54	7 004	335	194	-	906	2
	Monitored	225	27 261	3 617	1 425	17 200	12 125	15
Total	Not services	1 674	1 488 037	6 318	4 132	17 200	13 940	70 339
	Loss	9	119 027	-	92	-	-	49
Budget	Regular	-	-	-	-	-	-	-
	Monitored	-	-	-	-	-	-	-
Total	Not services	9	119 027	-	92	-	-	49
	Loss	85 999	1 894 564	10 256	6 321	27 164	33 712	108 699

Business segment, classification group and delays of payments as at 31 December 2012:

Segment	Amount Group	Number of transaction	Debt	Delay of payment			Provisions	Unutilized engagement
				Principal	Interest	Court receivables		
Trade	Regular	72 037	214 842	530	343	0	2 719	35 042
	Monitored	3 695	17 250	549	318	6	986	443
	Not services	1 706	13 883	1 274	552	0	2 468	149
	Loss	3 824	18 115	3 543	1 633	5 616	11 898	117
Total		81 262	264 090	5 896	2 846	5 622	18 071	35 751
Corporate	Regular	1 337	495	14 511	3 268	0	128	42 937
	Monitored	121	12 082	386	97	0	1 359	45
	Not services	66	7 202	478	267	0	120	18
	Loss	275	32 594	7 223	2 282	19 050	16 398	8
Total		1 799	373	22 598	5 914	19 050	18 005	43 008
Budget	Regular	7	43 712	-	14	-	-	47
	Monitored	-	-	-	-	-	-	-
	Not services	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-
Total		7	43 712	-	14	-	-	47
Total portfolio		83 068	175	28 494	8 774	24 672	36 076	78 806

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 2013 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

	Current	Non-current	
	Within 12 months BGN '000	From 1 to 5 years BGN '000	Within 12 months 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	5 068	10 394	-
Trade and other payables	2 903 317	702 279	28 362
Total	3 079 168	947 629	102 721

As at 31 December 2012 Group's liabilities (including interest payables where applicable) have contractual maturities, summarized below:

	Current		Non-current
	Within 12 months BGN '000	From 1 to 5 years BGN '000	Within 12 months BGN '000
Dividend payables	15 935	43 834	-
Bank and other loans	121 641	247 955	43 551
Related parties payables	36 959	4 153	-
Financial lease payables	5 417	15 462	-
Trade and other payables	2 507 318	615 694	7 676
Total	2 687 270	927 098	51 227

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 16 383 thousand (2012: BGN 20 456 thousand).

Group's policy regarding banking activities

The Group follows the obligations and restriction arising from the regulations of the banking legislations in counties 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 they cover about 25% 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 they cover about 7% of the total assets. Bonds issued by the Republic of Bulgaria and from National Bank of the Republic of Macedonia, which the Group possesses and has not pledged as a security are about 5 % of the Group's assets. Maintaining over 35% 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 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
Financial liabilities						
Deposits from banks	12 254	8 452	-	-	-	20 706
Credit 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
Obligations under agreements for security repurchasing	17	34	82	157	778	1 068
Issued bonds	-	-	-	-	69 897	69 897
Other liabilities	19 017	-	-	-	-	19 017
Total financial liabilities	1 427 233	415 305	996 011	685 496	75 890	3 599 935

Financial liabilities of the Group are formed mainly by borrowing from other depositors – deposits of natural persons and legal entities. Most of them – above 40% 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 2012, 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
Financial liabilities						
Deposits from banks	35 528	485	-	-	-	36 013
Credit from banks	162	98	288	5 453	36 149	42 150
Liabilities to other depositors	1 222 811	434 451	805 253	602 059	7 786	3 072 360
Other borrowed funds	52	40	240	668	778	1 778
Subordinated debt	-	-	-	-	45 023	45 023
Other liabilities	19 634	-	-	-	-	19 634
Total financial liabilities	1 278 187	435 074	805 781	608 180	89 736	3 216 958

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.

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:

	2013 BGN '000	2012 BGN '000
Shareholders' equity	1 538 031	1 461 012
Equity	1 538 031	1 461 012
Debt	4 855 347	4 349 513
- Cash and cash equivalents	(1 317 412)	(1 212 020)
Net debt	3 537 935	3 137 493
Capital to net debt	1:2.3	1:2.15

The increase in ratio during 2013 is primarily a result of the increase in the Group's net debt due to its bank and other activities. The Group has honoured its covenant obligations, including maintaining capital ratios.



INFORMATION REGARDING

Chimimport AD,

according to Annex No.11 to Article 32, Paragraph 1, Item 4 of Regulation No. 2 as at 17.09.2003 for the prospectus for the public offering and admission to trading on the regulated market for securities and the disclosure of information by the public entities and other issuers of securities

Capital structure of the Group of Chimimport AD, including the securities, unadmitted to trading on the regulated market in the Republic of Bulgaria or other member-country, indicating the different classes of shares, the rights and the obligations, related to each class of shares, and the portion of the total share capital, constituting each class.

The share capital of Chimimport AD as at 31 December 2013 consists of 150 875 596 (2012: 150 875 596) ordinary shares with a par value of BGN 1 per share and 88 770 671 (2012: 88 770 671) preferred shares with a par value of BGN 1, including 6 197 175 (2012: 5 962 675,) ordinary shares and 5 265 899 (2012: 4 295 449) preferred shares, acquired by companies of Chimimport Group. 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.

	2013	2012
	Number of shares	Number of shares
Shares issued and fully paid at 1 January:	229 388 143	230 344 603
treasury shares /ordinary and preferred/, acquired by subsidiaries during the year	(1 204 950)	(956 460)
Shares issued and fully paid as at period end	228 183 193	229 388 143

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 875 612 preferred shares to ordinary shares and sale of 956 460 preferred and ordinary shares of the Group, from subsidiaries are allocated as follows:

- BGN 28 271 thousand – share premium
- BGN (1 677) thousand – reduction of share premium due to treasury shares acquired by subsidiaries
- BGN 16 770 thousand – current dividend payables
- BGN (1 226) thousand – reduction of current dividend payables due to treasury shares acquired by subsidiaries
- BGN 34 851 thousand – non-current dividend payables
- BGN (2 548) thousand – reduction of non-current dividend payables due to treasury shares acquired by subsidiaries.

The list of the principal shareholders, holding ordinary shares of the Group, is as follows:

	2013	2013	2012	2012
	Number ordinary shares	%	Number ordinary shares	%
Chimimport Invest AD	111 539 365	73.93%	108 957 067	72.22%
CCB Group EAD	5 160 005	3.42%	5 160 005	3.42%
UniCredit Bank Austria	3 786 253	2.51%	5 208 127	3.45%
EFG EUROBANK ERGASIAS	2 878 750	1.91%	2 878 750	1.91%
The Bank of New York Mellon	1 796 988	1.19%	452 029	0.30%
Eaton Vance Tax-Managed Emerging Markets	825 588	0.55%	487 988	0.32%
PIC "Saglasie"	788 972	0.52%	788 972	0.52%
Pireaus Bank Bulgaria	687 795	0.46%	-	0.00%
Russell Institutional funds public limited	532 000	0.35%	-	0.00%
Palmer capital emerging Europe Equity	504 088	0.33%	-	0.00%
POAD CCB Sila	483 070	0.32%	255 070	0.17%
ZAD Armeec	463 100	0.31%	463 100	0.31%
Blackrock Frontier Markets Fund	399 270	0.26%	-	0.00%
The Royal bank of Scotland	391 424	0.26%	-	0.00%
Eaton Vance Structured Emerging Markets	329 922	0.22%	329 922	0.22%
Danske invest trans-balkan fund	292 639	0.19%	695 638	0.46%
DSK - funds	230 526	0.15%	230 526	0.15%
EURIZON EASYFUND	217 567	0.14%	-	0.00%
EFG EUROBANK ERGASIAS	203 412	0.13%	272 057	0.18%
Raiffeisen Bank International AG	180 692	0.12%	-	0.00%
Eaton Vance International (Ireland) FU	93 190	0.06%	-	0.00%
Artio International Equity Fund	-	0.00%	5 744 865	3.81%
Consolid Commerce	-	0.00%	704 276	0.47%
Other legal entities	8 564 045	5.68%	10 529 794	6.98%
Other individuals	10 526 935	6.99%	7 717 410	5.12%
	150 875 596	100.00%	150 875 596	100.00%

Shares of the Group, acquired by subsidiaries

CCB Group AD	(5 160 005)	3.42%	(5 160 005)	3.42%
ZAD Armeec	(463 100)	0.31%	(463 100)	0.31%
CCB AD	(91 000)	0.06%	(84 500)	0.06%
POAD CCB Sila	(483 070)	0.32%	(255 070)	0.17%
	(6 197 175)	4.11%	(5 962 675)	3.95%
Net number of shares	144 678 421		144 912 921	

The list of the principal shareholders, holding ordinary shares of the Group, is as follows:

	2013	2013	2012	2012
	Number of shares /ordinary and preference/	%	Number of shares /ordinary and preference/	%
Chimimport Invest AD	182 480 887	76.15%	180 016 589	75.12%
CCB Group EAD	5 160 005	2.15%	8 233 658	3.44%
UniCredit Bank Austria	4 227 404	1.76%	5 750 082	2.40%
ZAD Armeec	3 463 100	1.45%	463 100	0.19%
EFG EUROBANK ERGASIAS	2 878 750	1.20%	272 657	0.11%
POAD CCB Sila	2 719 969	1.13%	1 476 866	0.62%
DSK – funds	2 305 370	0.96%	610 746	0.25%
The Bank of New York Mellon	1 796 988	0.75%	452 029	0.19%
PIC "SAGLASIE"	943 171	0.39%	1 724 555	0.72%
Pireaus Bank Bulgaria	909 135	0.38%	-	0.00%
Eaton Vance Tax-Managed Emerging Markets	825 588	0.34%	-	0.00%
Palmer capital emerging Europe Equity	574 088	0.24%	-	0.00%
Russell Institutional funds public limited	532 000	0.22%	-	0.00%
Blackrock Frontier Markets Fund	399 270	0.17%	-	0.00%
The Royal bank of Scotland	391 424	0.16%	-	0.00%
Eaton Vance Structured Emerging Markets	329 922	0.14%	-	0.00%
Danske invest trans-balkan fund	292 639	0.12%	929 138	0.39%

EURIZON EASYFUND	217 567	0.09%	-	0.00%
EFG EUROBANK Clients ACC	203 412	0.08%	-	0.00%
Raiffeisen Bank International AG	180 692	0.08%	-	0.00%
Eaton Vance International (Ireland) FU	93 190	0.04%	-	0.00%
Artio International Equity Fund	-	0.00%	12 093 007	5.05%
Consolid Commerce	-	0.00%	704 276	0.29%
ING Pension Funds	-	0.00%	244 605	0.10%
Other legal entities	14 824 145	6.19%	12 717 127	5.31%
Other individuals	13 897 551	5.81%	13 957 832	5.82%
	239 646 267	100.00%	239 646 267	100.00%
Shares of the Group, acquired by subsidiaries				
CCB Group AD	(5 160 005)	2.15%	(8 233 658)	3.44%
ZAD Armeec	(3 463 100)	1.45%	(463 100)	0.19%
CCB AD	(120 000)	0.05%	(84 500)	0.03%
POAD CCB Sila	(2 719 969)	1.13%	(1 476 866)	0.62%
	(11 463 074)	4.78%	(10 258 124)	4.28%
Net number of shares	228 183 193		229 388 143	

Withholding tax for dividends due from individuals and foreign legal entities, registered in countries that are not members of EU for 2012 and 2013 amounts to 5% and the tax is deducted from the gross amount of dividends.

Limitations on share transfer, such as limitations on the holding of shares or the requirement for approval by the company or another shareholder

Issue and disposal of dematerialized shares requires mandatory registration with the Central Depository.

Information regarding the direct and indirect holding of more than 5% from the voting right at the General Meeting of the Shareholders, including shareholders data, the amount of the equity and the manner, in which the shares are held

As at 31 December 2013, shareholders owning 5% and more Group's capital, are as follows:

Name	Number of shares	%
Chimimport Invest AD	111 539 365	73.93%

The rest shareholders (legal entities and individuals) own shares for less than 5% of the Group's capital.

Shareholders with special control rights

No shareholders of the Group have special control rights.

Control system and restrictions on the exercise of the voting right at the shareholders' General Meeting.

Chimimport AD lacks control system when exercising the voting rights in the cases when Group's employees are also its shareholders and the rights are exercised by them personally. All shareholders, who are also Group's employees, exercise their voting rights at their own judgement.

Agreements between shareholders

The Company is not familiar with any agreements between shareholders that may reflect in limitations in share transfer or voting rights.

Electing and dismissing of Group's managing bodies

The Group's managing bodies are:

- Shareholders' General Meeting;
- Supervisory Board;
- Managing Board;

The General Meeting elects and dismisses the members of the Supervisory Board and determines their compensation and bonuses.

The members of the Managing Board are appointed by the Supervisory Board, which can replace them anytime. One person cannot be both a member of the Managing and Supervisory Board of the Group. The members of the Managing Board may be re-elected without any restriction.

For members of the Managing Board of the Group of Chimimport can be elected only individuals, who meet the law requirements, namely:

to be physical or legal entities;

at the date of the election are not convicted for crimes against the property, business or financial, tax or insurance system, conducted in Republic of Bulgaria or abroad, unless rehabilitated;

were not members of managing or supervisory body of companies, ceased due to bankruptcy in the last 2 years preceding the date of the declaration of bankruptcy, if there are unsatisfied creditors;

Amendments and additions to the Group's Statute are adopted by the Shareholders' General Meeting.

Responsibilities of the governing bodies of the Group, including decisions on the issue and redemption of shares

The Managing board of the Group of Chimimport manages ongoing activities of the Group and represents it before the legal and natural persons in Bulgaria and abroad. The Managing Board shall decide all matters not within the exclusive competence the General Meeting or the Supervisory Board, subject to the General Meeting resolutions and the Supervisory Board, the provisions of the Charter and the law. For its activities The Managing board reports to the Supervisory board and the General Meeting.

The Managing Board adopts rules of procedure, approved by the Supervisory Board.

The Managing Board shall report its activities to the Supervisory Board of the Group at least once every three months. The Managing Board shall immediately notify the Chairman of the Supervisory Board of any relevant circumstances, essential to the Group.

The Managing Board submits to the Supervisory Board the annual financial statements, the annual activity report and the auditor's report, as well as the proposal for profit distribution, which it will present to the Shareholders' General Meeting.

By decision dated 17.09.2007 within 5 (five) years from the registration of this amendment to the Statute in the trade register, the Managing board may decide to issue bonds, including convertible to a total of BGN 100 000 000 (one hundred million) or the equivalent in another currency. In its decision-making the Governing Council determines the type of bonds, debenture loan parameters and procedures for the issuance of bonds. Decisions under this Article shall be adopted by the Board with the approval of the Supervisory Board.

Under decision dated 17 September 2007 within 5 years of registering of this amendment to the statutes in the commercial register under Art. 196, para. 1 of the Commercial Code, the Managing Board may decide to increase the share capital up to an aggregate nominal value of BGN 175 000 000 /one hundred seventy-five million/, by issuing new ordinary or preferred shares. Decisions under the preceding sentence are adopted by the managing Board with the approval of the Supervisory Board.

Significant contracts of the Company

The Company has no contracts that take effect, alter or terminate upon a change in control of the company.

Agreements between the Group and its managing bodies

The Company has not entered into any agreements with its managerial bodies and employees, providing compensation in case of a dismissal or a lay off without legal basis or when the termination of the labour contract is relating to tender offerings.

INFORMATION REGARDING THE IMPLEMENTATION BY THE CORPORATE MANAGEMENT OF CHIMIMPORT AD OF THE RECOMMENDATIONS OF THE NATIONAL CODE OF CORPORATE GOVERNANCE

On 18 January 2008, **Chimimport AD** adopted the National Code of Corporate Governance. The corporate governance program of Chimimport AD is subject to the principal of “APPLICATION OR EXPLANATION”, according to which the corporate governance of the Company should present information about the degree to which the Company applies the behaviour principals, founded in the Code and should present explanation of how the problematic situation would be resolved, when one or more principles are not applicable according to **Chimimport AD**.

As at the date of adopting the National Code, the Company operates in full accordance with its principles and regulations

CORPORATE GOVERNANCE – MANAGING BOARD

Chimimport AD is a public company with tier system of governance.

All members of the Managing Board and the Supervisory Board fulfil the legal requirements for assuming the office. The functions and obligations of the corporate government, as well as their structure and competence are in compliance with the requirements of the Code.

- The Managing Board governs according to the established vision, goals and strategy of Chimimport AD
- The members of the Managing Board are guided in their actions by the accepted principles of integrity and managerial and professional competence.

In the annual management report are disclosed the remunerations for the members of the Managing Board in compliance with the legal and structural measures of the Company. The shareholders have easy access to the information regarding the remunerations.

The members of the Managing Board avoid and prevent actual and potential conflict of interest.

CORPORATE GOVERNANCE – SUPERVISORY BOARD

The Supervisory Board regulates the activities performed by the Managing Board regarding the managing of the Company, guaranteeing that the actions of the Managing Board increase the shareholders’ interest and assist in the application of the principles for the good corporate management of the Company. It takes part in all significant decision-making processes,

regarding the Company's operations.

Supervisory Board, if necessary, may take the necessary studies to support their duties by consultation with experts.

Supervisory Board appoints and dismisses members of the Board delimiting the powers delegated to them, the manner in which they apply their powers and the frequency with which they are accountable to the Supervisory Board.

The Supervisory Board adopts rules concerning the age limit for individuals elected to the Managing Board.

The Supervisory Board assesses the overall performance of the Company, paying particular attention to the information received by the Managing Board and regularly compares the planned and achieved results, and analyses the reason for the differences.

The Supervisory Board monitors and controls the process of disclosure of information about the Company.

The Supervisory Board adopts guidelines regarding the maximum number of companies in which members of the Managing and Supervisory Board of Chimimport AD participate in as managing and supervisory bodies, the participation in which is considered acceptable regarding the requirements for effective implementation of the obligations they have as members of the Boards of the Company

The Supervisory Board defines criteria that differentiate the participations in other companies, depending on the assumed position and the time that each of them requires.

Following the requirement of the Law on the Public Offering of Securities and the Statute of the Company, the Supervisory Board if necessary revises the structure of the Managing Board, the duties, powers and remunerations of each of the members of the Managing Board and if necessary takes measures to change them.

In carrying out their activities, the members of the Supervisory Board are obligated to perform their duties in a manner they consider to be in all shareholders' interests of the Company and use only information that is considered to be reliable and complete, and to be loyal to the Company under the requirements of the Law on Public Offering of Securities.

The Supervisory Board of the Company is supported by the Auditing Committee. On the General Meeting of the Shareholders conducted on 11.03.2009, acting on a proposal of the Supervisory Board, the shareholders of Chimimport AD elected the following individuals to the Auditing Committee. Dina Krusteva Paskova, 7906246297 - chairman, Mariana Zarkova Purvanova 5712316258 and Zortitsa Krasimirova Aleksova 7707306773 – members

The structure and functions of the Committee are defined in the Corporate Management of Chimimport AD.

AUDIT AND INTERNAL CONTROL

Chimimport AD has a developed and functioning system for internal control that guarantees the accurate identification of the risks, related to the Company's activity and promotes their effective management; secures the adequate functioning of the reporting systems and information disclosure.

Registered auditor, appointed by the General Meeting of the Shareholders of Chimimport AD for authorization of the annual financial report of the Company for 2013 is the specialized audit company "Grant Thornton" OOD, registered under No.32 in the special register of the IDES. In

respect to ensuring the efficiency of the work of the external auditors of **Chimimport AD**, in 2013 the Managing Board developed and adopted measures for ensuring the effective fulfilment of the duties of the auditors of the Company, based on the requirements of the Law on the Independent Financial Audit.

In respect to the Law on Independent Financial Audit, the Managing Board of **Chimimport AD** recommended to the audit committee to comply with this principle regarding the newly offered auditors of the Company.

PROTECTING THE SHAREHOLDERS' INTERESTS

The corporate management of Chimimport AD guarantees equal treatment of all shareholders of the Company, including minority and foreign shareholders:

The Company ensures the protection of the rights of each shareholder by:

- Facilitating the effective participation of the shareholders in the work process of the General Meetings of the Shareholder by the timely announcement of the materials for OCA on the following websites: www.x3news.com, www.investor.bg, as well as on the Group's website www.chimimport.bg
- Conducting of clear procedures regarding the convening and conducting of the General Meetings of the Shareholders – regular and extraordinary meetings
- Developing rules for representation of a shareholder in the General Meeting, including submission of samples of proxies both in Bulgarian and English
- Possibility for participating in the distribution of the Company's profit, in case the General Meeting of the Shareholders accept the decision for dividend distribution
- Undertaking policy for facilitating the execution of the shareholders' rights.

DISCLOSURE OF INFORMATION

Reglamentations have been adopted regarding the internal information and the internal for the Company individuals that regulate the obligations, order and the responsibility for the public disclosure of internal information about Chimimport AD, ban of the trade with internal information and manipulation of the market for financial instruments.

The public information, related to the operations of Chimimport AD is presented to the Financial Supervisory Commission, the Bulgarian Stock Exchange – Sofia AD and the investing community. The information spreads to the public through the X3 NEWS - www.x3news.com.

Chimimport AD regularly renews its corporate web page www.chimimport.bg both in Bulgarian and English, in respect to the structure and volume of the presented information with the recommendations of the National Code and the approved good practices regarding the systems for disclose of information. On the web page general information could be found regarding the Company and the operation segments of all companies from the economic group, current data regarding the financial and economic condition of the Company, including the interim and annual financial reports of **Chimimport AD** both individual and consolidated, as well as information regarding the structure of the economic group, the corporate governance and management of the Company, corporate documents, constructed and approved by the Managing Board of the Company and the issued securities. All shareholders, investors and interested parties

can receive information regarding the forthcoming and the already occurred significant corporate events, meetings of the General Meeting of the Shareholders and the planned investment policy of the Company.

INTERESTED PARTIES

Chimimport AD identifies as interested parties with a relation to its operations, all individuals, who are not shareholders and benefit from the economic prosperity of the Company the following group of individuals: customers, employees, creditors, suppliers and other contracting parties, related to the activity of the Company.

- stockholders, if such are issued,
- employees,
- customers,
- suppliers,
- creditor banks and
- the society as a whole.

In its policy regarding the interested parties, the Company considers the legal requirements on the principles of transparency, accountability and business ethics. The interested parties are presented with the needed information regarding the activity of the Company, current data for the financial situation and everything that may assist them in their orientation and decision-making process.

The Managing Board encourages the cooperation between the Company and the interested parties for increasing the welfare of the parties and the ensuring of the steady development of the Company.

Authorization of the Annual Consolidated Activity Report

As at 31 December 2013, the Annual Activity Report of the Group of Chimimport (including comparatives) was approved by the Managing Board on 30 April 2014.

30 April 2014

Sofia

Chimimport AD

Ivo Kamenov /Executive director/

