BULGARIAN RETAIL SERVICES AD

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' REPORT

FINANCIAL STATEMENTS

31 DECEMBER 2015

CONTENT

Independent auditor's report

To Shareholders of the Bulgarian Retail Services AD

Report on the Financial Statements

We have audited the accompanying financial statements of Bulgarian Retail Services AD which comprise the balance sheet as of 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bulgarian Retail Services AD as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 1.3 to these financial statements, which states that the Company's net assets had a negative value of BGN 30,138 thousand as of 31 December 2015. This matter, as described in Note 1.3, indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern as its continued existence is dependent on the capital support by the parent. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the Annual Report in accordance with the Accounting Act.

We are required by the Accounting Act to express an opinion whether the Annual Report is consistent with the annual financial statements of the Company.

In our opinion, the Annual Report set out on pages 1 to 4, is consistent with the accompanying financial statements of the Company as of 31 December 2015.

Milka Damianova
Registered Auditor

Stefan Weiblen
PricewaterhouseCoopers Audit OOD

19 May 2016
Sofia, Bulgaria

София
Рег. №085

DIRECTORS' REPORT AS OF 31 DECEMBER 2015

The management presents the annual Directors' report as of 31 December 2015.

BUSINESS DESCRIPTION

Bulgarian Retail Services AD was incorporated as a joint-stock company in 2002, and as of its incorporation until 31 December 2015 it has not changed its legal form. The address of its registered office is as follows: 260 Ring Road Str, 1766 Sofia, Bulgaria.

The Company was registered with the principal activity consultancy and other services related to data processing, management, promoting, organizing etc. activities in relation to payment systems and consumer lending, expertise, software and equipment supporting those activities, providing financial services including creation, installation and maintenance of the technical equipment required for their provision, debt collection and other.

BUSINESS OVERVIEW

Bulgarian Retail Services is a part of Eurobank Ergasias Group – an international financial group.

During 2015 Bulgarian Retail Services AD (BRS, "the Company") and Eurobank Bulgaria AD (the "Bank") have signed several contracts for transferring of receivables under loan agreements. BRS transferred to the Bank all of its receivables under these loans agreements, together with all collaterals, privileges and other belongings, including the accrued interests, including the co-debtors under these loans. The Company received amount that equals the net book value of the transferred loans, which approximated the fair value of the assets transferred. The operation constitutes an intra-group restructuring of the lending operations in Bulgaria. Bulgarian Retail Services AD did not retain any risks or benefits on the transferred loans.

In previous years Bulgarian Retail Services AD also entered into Assignment agreements for transfer of receivables under loan agreements and Funded Participation Agreements relating to portfolios of loans originated by Eurobank Bulgaria AD. BRS undertook and assumed all rights and obligations related to all receivables originating from the loan agreements subject to the agreements. Eurobank Bulgaria AD and Bulgarian Retail Services AD have separate contractual agreements to provide to BRS administration and collection services regarding loans in the Company portfolio.

DEVELOPMENT AND RESULTS FROM THE BUSINESS ACTIVITY

During 2015 the Company continues to adhere to its strategy based on reducing the cost of funding, preserving the sources of income and debt collection and control over the costs, including impairment.

The Company maintains strict control of the main risks it is exposed to.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and reviewing these lending limits where appropriate.

DEVELOPMENT AND RESULTS FROM THE BUSINESS ACTIVITY (CONTINUED)

The Company maintains strict control limits on net open derivative positions by both amount and term. The Company analyzes the effectiveness of the derivative instruments on a monthly basis. The Company estimates the market risk of positions held and the maximum losses expected, based upon a number of assumptions, and reviews various market risks on a monthly basis.

The factors that generate market risk are the interest rate risk and foreign exchange risk.

In relation with interest rate exposure, the Company has the contractual right to change interest rates on all loans contracts after a certain period from the origination date of a contract. Limits are set on the level of mismatch of interest rate reprising that may be undertaken.

The foreign exchange risk is the risk of potential loss from adverse changes in foreign currency exchange rates, against the base currency. It includes outright risk, volatility risk and conversion risk. To mitigate the foreign exchange risk the Company uses derivative instruments.

In order to optimize the liquidity risk the Company sets limits for the maximum level of activities requiring cash resources ensuring that cash and maturing funds are available to meet any expected calls and to prevent unexpected levels of demand.

Gross loans and advances to customers portfolio decreased by 22% to BGN 314,814 thousands. The decrease is represented mainly by transfers of mortgage loans to Eurobank Bulgaria, settlement of some of the non-performing loans transferred to the Company, natural repayments from customers and write offs, some of which are sold afterwards.

During 2015, cession agreements for the amount of BGN 23,297 thousands have been signed between BRS and Eurobank Bulgaria regarding transfer of mortgage loans from BRS to the Bank.

Loans and advances to banks decreased significantly in line with the Company strategy to decrease the exposure to Luxemburg, all available funds are used for repayment of the loan. Borrowings decreased by 20% or BGN 58,773 thousands which represent principle repaid to Eurobank Private Bank Luxemburg during 2015. The financing agreement is revolving for 12 months, next revolving date is 30.06.2017. All interest payments are regularly serviced in line with the agreement.

SHARE CAPITAL STRUCTURE

The number of the issued shares as at year-end is 70,000 (2014: 70,000) with nominal value of BGN 10 per share (2014: BGN 10). All issued ordinary shares are fully paid giving one voting right each.

The structure of the registered capital of the Company as at 31 December 2015 is as follows:

Shareholders	Shareholding Stake	Number of Shares	Nominal Value (BGN)
Eurobank Household Lending Services S.A. - Greece	99.999%	69,999	699,990
Theodoros Karakasis	0.001%	1	10
TOTAL:	**100.00%**	**70,000**	**700,000**

During the reported year the shares of the Company have not been transferred, pledged or attached.

BOARD OF DIRECTORS

As at the end of the reported period the composition of the Board of Directors, according to the valid registration in the Commercial registry, and the distribution of functions among its members are as follows:

- Theodoros Karakasis – Chairman of the Board of Directors
- Milena Boyadzhieva – Member of the Board of Directors and Executive Director
- Mariana Hristova – Member of the Board of Directors and Executive Director

During 2015 the members of the Board of Directors did not receive remunerations from BRS in their capacity of BD members.
None of the members of the Board of Directors transferred shares or bonds of BRS.
None of the members of the Board of Directors holds special rights of acquisition of shares or bonds of BRS.
None of the members of the Board of Directors is a Partner with unlimited liability into commercial companies.
None of the members of the Board of Directors holds more than 25 per cent of the capital of another company.

The following members of the Board of Directors participate in the management of other companies as procurators, managers or board members, as follows:

Theodoros Karakasis

- Bancpost S.A., Romania – Deputy Chairman of the Board of Directors
- ERB Retail Services IFN S.A., Romania – Member of the Board of Directors
- ERB Leasing IFN S.A., Romania – Member of the Board of Directors
- Eurobank Property Services S.A., Romania – Chairman of the Board of Directors
- ERB Property Services d.o.o. Beograd, Serbia – Chairman of the Supervisory Board
- Eurobank A.D. Beograd, Serbia – Member of the Management Board
- ERB Property Services Sofia AD, Bulgaria – Chairman of the Board of Directors
- CEH Balkan Holdings Limited ,Cyprus– Member of the Board of Directors
- Greek-Serbian Chamber of Commerce – Deputy Chairman of the Board of Directors

Mariana Hristova

- Plovdiv Free Zone AD, Bulgaria – Member of the Board of Directors
- IMO Central Office EAD, Bulgaria-Member of the Board of Directors (effective as of 03.09.2015)

BRS AD has not entered into contracts in the sense of Article 240b, paragraph 1 of the Commerce Act during 2015.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

By its nature the Company's activities are principally related to the use of financial instruments. The Company borrows at floating rates for various periods and seeks to earn above average interest margins by investing these funds in loan portfolios.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

For more detailed explanations of the financial risk management please refer to the section in the annual financial statements for financial risk management.

PLANNED BUSINESS POLICY IN 2016

The Company will follow its strategy to put strong emphasis on cost containment, including cost of funds. In terms of the lending portfolio, BRS will focus on administration and improvement of the overall quality of the portfolio.

During 2016 the Company does not plan to increase personnel and will be committed to retaining its key employees by inspiring their professional development, rewarding performance and offering various training opportunities.

MANAGEMENT RESPONSIBILITIES

The Directors are required by Bulgarian law each financial year to prepare financial statements that give a true and fair view of the financial position of the company as at the year end and its financial results. The management has prepared the enclosed financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the Bulgarian legislation.

The Directors confirm that suitable accounting policies have been used.

MANAGEMENT RESPONSIBILITIES (CONTINUED)

The Company uses the Bulgarian lev (BGN) as a reporting currency. The 2015 financial statements are prepared in BGN.

The Directors confirm that applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed and the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets and for taking reasonable steps for the prevention and detection of potential fraud and other irregularities.

Milena Boyadzhieva
Executive Director and
Member of the Board of Directors

Mariana Hristova
Executive Director and
Member of the Board of Directors

Bulgarian Retail Services AD
Sofia, 18 May 2016

BULGARIAN RETAIL SERVICES AD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts are shown in BGN thousands unless otherwise stated)

	Notes	Year ended 31 December 2015	2014
Interest and similar income	4	10,132	14,469
Interest and similar charges	4	(6,738)	(9,862)
Net interest income		**3,394**	**4,607**
Fee and commission income	5	119	147
Fee and commission expense	5	(278)	(282)
Net fee and commission income		**(159)**	**(135)**
Net trading expense	6	(1,989)	(111)
Operating expenses	7	(597)	(442)
Impairment charge for credit losses	11	(10,699)	(39,278)
Loss before income tax		**(10,050)**	**(35,359)**
Income tax credit	9	-	1
Loss for the year		**(10,050)**	**(35,358)**
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(10,050)**	**(35,358)**

The financial statements on pages 5 to 49 were authorized and signed by:

Milena Boyadzhieva
Executive Director
18 May 2016
Sofia, Bulgaria

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered Auditor
Date: 19.05.2016

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
19.05.2016

BULGARIAN RETAIL SERVICES AD
BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts are shown in BGN thousands unless otherwise stated)

	Notes	As at 31 December 2015	2014
Assets			
Cash and cash equivalents	10	7,522	1,377
Loans and advances to customers	11	192,146	265,468
Equipment and other non-current assets	13	5	4
Current income tax receivable		-	1,351
Other assets	12	4	3
Total assets		**199,677**	**268,203**
Liabilities			
Bank borrowings	14	229,347	288,130
Derivative financial instruments	15	275	18
Other liabilities	16	193	143
Total liabilities		**229,815**	**288,291**
Shareholders' equity			
Share capital	17	700	700
Other reserves		70	70
Retained earnings		(30,908)	(20,858)
Total shareholders' equity		**(30,138)**	**(20,088)**
Total shareholders' equity and liabilities		**199,677**	**268,203**

The financial statements on pages 5 to 49 were authorized and signed by:

Milena Boyadzhieva
Executive Director
18 May 2016
Sofia, Bulgaria

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered Auditor
Date: 19.05.2016

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
19.05.2016

(All amounts are shown in BGN thousands unless otherwise stated)

	Share capital	Reserves	Retained earnings	Total
At 1 January 2014	**700**	**70**	**14,500**	**15,270**
Loss for the year	-	-	(35,358)	(35,358)
Total comprehensive loss for the year	**-**	**-**	**(35,358)**	**(35,358)**
At 31 December 2014	**700**	**70**	**(20,858)**	**(20,088)**
At 1 January 2015	**700**	**70**	**(20,858)**	**(20,088)**
Loss for the year	-	-	(10,050)	(10,050)
Total comprehensive loss for the year	**-**	**-**	**(10,050)**	**(10,050)**
At 31 December 2015	**700**	**70**	**(30,908)**	**(30,138)**

The financial statements on pages 5 to 49 were authorized and signed by:

Milena Boyadzhieva
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18 May 2016
Sofia, Bulgaria

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Stefan Weiblen
PricewaterhouseCoopers Audit OOD
19.05.2016

BULGARIAN RETAIL SERVICES AD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts are shown in BGN thousands unless otherwise stated)

	Notes	Year ended 31 December 2015	2014
Cash flow from operating activities			
Interest and similar income received		9,124	16,578
Interest paid		(5,915)	(9,444)
Fees and commission received		97	28
Fees and commission paid		(49)	(33)
Amounts paid to and on behalf of employees		(142)	(137)
Other expenses paid		(640)	(751)
Net trading and other income/ (losses)		368	(296)
Income tax received/ (paid)		1,342	(42)
Cash flow from operating activities before changes in operating assets and liabilities		**4,185**	**5,903**
Changes in operating assets and liabilities			
Net decrease in loans and advances to customers		84,829	143,337
Net decrease in derivative financial liabilities		(24,094)	(4,638)
Net cash from operating activities		**64,920**	**144,602**
Cash flows used in investing activities			
Purchase of equipment		(1)	(1)
Net cash used in investing activities		**(1)**	**(1)**
Cash flows used in financing activities			
Decrease in bank borrowings		(58,773)	(144,731)
Net cash used in financing activities		**(58,773)**	**(144,731)**
Net increase/ (decrease) in cash and cash equivalents		**6,145**	**(130)**
Cash and cash equivalents at beginning of year		1,377	1,507
Cash and cash equivalents at end of year	10	**7,522**	**1,377**

The financial statements on pages 5 to 49 were authorized and signed by:

Milena Boyadzhieva
Executive Director
18 May 2016
Sofia, Bulgaria

Mariya Garalova
Chief Financial Officer

Initialled for identification purposes in reference to the auditor's report:

Milka Damianova
Registered Auditor
Date: 19.05.2016

Stefan Weiblen
PricewaterhouseCoopers Audit OOD
19.05.2016

1 Company background and significant accounting policies

(1) Company background

Bulgarian Retail Services AD (the Company) was incorporated in 2002 and until the end of the 1st quarter of 2005 the Company's activities included issuing of credit cards and providing services in relation to the issued credit cards, such as transactions processing, establishment of the necessary retail network and offering of different methods of repayment for client's liabilities.
At the end of 2009, the Company ceased providing credit card processing services. Currently the Company is providing financial services related to loan portfolio acquired from related parties.
The address of its registered office is as follows: 260 Okolovrasten pat Str. 1766 Sofia, Bulgaria.

Shareholders of Bulgarian Retail Services AD are:

Eurobank Household Lending Services S.A., a joint-stock company, incorporated and existing under the laws of Greece with its registered seat and address of management at 25,Martiou,Thessalonikis & Teo.№25,17778 Tavros, Athens, Greece registered with the General Commercial Registry under registration №002433201000 (former registration №37552/01/B/97/84) - a shareholder with 69,999 shares, being 99.999% of the capital issued by Bulgarian Retail Services AD and
Theodoros Karakassis, citizen of Greece, born on October 24, 1947 in Drama, Greece, residing in Greece, Athens at 16, Fokionos Negri Str. - a shareholder with 1 share, being 0.001% of the capital of Bulgarian Retail Services AD.
Company address of management is: 260, Ring Road Str., Sofia, Bulgaria.

The Company is a member of the European banking organization Eurobank Group. Following the successful share capital increase of EUR 2.864 million in May 2014, 64.6% of the Group's shares are owned by institutional and individual shareholders, including the Canadian and US-owned investment funds Fairfax Financial Holdings Limited, Mackenzie Financial Corporation, Capital Group Companies, Inc., etc.

The Company loan portfolio consists of loans transferred from Eurobank Bulgaria AD during 2006, 2007, 2008, 2011 and under contracts for Funded Subparticipation agreements from 2012 with Eurobank Bulgaria AD and ERB New Europe Funding II B.V. For all of them BRS has paid amount that equals the net book value of the transferred loans, which approximated the fair value of the assets transferred. The Company acquired all risks and benefits related to the transferred loans. All contracting parties are part of Eurobank Ergasias Group. BRS has separate contractual agreements with the Eurobank Bulgaria AD to provide services regarding the transferred loans.

(2) Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below

(3) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (the EU) and in particular with those IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

The policies set out below have been consistently applied to the years 2015 and 2014. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Going concern of the Company

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Bulgarian Retail Services AD finances its activities through a revolving short term borrowing from Eurobank Private Bank Luxembourg S.A., own funding and equity. As of 31 December 2015 the Company had negative equity and it relies on the future support and financing by the Group to continue its operations as a going concern. The Company's management has no intention to increase the exposure of the facility in the foreseeable future and it was renewed until 30 June 2017.

With respect to equity, although the company has currently negative equity of BGN 30,138 thousand, the management is fully aware and will undertake all the necessary steps to recapitalise the entity. In support of the above, the entity has been provided with Letter of support by the Parent company.

Position of the Group

In 2015, the macroeconomic environment in Greece has been very challenging for the Greek banking system. In the first half of the year, the prolonged uncertainty relating to an agreement with the Eurozone partners over the implementation of the required reforms for the conclusion of the Second Economic Adjustment Program, the unsuccessful expiration of the former, the tightened liquidity conditions due to the financing problems of the Greek State and the significant deposit outflows – already observed from late 2014 – led to the imposition of restrictions in banking transactions (capital controls) together with a temporary bank holiday on 28 June 2015. In mid - August the Greek Government reached a final agreement with its European partners on a new 3-year European Stability Mechanism (ESM) program – the Third Economic Adjustment Program (TEAP) - with € 86 bn financing envelope and a series of reforms aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The Greek Government managed to complete two sets of prior actions from the program at the end of November and December 2015. By mid - December 2015, the systemic banks' recapitalization was completed with only € 5.4 bn used from the initial buffer of up to €25 billion. The unused funds were subtracted from the ESM loan, reducing it to € 64.5 bn as of the end of January 2016. The review of Greece's reform programme by international creditors is currently pending. A swift completion of the program review may alleviate significantly the macroeconomic and sovereign uncertainties.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

Position of the Group (continued)

After the gradual normalization of the economic and political situation in Greece and following the Bank's successful recapitalization, the Group enhanced its liquidity position and reduced its dependence on Eurosystem funding.
In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The decisive implementation of the measures agreed in the context of the new ESM program will permit European Central Bank (ECB) to reinstate the waiver for the instruments issued by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system, which is a major priority for the Group, and the further re-access to the markets for liquidity.

On 31 October 2015, the ECB announced the results of the comprehensive assessment (CA) based on which the lowest shortfall across Greek banks was identified for the Bank. Following the CA results and in line with the new recapitalization framework introduced by Law 4340/2015, the Bank proceeded to a capital increase of € 2,039 million, which was covered exclusively from the markets. As a result, the Group strengthened further its capital base and its CET1 ratio stood at 17% at the end of December 2015.

Related parties

In May 2014, following the completion of the Bank's share capital increase fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF), the controlling shareholder of the Bank until that date, decreased from 95.23% to 35.41%. Accordingly, as of that date HFSF was considered to have significant influence over the Bank. In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by HFSF decreased to 2.38%.

In the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets, or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014. Taking into account the terms of the revised RFA, the HFSF is still considered to have significant influence over the Bank.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

Principal accounting policies

a) The following amendments to standards and new interpretations, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2015:

Annual Improvements to IFRSs 2011-2013 Cycle

The amendments introduce key changes to three IFRSs, following the publication of the results of the IASB's 2011-13 cycle of the annual improvements project, as follows:
- Clarify that IFRS 3 'Business Combinations' does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- Clarify that the exception in IFRS 13 'Fair Value Measurement' for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of, and accounted for in accordance with, IAS 39 'Financial Instruments: Recognition and Measurement' or IFRS 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities under IAS 32 'Financial Instruments: Presentation';
- Address the interrelationship between IFRS 3 'Business Combinations' and IAS 40 'Investment Property', clarifying in the latter that an entity should assess whether: (a) the acquired property is investment property under IAS 40 and (b) the acquisition of investment property constitutes a business combination as defined in IFRS 3.

The adoption of the amendments had no impact on the Company's financial statements.

IFRIC 21, Levies

IFRIC 21 Levies clarifies that an entity recognizes a liability for a levy that is not income tax when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, for example a specified level of revenue, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

The adoption of the interpretation had no impact on the Company's financial statements.

New standards and amendments to standards not yet adopted by the Group

A number of new standards and amendments to existing standards are effective after 2015, as they have not yet been endorsed for use in the European Union or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

IAS 1, Amendment - Disclosure initiative (effective 1 January 2016)

The amendment clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
The adoption of the amendment is not expected to impact the Company's financial statements.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

IAS 7, Amendment – Disclosure Initiative (effective 1 January 2017, not yet endorsed by EU)

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities. The amendments include illustrative examples to show how an entity can meet the objective of the disclosure requirements.

The adoption of the amendment is not expected to impact the Company's financial statements

IAS 12, Amendment – Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017, not yet endorsed by EU)

The amendment clarifies that unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes can result in deductible temporary differences. It also clarifies that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that when comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences.

IAS 16 and IAS 38, Amendments -Clarification of Acceptable Methods of Depreciation and Amortization (effective 1 January 2016)

The amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
The adoption of the amendments is not expected to impact the Company's financial statements.

IAS 19, Amendment- Defined Benefit Plans: Employee Contributions (effective 1 January 2016)

The amendment clarifies the accounting for post- employment benefit plans where employees or third parties are required to make contributions which do not vary with the length of employee service, for example, employee contributions calculated according to a fixed percentage of salary. The amendment allows these contributions to be deducted from pension expense in the year in which the related employee service is delivered, instead of attributing them to periods of employee service.
The adoption of the amendment is not expected to have a material impact on the Company's financial statements.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

IAS 27, Amendment –Equity Method in Separate Financial Statements (effective 1 January 2016)

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements and clarifies the definition of separate financial statements. In particular, separate financial statements are those presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by IAS 28 Investments in Associates and Joint Ventures to be accounted for using the equity method.

The adoption of the amendment is not expected to impact the Company's financial statements.

IFRS 9, Financial Instruments (effective 1 January 2018, not yet endorsed by EU)

In July 2014, the IASB published the final version of IFRS 9 which replaces IAS 39 'Financial Instruments'. IFRS 9 sets out revised requirements on the classification and measurements of financial assets, addresses the reporting of fair value changes in own debt when designated at fair value, replaces the existing incurred loss model used for the impairment of financial assets with an expected credit loss model and incorporates changes to hedge accounting.

The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

Classification and measurement

IFRS 9 applies one classification approach for all types of financial assets, according to which the classification and measurement of financial assets is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. A business model refers to how an entity manages its financial assets so as to generate cash flows, by collecting contractual cash flows, or selling financial assets or both. Upon assessment, each financial asset will be classified in one of the three categories: amortized cost, fair value through profit or loss and fair value through other comprehensive income.

With regard to financial liabilities, the treatment followed in IAS 39 is carried forward to IFRS 9 essentially unchanged. However, IFRS 9 requires fair value changes of liabilities designated at fair value under the fair value option which are attributable to the change in the entity's own credit risk to be presented in other comprehensive income rather than in profit or loss, unless this would result in an accounting mismatch

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

Impairment of financial assets

Under IFRS 9 the same impairment model applies to all financial instruments which are subject to impairment accounting.

The new impairment model is forward-looking and requires, the recognition of expected credit losses, in contradiction with IAS 39 that required a trigger event to have occurred before credit losses were recognized. IFRS 9 includes a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Accordingly, upon initial application of IFRS 9, for financial assets that are not credit-impaired and for which no significant increase in credit risk since initial recognition is observed, the respective credit losses will be recognized in profit or loss and will be based on the 12-month expected credit losses. However, if the credit risk of the financial assets increases significantly since initial recognition, a provision is required to be recognized for credit losses expected over their remaining lifetime ('lifetime expected losses').

For financial assets that are credit-impaired on origination, the expected life time credit losses will be applied.
In measuring expected credit losses information about past events, current conditions and forecasts of future conditions should be considered.

Hedge accounting

IFRS 9 introduces a reformed model for hedge accounting, seeking to more closely align hedge accounting with risk management activities so as to better reflect these activities in the entities' financial statements. Under the new model, new hedge effectiveness requirements apply, discontinuation of hedge accounting is allowed only under specific circumstances, and a number of items that were not eligible under IAS 39 as hedging instruments or hedged items are now eligible.

The Company is currently examining the impact of IFRS 9 on its financial statements, which is impracticable to quantify as at the date of the publication of these financial statements.

IFRS 10, IFRS 12 and IAS 28, Amendments - Investment Entities: Applying the Consolidation Exception (effective 1 January 2016, not yet endorsed by EU)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business, whereas a partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are in a subsidiary.

The adoption of the amendments is not expected to impact the Company's financial statements.

IFRS 11, Amendment – Accounting for Acquisitions of Interests in Joint Operations (effective 1 January 2016)

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

The adoption of the amendment is not expected to impact the Company's financial statements.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

IFRS 15, Revenue from Contracts with Customers (effective 1 January 2018, not yet endorsed by EU)

IFRS 15 establishes a single, comprehensive revenue recognition model to be applied consistently to all contracts with customers, determining when and how much revenue to recognize, but has no impact on income recognition related to financial instruments which is under the scope of IFRS 9 and IAS 39. In addition, IFRS 15 replaces the previous revenue standards IAS 18 Revenue and IAS 11 Construction contracts and the related Interpretations on revenue recognition.
The Company is currently assessing the impact of IFRS 15, however the adoption of the standard is not expected to have a material impact on the Company's financial statements.

IFRS 16, Leases (effective 1 January 2019, not yet endorsed by EU)

Under IFRS 16, which replaces the current guidance in IAS 17, the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17. Leases are capitalized by recognizing the present value of the lease payments and are shown either as lease assets (right of use assets) or together with property, plant and equipment. A financial liability is also recognized, if lease payments are made over time, representing the obligation to make future lease payments. In addition, lease expense treatment is aligned for all leases of lessees and the typical straight line operating lease expense for operating leases under IAS 17 is replaced with a depreciation charge for lease assets and an interest expense on lease liabilities. Recognition of assets and liabilities by lessees are not required for certain short term leases and leases of low value assets.

Under the new standard a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.
The adoption of the amendments is not expected to impact the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2016)

The amendments introduce key changes to seven IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Definition of vesting condition in IFRS 2 'Share – based Payment';
- Accounting for contingent consideration in a business combination in IFRS 3 'Business Combinations;
- Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets in IFRS 8 'Operating Segment';
- Short-term receivables and payables in IFRS 13 'Fair Value Measurement';
- Revaluation method—proportionate restatement of accumulated depreciation in IAS 16 'Property, Plant and Equipment';
- Key management personnel in IAS 24 'Related Party Disclosures'; and
- Revaluation method—proportionate restatement of accumulated amortization in IAS 38 'Intangible Assets'

The adoption of the amendments is not expected to impact the Company's financial statements.

1 Company background and significant accounting policies (continued)

(3) Basis of preparation (continued)

Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)

The amendments introduce key changes to four IFRSs following the publication of the results of the IASB's 2012-14 cycle of the annual improvements project. The topics addressed by these amendments are set out below:

- Clarifying in IFRS 5 'Non-current assets held for sale and discontinued operations' that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.
- Adding in IFRS 7 'Financial instruments: Disclosures' specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. It also clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by IAS 34.
- Clarifying in IAS 19 'Employee benefits' that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.
- Clarifying in IAS 34 'Interim financial reporting' what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

The adoption of the amendments is not expected to impact the Company's financial statements.

The Company's financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair-value-through-profit-or-loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(4) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in the national currency of Bulgaria, Leva (BGN), which is the Company's functional and presentation currency. Except as indicated, financial information presented in BGN has been rounded to the nearest thousand.

1 Company background and significant accounting policies (continued)

(4) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the Central Bank's exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Such balances are translated at the Central bank's year-end exchange rates.

At 31 December 2015, monetary assets and liabilities are translated at the reference Central Bank exchange rate – BGN 1 for EUR 0.5113 (2014: BGN 1 for EUR 0.5113) and BGN 1 for CHF 0.55291 (2014: BGN 1 for CHF 0.61498).

(5) Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period using effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(6) Fees and commissions income and expense

Fees and commissions, except for those, which form part of the effective interest rate of the instrument, are generally recognized on an accrual basis.

Commissions and fees relating to foreign exchange transactions, remittances, bank charges are recognized on the completion of the underlying transaction.

Fee and commission expense consists mainly of administration fees for services received from related parties in Bulgaria. Fees generated from and to related parties are described in Note 19.

(7) Non – derivative financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables. Management determines the classification of its investments at initial recognition.

1 Company background and significant accounting policies (continued)

(7) Non – derivative financial assets (continued)

(a) Financial assets at fair value through profit or loss

This category includes financial assets held for trading.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

Financial assets held for trading are initially recognized at fair value excluding transaction costs and subsequently re-measured at fair value based on the price within the bid-ask spread that is most representative of fair value in the circumstances used to measure fair value. All related realized and unrealized gains and losses are included in net trading income in the period in which they arise. Interest earned whilst holding financial assets held for trading is reported as interest income.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the Company intends to sell immediately or in the short term, which are classified as held for trading, and those that the Company upon initial recognition designates as at fair value through profit or loss; (b) those that the Company upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration

(8) Derivative financial instruments

Derivatives are financial instruments :

(a) whose value is changed in response to the change in specified interest rate, financial instrument price, foreign exchange rate, index of prices and rates, credit rates or credit index or other variable;
(b) that requires no initial net investment or an initial net investment is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
(c) that is settled at a future date.

Derivative financial instruments including currency swaps, interest rate swaps, currency forwards, forward rate agreements, options and futures are usually not recognised initially on the face of the balance sheet as they are often entered into at no cost (i.e. the net fair value of the receivables and payables is zero). When the net investment is not zero derivatives are initially recognised as financial instruments at fair value. The fair value is determined by quoted prices, discounted cash flows models and other valuation techniques. The positive net fair value is recognised as asset while the negative is recognised as liability. The changes in the fair value of derivatives are included in the income statement.

The Company has not entered into transactions where the fair value was different from the transaction price. The best evidence of fair value at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

1 Company background and significant accounting policies (continued)

(9) Impairment of financial assets

(1) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In determining whether a loan is individually significant for the purposes of assessing impairment, the Company considers a number of factors, including importance of the individual loan relationship and how it is managed, the size of the loan, and the product line. Consequently, loans to corporate clients and financial institutions as well as investment securities, are generally considered as individually significant. Retail lending portfolios are generally assessed for impairment on a collective basis as they consist of large homogenous portfolios, while exposures that are managed on an individual basis are assessed individually for impairment.

The Company assesses at each balance sheet date whether there is an objective evidence of impairment.

Objective evidence that a financial asset or group of assets is impaired includes observable data about the following loss events:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;
- Downgrading below investment grade level;

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

1 Company background and significant accounting policies (continued)

(9) Impairment of financial assets (continued)

(1) Assets carried at amortized cost (continued)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.
The loan loss identification period is between three and twelve months

Reversals of impairment

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account or the asset's carrying amount as appropriate. The amount of the reversal is recognised in the income statement.

Write-off of loans and advances

A loan and the associated provision are written off when there is no realistic prospect of recovery. The Company considers all relevant information including the occurrence of a significant change in the borrower's financial position such that the borrower can no longer pay the obligation.

The timing of write-off is mainly dependent on whether there is any underlying collateral as well as the Company's estimate of the amount collectible. The number of days past due is considered by the Company as an indicator, however it is not regarded as a determining factor. Especially for collateralized exposures, the timing of write-offs is mainly dependant on local jurisdictions and consequently maybe delayed due to various legal impediments.

Unpaid debt continues to be subject to enforcement activity even after it is written-off. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement

1 Company background and significant accounting policies (continued)

(10) Equipment and other non-current assets (continued)

The Company recognizes the cost of an item of property, plant and equipment as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement when the expenditure is incurred.

Depreciation is calculated on the straight-line method to allocate the cost of each asset to their residual values over their estimated useful life.

Depreciation rates are between 8% and 24% per annum on computer equipment and fixtures and fittings. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by comparing proceed with carrying amount. These are included in the income statement.

(11) Intangible assets

Costs that are directly associated with identifiable non-monetary asset without physical substance controlled by the Company and which will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Expenditure which enhances or extends the performance of intangible assets beyond their original specifications is recognized as a capital improvement and added to the original costs of the asset.

Costs associated with maintaining intangible assets are recognized as an expense as incurred.

Intangible assets are amortized using the straight-line method over their useful lives.

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(12) Borrowings

Borrowings are recognized initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

1 Company background and significant accounting policies (continued)

(13) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including: cash in hand and call deposits held with banks.

(14) Operating leases

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(15) Current and deferred income tax

Taxation has been provided for in the financial statements in accordance with Bulgarian legislation currently in force. The charge for taxation in the income statement for the year comprises current tax and changes in deferred tax. Current tax is calculated on the basis of the taxable profit for the year, using the tax rates enacted at the balance sheet date. Income tax payable on profits, based on the applicable tax law is recognized as an expense in the period in which profits arise. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, revaluation reserve of financial instruments, provisions for court cases, the difference on balance sheet provision expenses according to the local and IFRS requirements and provisions for untaken annual leaves and retirement benefit obligations.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(16) Employee benefits

(1) Social, pension and health funds.

The Company is obliged by the current Bulgarian legislation to make fixed contribution on behalf of the employees to a social fund operated by the Government. All those payments/liabilities are recognized as an expense in the period to which those relate.

(2) Retirement benefit obligations.

In accordance with article 222, Para. 3 of the Bulgarian Labour Code, in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Company for at least 10 years.

Provision has been made for the actuarial value of the lump sum payable on retirement using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

1 Company background and significant accounting policies (continued)

(16) Employee benefits (continued)

The obligation is calculated as the present value of the estimated future cash outflows using interest rates of Bulgarian government bonds at the end of the reporting period. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Company's obligation are recognised directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

Past service costs and interest expense are recognised immediately in the income statement.

(17) Provisions

Provisions for restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination of rent and other contracts, consultancy and audit fees, employees' payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(18) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when and only when there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis, or realize the asset and settle the liability simultaneously.

(20) Comparatives

The Company has not performed any reclassifications on balance sheet and income statement positions for 2015.

2 Financial Risk Management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The activity of the Company and all risk related policies and procedures are in the process of full alignment with Eurobank Ergasias Group risk guidelines and are controlled and guided by the Risk unit of the Parent company. The adequacy of internal control systems is evaluated by Eurobank Ergasias Group's Internal Auditors. Risk functions are managed by the Company's Management. The most important types of risk are credit risk, market risk, operational risk and liquidity risk. Market risk includes currency risk, interest rate and other price risk.

The impact of the financial crisis is still affecting the activity of the Company. Management believes it is taking all the necessary measures to support the sustainability and stability of the Company's business in the current circumstances.

Strategy in using financial instruments

The Company supports its borrowers by offering various restructuring and renegotiation solutions, which improve their ability to repay the amounts owed. To the extent that information is available,management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

The amount of provision for impaired loans is based on management's appraisals of these assets at the balance sheet date after taking into consideration the cash flows that may result from foreclosure less costs for obtaining and collateral's sale.

(1) Credit risk measurement

The Company assumes exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Company's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and the geographical and industry segments. Such risks are monitored regularly.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital repayment obligations and reviewing these lending limits where appropriate. Credit operations are governed by a comprehensive set of policies and procedures to ensure that all aspects of credit risk are adequately covered.

(a) Loans and advances

The Company loan portfolio consists mostly of loans referred from Eurobank Bulgaria AD. The Company assesses the credit risk on the referred loans individually and on a portfolio basis before the referral takes place.

The Company has an agreement with Eurobank Bulgaria AD, under which Eurobank Bulgaria AD is obliged to service the loans and provide the necessary information to the Company to assess the risks related with the loan portfolio.

2 Financial Risk Management (continued)

(1) Credit risk measurement (continued)

(a) Loans and advances (continued)

The credit risk of loans and advances to customers is managed through a comprehensive set of policies and procedures to ensure that all aspects of credit risk are adequately covered.

The credit quality of the wholesale loans is assessed on a case-by-case basis using the borrower's credit rating and based on a profound analysis of a set of qualitative and quantitative factors. The borrower's rating could be within a rating scale from 1 to 11. The Company categorized as neither past due nor impaired wholesale loans which borrower's credit rating is from 1 to 6 and with zero days past due as loans bearing satisfactory risk and these with rating 7 under watch list. The overdue loans, which borrower's ratings are from 1 to 6 are presented as past due but not impaired loans. The wholesale loans to customers with credit ratings from 8 to 11 are considered individually impaired loans (loans to borrowers with rating 8 and 9 are categorized as potentially problematic and those in10 and 11 as loss making).

Qualitative factors are those that deal with the borrower's management, industry, operating conditions, the market sector in which the borrower operates securities, loan servicing, etc. Quantitative factors are those that refer to a set of ratios (e.g. profitability, leverage, liquidity) emerging from the borrower's financial statements (balance sheet, income statement, notes to FS).

The classification of retail clients is based on the full delinquency analysis by group according to which loans with zero overdue days are presented in category satisfactory risk and the rest in category past due but not impaired or impaired. The grouping is based on the common characteristics of the respective products, the similar risks they bear and the type of collateral that secures them. In case that a borrower is client to more than one of the above mentioned groups, the classification of each single retail loan of one and the same retail client should be done independently from the other loans of the same customer.

The Company manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and groups, and to industries.

Risks are monitored on a revolving basis and are subject to an annual or more frequent review. The exposure to any one borrower is further restricted by sub limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored on a daily basis.

The exposure to any borrower is restricted by limits covering on- and/or off- balance sheet. The credit equivalent amounts for off-balance sheet facilities are determined in accordance with Eurobank Ergasias Group and Group Market Risk regulations and guidelines.

Exposures to credit risk are managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate.

The management of the Company reviews the reports provided from Eurobank Bulgaria AD on regular basis and takes appropriate actions to mitigate credit risk.

Some other specific control and mitigation measures are outlined below:

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(1) Credit risk measurement (continued)

(b) Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities and
- Issued guarantees.

Long-term financing and lending to corporate entities are generally secured. In order to minimize the credit loss the Company will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

(2) Maximum exposure to credit risk before collateral held or other credit enhancements

The table below represents a worst case scenario of credit risk exposure to the Company as at 31 December 2015, without taking account of any collateral held or other credit enhancements attached. These are on-balance-sheet assets and the exposures set out below are based on net carrying amounts as reported in the balance sheet.

As shown below, 96.23 % of the total maximum exposure is derived from loans and advances to customers (2014: 99.48%).

Maximum exposure

	2015	2014
Credit risk exposures relating to on-balance sheet assets are as follows:		
Loans and advances to customers:	**192,146**	**265,468**
Mortgages	*121,478*	*181,538*
Small Business lending	*157*	*141*
Corporate customers	*70,511*	*83,789*
Other assets	4	3
Cash with banks	7,522	1,377
At 31 December	**199,672**	**266,848**

(3) Loans and advances to customers

Loans and advances are summarized as follows:

Balance at 31 December 2015	**Loans and advances to customers**
Neither past due nor impaired	60,811
Past due but not impaired	29,804
Impaired	224,199
Gross	**314,814**
Less: allowance for impairment	(122,668)
Net	**192,146**
Included in gross loans and advances are:	
Past due more than 90 days	217,826

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(3) Loans and advances to customers (continued)

Balance at 31 December 2014	Loans and advances to customers
Neither past due nor impaired	123,956
Past due but not impaired	32,937
Impaired	244,428
Gross	**401,321**
Less: allowance for impairment	(135,853)
Net	**265,468**
Included in gross loans and advances are:	
Past due more than 90 days	235,338

The total impairment provision for loans and advances is BGN 122,668 thousands (2014: BGN 135,853 thousands). Further information of the impairment allowance for loans and advances to customers is provided in Note 11.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired at 31 December 2015 can be assessed by reference to the internal standard grading system. The following information is based on that system:

Satisfactory risk	As at 31 December 2015	As at 31 December 2014
Mortgages	60,811	120,736
Corporate Lending	-	3,220
Total Satisfactory risk	**60,811**	**123,956**

(b) Loan and advances past due but not impaired

	Retail customers	
Balance at 31 December 2015	**Mortgage Lending**	**Total**
Past due up to 29 days	10,099	**10,099**
Past due 30 - 59 days	8,464	**8,464**
Past due 60 - 89 days	4,404	**4,404**
Past due 90 - 179 days	6,837	**6,837**
Total	**29,804**	**29,804**

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(3) Loans and advances to customers (continued)

(c) Loan and advances past due but not impaired (continued)

Balance at 31 December 2014	Retail customers Mortgage Lending	Total
Past due up to 29 days	14,047	**14,047**
Past due 30 - 59 days	9,479	**9,479**
Past due 60 - 89 days	4,148	**4,148**
Past due 90 - 179 days	5,263	**5,263**
Total	**32,937**	**32,937**

(c) Loans and advances individually impaired

For individually assessed accounts, loans are treated as impaired as soon as there is objective evidence that an impairment loss has been incurred. The criteria used by the Company to determine that there is objective evidence of impairment include:

- known cash flow difficulties experienced by the borrower
- overdue contractual payments of either principal or interest
- breach of loan covenants or conditions;
- the probability that the borrower will enter bankruptcy or other financial reorganization;
- a downgrading in credit rating by an external credit rating agency

Further information on impaired loans is provided below in "Impairment assessment".

The criteria used by the Company to determine that there is objective evidence of impairment are provided in point (1).

Loans and advances individually impaired

Balance at 31 December 2015	SBB Lending	Corporate Lending	Total
Past due up to 29 days	-	5,710	5,710
Past due 30 - 89 days	-	4,663	4,663
Past due 90 - 179 days	-	-	-
Past due less than 1 year	-	-	-
Past due over 1 year	845	150,272	151,117
Individually impaired loans	**845**	**160,645**	**161,490**
31 December 2014			
Past due up to 29 days	-	2,664	2,664
Past due 30 - 89 days	-	7,883	7,883
Past due 90 - 179 days	-	-	-
Past due less than 1 year	-	55	55
Past due over 1 year	938	158,966	159,904
Individually impaired loans	**938**	**169,568**	**170,506**

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(3) Loans and advances to customers (continued)

(c) Loans and advances individually impaired (continued)

Wholesale borrowers are rated on a case-by-case basis following the Internal Credit Rating System. The credit rating is based on a profound analysis of qualitative and quantitative factors. Qualitative factors are those that deal with the borrower's management, industry, operating conditions, the market sector in which the borrower operates, securities, loan servicing etc. Quantitative factors are those that refer to a set of ratios (main ratios: profitability, leverage, liquidity) emerging from the borrower's financial statements (balance sheet, income statement, notes to the financial statements etc.)

Small business lending loans over 90 days overdue are assessed on a case-by-case basis, following the provisioning policy.

The impairment provisions reflect the probability that management will not be able to enforce its rights and repossess collateral on defaulted loans. Despite difficulties in enforcing repossession of collateral, the Company's management will vigorously pursue the outstanding debts with all possible means at their disposal.

(d) Impaired loans and advances collectively assessed

For collectively assessed accounts, loans are treated as impaired based on historical loss data for groups of loans with similar characteristics.

31 December 2015	Mortgage Lending	SBB Lending	Total
Past due up to 29 days	1,945	-	**1,945**
Past due 30 - 89 days	892	-	**892**
Past due 90 - 179 days	1,067	-	**1,067**
Past due less than 1 year	11,734	-	**11,734**
Past due over 1 year	46,872	199	**47,071**
Collectively assessed for impairment	**62,510**	**199**	**62,709**

31 December 2014	Mortgage Lending	SBB Lending	Total
Past due up to 29 days	1,878	-	**1,878**
Past due 30 - 89 days	1,928	-	**1,928**
Past due 90 - 179 days	1,582	-	**1,582**
Past due less than 1 year	7,975	-	**7,975**
Past due over 1 year	60,559	-	**60,559**
Collectively assessed for impairment	**73,922**	**-**	**73,922**

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(3) Loans and advances to customers (continued)

(d) Impaired loans and advances collectively assessed (continued)

Information about collateral at 31 December 2015 is as follows:

	Corporate loans	SBB loans	Mortgage loans	Total
Unsecured loans	6,160	30	25,239	**31,429**
Loans collateralised by:				
- residential real estate	13,315	40	95,011	**108,366**
- other real estate	47,971	87	1,228	**49,286**
- tradable securities	-	-	-	-
- cash deposits	-	-	-	-
- other assets	3,065	-	-	3,065
Total loans and advances to customers	**70,511**	**157**	**121,478**	**192,146**

Information about collateral at 31 December 2014 is as follows:

	Corporate loans	SBB loans	Mortgage loans	Total
Unsecured loans	1,344	-	984	**2,328**
Loans collateralised by:				
- residential real estate	15,767	17	180,329	**196,113**
- other real estate	57,857	124	225	**58,206**
- tradable securities	-	-	-	-
- cash deposits	-	-	-	-
- other assets	8,821	-	-	8,821
Total loans and advances to customers	83,789	141	181,538	265,468

The disclosure above represents the lower of the carrying value of the loan or collateral taken; the remaining part is disclosed within the unsecured exposures. The carrying value of loans was allocated based on liquidity of the assets taken as collateral.

(4) Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorized by geographical region as of 31 December 2015. For this table, the Company has allocated exposures to regions based on the country of domicile of its counterparties.

	Bulgaria	Other countries	Total
Loans and advances to customers:	**188,978**	**3,168**	**192,146**
- Mortgages	121,202	276	121,478
- Small business lending	157	-	157
- Corporate lending	67,619	2,892	70,511
Other assets	4	-	4
31 December 2015	188,982	3,168	192,150
31 December 2014	262,813	2,658	265,471

The borrowers in the Company's loan portfolio are mainly Bulgarian individuals and entities. BRS provided services to Eurobank Bulgaria AD. Balances with related parties are presented in Note 19.

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(4) Concentration of risks of financial assets with credit risk exposure (continued)

(b) Industry sectors

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorized by the industry sectors of our counterparties.

	Commerce and services	Private individuals	Manu-facturing	Con-struction	Other	Total
Loans and advances to customers:	**22,629**	**121,478**	**4,879**	**27,998**	**15,162**	**192,146**
- Mortgages	-	121,478	-	-	-	**121,478**
-Small business lending	117	-	-	40	-	**157**
-Corporate lending	22,512	-	4,879	27,958	15,162	**70,511**
Derivative financial instruments	-	-	-	-	-	-
Other assets	-	-	-	-	4	4
31 December 2015	**22,629**	**121,478**	**4,879**	**27,998**	**15,166**	**192,150**
31 December 2014	**27,305**	**181,538**	**5,174**	**35,802**	**15,652**	**265,471**

(5) Market risk

The Company takes on exposures to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables. Market risks arise from open positions in interest rate and foreign currency products, which may be exposed to general or specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The main factors that generate market risk for the Company are the interest rate levels and foreign exchange rates.

Interest rate risk is the risk of potential loss from adverse changes in interest rate levels. It may include re-pricing risk, yield curve risk, basis risk, spread risk, volatility risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Management of the Company set limits on the level of mismatch of interest rate reprising that may be undertaken, which are monitored regularly.

Foreign exchange risk is the risk of potential loss from adverse changes in foreign currency exchange rates against the base currency. It may include outright risk, volatility risk and conversion risk. The Company mitigates the foreign currency risk by entering into foreign currency swap deals (Note 15) that cover the foreign currency mismatch of Company's assets and liabilities.

The Company estimates the market risk of positions held and the maximum losses expected, based upon a number of assumptions, and reviews various market risks on a monthly basis.

The Market Risk Policy is in compliance with the Parent company Risk Guidelines, which pertain to market risk.

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(6) Sensitivity of assets and liabilities

The Company is exposed to the fluctuations of the different types of market risk. The presented sensitivity analysis illustrates the potential impact on the income statement and equity from reasonably possible shifts in the market variables. Sensitivity to changes to two of the major market risk factors - FX and interest rates, has been calculated and presented in the table below. The calculation parameters used have been determined based on the current market environment and the dynamics observed in 2015. Figures for 2014 have been recalculated accordingly.

Interest rate risk sensitivity has been estimated by applying a parallel yield curve shift to all relevant on- and off-balance sheet positions and calculating the changes in their present value. The results have been allocated to two columns depending on the accounting treatment of each position: Income statement - for items with revaluation reflected in the P&L accounts; Non-trading book effect - for items carried at amortized cost.

2015

	Total Sensitivity	Sensitivity of income statement	Non-trading book sensitivity
Interest Rate			
+100 bps parallel yield curve shift for all CCYs	(96)	0	(96)
-100 bps parallel yield curve shift for all CCYs	97	(0)	97
Foreign exchange			
-10% depreciation of local CCY (BGN) against all foreign CCYs excl. EUR	(23)	(23)	-
+10% appreciation of local CCY (BGN) against all foreign CCYs excl. EUR	23	23	-

2014

	Total Sensitivity	Sensitivity of income statement	Non-trading book sensitivity
Interest Rate			
+100 bps parallel yield curve shift for all CCYs	(207)	0	(207)
-100 bps parallel yield curve shift for all CCYs	208	(0)	208
Foreign exchange			
-10% depreciation of local CCY (BGN) against all foreign CCYs excl. EUR	(108)	(108)	-
+10% appreciation of local CCY (BGN) against all foreign CCYs excl. EUR	108	108	-

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(6) Sensitivity of assets and liabilities (continued)

For the estimation of the Interest Rate Sensitivity, the Company's assets and liabilities were distributed into time bands based on their maturity and repricing characteristics. For trading book positions, the fair value movements are reflected directly into P&L. For Foreign Exchange Sensitivity, the calculations are based on the open foreign currency positions of the Company as of the last day of the respective year.

(7) Fair values of financial assets and liabilities

(a) Fair values of financial assets and liabilities not measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using valuation techniques that are appropriate in the circumstances, and maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet, analysed by the level in the fair value hierarchy into which each fair value measurement is included:

	At 31 December 2015				
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Total Carrying Amount**
Financial assets					
Loans and advances to customers	-	-	195,189	195,189	**192,146**

	At 31 December 2014				
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Total Carrying Amount**
Financial assets					
Loans and advances to customers	-	-	287,518	**287,518**	**265,468**

The assumptions and methodologies underlying the calculation of fair values of financial instruments not carried at fair value on the balance sheet date are in line with those used to calculate the fair values for financial instruments carried at fair value and are as follows:

(7) Fair values of financial assets and liabilities (continued)

(a) Fair values of financial assets and liabilities not measured at fair value (continued)

* *Loans and advances to customers*
For loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Company makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate.

* *Bank borrowings*
For borrowed funds, cash and cash equivalents and loans and advances to banks, which are either short term or re-priced at frequent intervals, the carrying amounts represent reasonable approximations of fair values.

(b) Financial instruments measured at fair value

Trading assets, derivatives and other transactions undertaken for trading purposes, as well as available-for-sale securities and assets and liabilities designated at fair-value-through-profit-or-loss are measured at fair value by reference to quoted market prices when available. If quoted prices are not available, the fair values are estimated using valuation techniques.

These financial instruments carried at fair value are categorised into the three levels of the fair value hierarchy as at 31 December 2015 based on whether the inputs to the fair values are observable or unobservable, as follows:

Level 1 – Financial instruments measured based on quoted prices in active markets for identical financial instruments that an entity can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. These include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds and unit-linked products that have regularly and frequently published quotes.

Level 2 – Financial instruments measured using valuation techniques with the following inputs: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognised market data providers and iv) may also include other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments mainly include over-the-counter (OTC) derivatives and less-liquid debt instruments.

Level 3 – Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equity instruments.

(all amounts are in thousands BGN unless otherwise stated)

(7) Fair values of financial assets and liabilities (continued)

(b) Financial instruments measured at fair value (continued)

The fair value hierarchy categorization of the Company's financial assets and liabilities carried at fair value is presented in the following table:

	31 December 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:				
Derivative financial instruments	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities measured at fair value:				
Derivative financial instruments	-	275	-	275
Total financial liabilities	-	**275**	-	**275**

	31 December 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:	-	-	-	-
Derivative financial instruments	-	-	-	-
Total financial assets				
Financial liabilities measured at fair value:	-	-	-	-
Derivative financial instruments	-	18	-	18
Total financial liabilities	-	18	-	18

Company's valuation processes

The Company uses widely recognized valuation models for determining the fair value of common financial instruments, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments, they are validated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty, where appropriate.

2 Financial Risk Management (continued)

(7) Fair values of financial assets and liabilities (continued)

(b) Financial instruments measured at fair value (continued)

The Company follows fair valuation processes and procedures, which are established at a Group level by Global Market Counterparty Risk Sector. Some of the specific valuation controls include: verification of observable pricing, re-performance of model valuations, a review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

Valuation techniques

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate.

(8) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Company designates appropriate liquidity policies which have to ensure that sufficient liquid assets are maintained to meet liabilities as they arise.

The maturities of assets and liabilities and the ability to replace at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

(a) Cash flows

The table below presents the cash flows receivable and payable by the Company under financial assets/liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected undiscounted cash flows. All payments are estimated based on spot rate.

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(8) Liquidity risk (continued)

(a) Cash flows (continued)

As at 31 December 2015	Gross nominal outflow/ inflow	Less than 1 month	1-3 months	3 -12 months	1-5 years	More than 5 years
Non-derivative liabilities						
Bank borrowings outflow	230,077	13,486	3,601	212,990		
Bank borrowings inflow					-	-
Other liabilities	193	56	-	-	135	2
Derivative financial instruments						
Gross contractual inflow	166,832	166,832				
Gross contractual outflow	167,190	167,190				
Total liabilities (contractual maturity dates)	**230,628**	**13,900**	**3,601**	**212,990**	**135**	**2**
Non-derivative assets						
Loans and advances to customers	248,714	5,094	2,823	11,391	124,518	104,888
Other assets	4	2				2
Total assets (contractual maturity dates)	**248,718**	**5,096**	**2,823**	**11,391**	**124,518**	**104,890**

As at 31 December 2014	Gross nominal outflow/ inflow	Less than 1 month	1-3 months	3 -12 months	1-5 years	More than 5 years
Non-derivative liabilities						
Bank borrowings outflow	319,128	564	318,564			-
Bank borrowings inflow	(29,337)	(29,337)	-	-	-	-
Other liabilities	15	13	-	-	-	2
Derivative financial instruments						
Gross contractual inflow	215,649	215,649	-	-	-	-
Gross contractual outflow	215,706	215,706	-	-	-	-
Total liabilities (contractual maturity dates)	**289,806**	**(28,760)**	**318,564**			**2**
Non-derivative assets						
Loans and advances to customers	320,795	31,305	4,109	17,676	73,001	194,704
Other assets	3	1				2
Total assets (contractual maturity dates)	**320,738**	**31,248**	**4,109**	**17,676**	**73,001**	**194,704**

(all amounts are in thousands BGN unless otherwise stated)

2 Financial Risk Management (continued)

(8) Liquidity risk (continued)

(a) Cash flows (continued)

The liquidity table above discloses the contractual undiscounted cash flows as at the end of 2015 and 2014. It should be noted that in December 2014, the short term bank borrowing was extended to 31 March 2015 and in December 2015 to 31 December 2016. In May 2016 the short term bank borrowing was extended to 30 June 2017 as explained in Note 14.

The table below analyses the Company's assets grouped based on their maturities:

	As at 31 December	
	2015	**2014**
Current Assets		
Cash and cash equivalents	7,522	1,377
Derivative financial instruments	-	-
Total current assets	**7,522**	**1,377**
Loans and advances to customers	**192,146**	**265,468**
Non-current Assets		
Equipment and other non-current assets	5	4
Income tax receivable	-	1,351
Other assets	4	3
Total non-current assets	**9**	**1,358**
Total assets	**199,677**	**268,203**

(9) Capital risk management

The Company's Management objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To maintain a strong capital base to support the stability of its business and to reduce the cost of capital.

Consistent with others in the business, the Company monitors capital on the net basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total long term debt less cash and cash equivalents. Total capital is calculated as "equity" as shown in the balance sheet plus net debt.

During 2015, the Company's strategy was to renegotiate the credit facility received from Eurobank Private Bank (Luxembourg) S.A. and extend the terms of the facility.

3 Critical accounting estimates, and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

(all amounts are in thousands BGN unless otherwise stated)

3 Critical accounting estimates, and judgments (continued)

a) Impairment losses on loans and advances

The Company reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company made judgments as to whether there was any observable data indicating that there was a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease could be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows were reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Effective interest rates

The application of the effective interest rate method for loan receivables requires the use of estimates about the expected life and other patterns and characteristics of the loan portfolio. In building up these estimates the Company utilizes the experience of other entities in Eurobank Ergasias Group and makes adjustments, as appropriate, to reflect Bulgarian market conditions.

(c) Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognised market data providers.

4 Net interest and similar income

Interest and similar income	**2015**	**2014**
Loans and advances to customers	10,131	14,467
Due from other banks	1	2
	10,132	**14,469**

Interest and similar charges		
Banks and other financial institutions	5,904	9,408
Expense for derivative instruments	834	454
	6,738	**9,862**

(all amounts are in thousands BGN unless otherwise stated)

5 Net fee and commission income

	2015	2014
Fees and commission income		
Loans fees related to earlier payment of loans	119	147
Fee and commission expense		
Fee for loan portfolio processing and bank commissions	278	282

Fees generated from related parties are disclosed in Note 19.

Fee and commission expense relates to loan portfolio processing based on contractual agreement with Eurobank Bulgaria AD for services concerning the transferred loans. For further details refer to Note 19.

6 Net trading (expense)/ income

	2015	2014
Foreign exchange translation gains less losses	(1,989)	(111)

7 Operating expenses

	2015	2014
Consulting and other professional services	257	263
Staff costs (Note 8)	149	144
Provision for court claims	144	0
Other operating costs	20	1
Rents	18	18
Communication and courier expenses	5	5
Maintenance of equipment and buildings	3	4
Depreciation (Note 13)	1	7
	597	**442**

The contracted annual amount for audit fees for initialing of statutory financial statement 2015 is BGN 28 thousand (2014-BGN 29 thousand)

8 Staff costs

	2015	2014
Wages and salaries	123	121
Other staff costs	26	23
	149	**144**

The average number of employees of the Company during the year was 4 (2014: 4).

9 Current and deferred income tax

	2015	2014
Current income tax charge	-	-
Deferred income tax charge/(credit)	-	(1)
Income tax related to previous year	-	-
Income tax expense/(credit)	-	(1)

(all amounts are in thousands BGN unless otherwise stated)

9 Current and deferred income tax (continued)

The tax on the Company's financial result before tax differs from the theoretical amount that would have arisen using the applicable tax rate of the Company as follows:

	2015	2014
Loss before income tax	**(10,050)**	**(35,360)**
Credit calculated at a tax rate of 10% (2014: 10%)	(1,005)	(3,536)
Expenses for which no deferred income tax assets were recognized	37	2
Effect of expenses not deductible for tax purposes	968	3,533
Income tax expense / (credit)	-	(1)

Deferred income taxes are calculated on temporary differences under the liability method using an effective tax rate of 10% (2014: 10%).

The tax loss for 2015 is BGN 373 thousands and the deferred tax asset not recognized was BGN 37 thousands. The deferred tax asset on impairment charge for 2015 not recognised is BGN 966 thousands (2014 : BGN 4,243 thousands).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred income taxes relate to the same fiscal authority.

The tax authorities may at any time inspect the books and records within 5 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect. The Company has had corporate tax audit for the period 2009-2013.

The company has the right to carry forward the tax loss accumulated until the depletion thereof during the next succeeding five years.

The movement on the deferred income tax account is as follows:

	2015	2014
Deferred tax asset at the beginning of the period, net	-	(1)
Credit through Statement of comprehensive income	-	1
Deferred tax (liability)/asset at end of year, net	-	-

10 Cash and cash equivalents/Bank balances

	2015	2014
Cash equivalents	7,522	1,377
	7,522	1,377

11 Loans and advances to customers

	2015	2014
Retail customers:		
Mortgages	153,125	227,595
Small Business Banking	1,044	938
	154,169	228,533

(all amounts are in thousands BGN unless otherwise stated)

11 Loans and advances to customers (continued)

Corporate customers:		
Large corporate customers	59,482	69,668
Small and Medium Enterprises	101,162	103,120
	160,644	**172,788**
Gross loans and advances	**314,814**	**401,321**
Less allowance for loan losses on loans and advances	(122,668)	(135,853)
	192,146	**265,468**

Included in the amount of loans and advances to customers is accrued interest of BGN 3,722 thousand (2014: BGN 3,813 thousand). In 2015 BRS sold loans to Eurobank Bulgaria AD amounting to BGN 23,297 thousand (2014: BGN 78,867 thousand). Both companies are related parties of Eurobank Group.

Reconciliation of allowance account for losses on loans and advances by class is as follows:

	Retail customers		Wholesale	
	Mortgages	Small Business Lending	Corporate Lending	Total
Balance at 1 January 2014	**38,214**	**407**	**68,814**	**107,435**
Charge for the year	15,989	661	23,227	**39,877**
Disposal of loan portfolio	(8,517)	(279)	(1,042)	**(9,838)**
Amounts written off	(299)	-	(2,000)	**(2,299)**
FX revaluation through PL	669	9	-	**678**
At 1 January 2015	**46,056**	**798**	**88,999**	**135,853**
Charge for the year	5,245	-	5,946	**11,191**
Disposal of loan portfolio	(5,986)	-	-	**(5,986)**
Amounts written off	(20,144)	-	(4,812)	**(24,956)**
FX revaluation through PL	6,477	89	-	**6,566**
At 31 December 2015	**31,648**	**887**	**90,133**	**122,668**

The impairment reported in the Statement of comprehensive income differs from the one reported in the present note with the annual expense for bad debt collection services amounting to BGN 189 thousand (2014: BGN 195 thousand), annual income from bad debt collection amounting to BGN 591 thousand (2014: BGN 459 thousand) and other income from loan repayments amounting to BGN 90 thousands (2014: 335 thousand BGN).

	2015	**2014**
The ten largest loans and advances to customers	67,558	67,265
Percentage of gross loans	21,46%	16,76%

(all amounts are in thousands BGN unless otherwise stated)

12 Other assets

	2015	2014
Other debtors	3	2
Other receivables	1	1
	4	3

The fair value of the receivables from related parties and other receivables disclosed above approximate their carrying value as at 31 December 2015 and 31 December 2014.

13 Equipment and other non-current assets

	Computer equipment and software	Machinery and office equipment	Total
2014			
Opening net book value	7	3	10
Additions/(Disposals)	1	-	1
Depreciation charge	(6)	(1)	(7)
Closing net book value	**2**	**2**	**4**
As at 31 December 2014			
Cost	213	11	224
Accumulated depreciation	(211)	(9)	(220)
Net book value	**2**	**2**	**4**
2015			
Opening net book value	2	2	4
Additions	2	-	2
Depreciation charge	(1)	-	(1)
Closing net book value	**3**	**2**	**5**
As at 31 December 2015			
Cost	215	11	226
Accumulated depreciation	(212)	(9)	(221)
Net book value	**3**	**2**	**5**

14 Bank borrowings

	2015	2014
Short-term bank borrowings (Note 19.5)	229,347	288,130
	229,347	**288,130**

Included within bank borrowings is related accrued interest payable of BGN 26 thousand (2014: 36 thousand).

(all amounts are in thousands BGN unless otherwise stated)

14 Bank borrowings (continued)

On 27 February 2006 the Company signed a contract with Eurobank Private Bank (Luxembourg) for working capital facility to be used solely for the purchase of receivables from Eurobank Bulgaria AD. The interest rate of the facility is 1-month Euribor plus 2,25% p.a. for 2015. (2014: 2,75% p.a. for the period from January to July 2014 and 2.25% after July 2014). In December 2014, the borrowing was extended to 31 March 2015 and in December 2015 to 31 December 2016. In May 2016, the borrowing was extended to 30 June 2017.

15 Derivative financial instruments

The Company utilizes currency swaps, which are negotiated between the Company and Eurobank Bulgaria AD for non-hedging purposes.

Currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or a combination of currencies or interest rates (i.e., cross-currency interest rate swaps). The Company's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which, instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out below.

	Contract/notional amount	Assets	Liabilities
Year ended 31 December 2015			
Foreign exchange derivatives			
OTC currency swaps	167,107	-	275
Total OTC currency derivatives	**167,107**	**-**	**275**
Total recognised derivative liabilities	**167,107**	**-**	**275**

	Contract / notional amount	Assets	Liabilities
Year ended 31 December 2014			
Foreign exchange derivatives			
OTC currency swaps	215,667	-	18
Total OTC currency derivatives	**215,667**	**-**	**18**
Total recognised derivative liabilities	**215,667**	**-**	**18**

(all amounts are in thousands BGN unless otherwise stated)

16 Other liabilities

	2015	2014
Provisions for court claims	135	-
Related parties payables (Note 19.4)	33	128
Trade payables	23	13
Retirement benefits obligations	2	2
	193	**143**

The Company is subject to a number of legal proceedings arising in the normal course of business. The timing of the expected cash outflow of the court cases provided for could not be precisely estimated. Based on management's estimation it is expected that in two years' time the outflow may be realized.
The table below represents the movement in provisions for legal claims:

Legal provisions	**2015**	**2014**
Opening balance at 1st of January	-	-
Charged to the income statement	135	-
Used during year	-	-
Closing balance	**135**	-

The fair value of trade and other payables disclosed above approximates their carrying value as at 31 December 2015 and 31 December 2014.

17 Share capital

The number of the issued shares as at year-end is 70,000 (2014: 70,000) with nominal value of BGN 10 per share (2014: BGN 10). All issued ordinary shares are fully paid giving one voting right each.

18 Contingent liabilities and commitments

Non-cancellable operating lease commitments

During 2015 and 2014 the Company does not have contingent liabilities and commitments or contractual non-cancelable operating lease commitments.

19 Related party transactions

The Company is a member of Eurobank Ergasias Group. The Company's immediate parent is Eurobank Household Lending Services S.A. which in turn is 100% owned by Eurobank Ergasias S.A (Greece).

In May 2014, following the completion of the Bank's share capital increase fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF), the controlling shareholder of the Bank until that date, decreased from 95.23% to 35.41%. Accordingly, as of that date HFSF was considered to have significant influence over the Bank. In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others, the percentage of the ordinary shares with voting rights held by HFSF decreased to 2.38%.

(all amounts are in thousands BGN unless otherwise stated)

19 Related party transactions (continued)

In the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets, or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014. Taking into account the terms of the revised RFA, the HFSF is still considered to have significant influence over the Bank.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans and foreign currency transactions. The volumes of related-party transactions, outstanding balances at the year end, and relating expense and income for the year are as follows:

(1) Loan portfolio purchased and acquired

During 2015 Bulgarian Retail Services AD sold loans to Eurobank Bulgaria AD in the amount of BGN 23,297 thousand (2014: BGN 78,867 thousand).
During 2015 and 2014 there are no transfers of loan receivables from Eurobank Bulgaria AD to the company.

(2) Received services fee expense

	2015	2014
Eurobank Bulgaria AD (expenses for loan portfolio processing)	229	249
Eurobank Bulgaria AD (valuation expenses)	30	49
	259	298

(3) Key management personnel salaries and short-term benefits

	2015	2014
	54	53

(4) Payables to related parties (Note 16):

	2015	2014
Eurobank Bulgaria AD	33	128
	33	128

(5) Borrowings from related parties (Note 14):

	2015	2014
Eurobank Private Bank (Luxembourg)	229,347	288,130

(all amounts are in thousands BGN unless otherwise stated)

19 Related party transactions (continued)

(6) Interest expenses to related parties

	2015	2014
Eurobank Private Bank (Luxembourg)	5,853	9,408
Eurobank Bulgaria AD/ SWAP deals	834	454
Eurobank Bulgaria AD/ Overdraft	51	-

(7) Derivatives outstanding, contracted with Eurobank Bulgaria AD

	31 December 2015				
	Contract/notional amount	Level 1	Level 2	Level 3	Total
OTC currency swaps	-	-	-	-	-
Total financial assets	-	-	-	-	-
OTC currency swaps	167,107	-	275	-	**275**
Total financial liabilities	**167,107**	-	**275**	-	**275**

	31 December 2014				
	Contract/notional amount	Level 1	Level 2	Level 3	Total
OTC currency swaps	-	-	-	-	-
Total financial assets	-	-	-	-	-
OTC currency swaps	215,667	-	18	-	**18**
Total financial liabilities	**215,667**	-	**18**	-	**18**

(8) Company's bank accounts with Eurobank Bulgaria AD

The Company has operating bank accounts with Eurobank Bulgaria AD which balances as of 31 December 2015 by currencies are as follows:

As at 31 December	2015	2014
EUR	27	1,203
BGN	67	131
CHF	289	43
	383	**1,377**

(all amounts are in thousands BGN unless otherwise stated)

19 Related party transactions (continued)

(9) Company's bank accounts with Eurobank Private Bank (Luxembourg)

The Company has operating bank accounts with Eurobank Private Bank (Luxembourg) which balances as of 31 December 2015 by currencies are as follows:

As at 31 December	2015	2014
EUR	7,139	-

20 Events after the balance sheet date

There are no significant post balance sheet events with effect on the financial statements as of 31 December 2015.