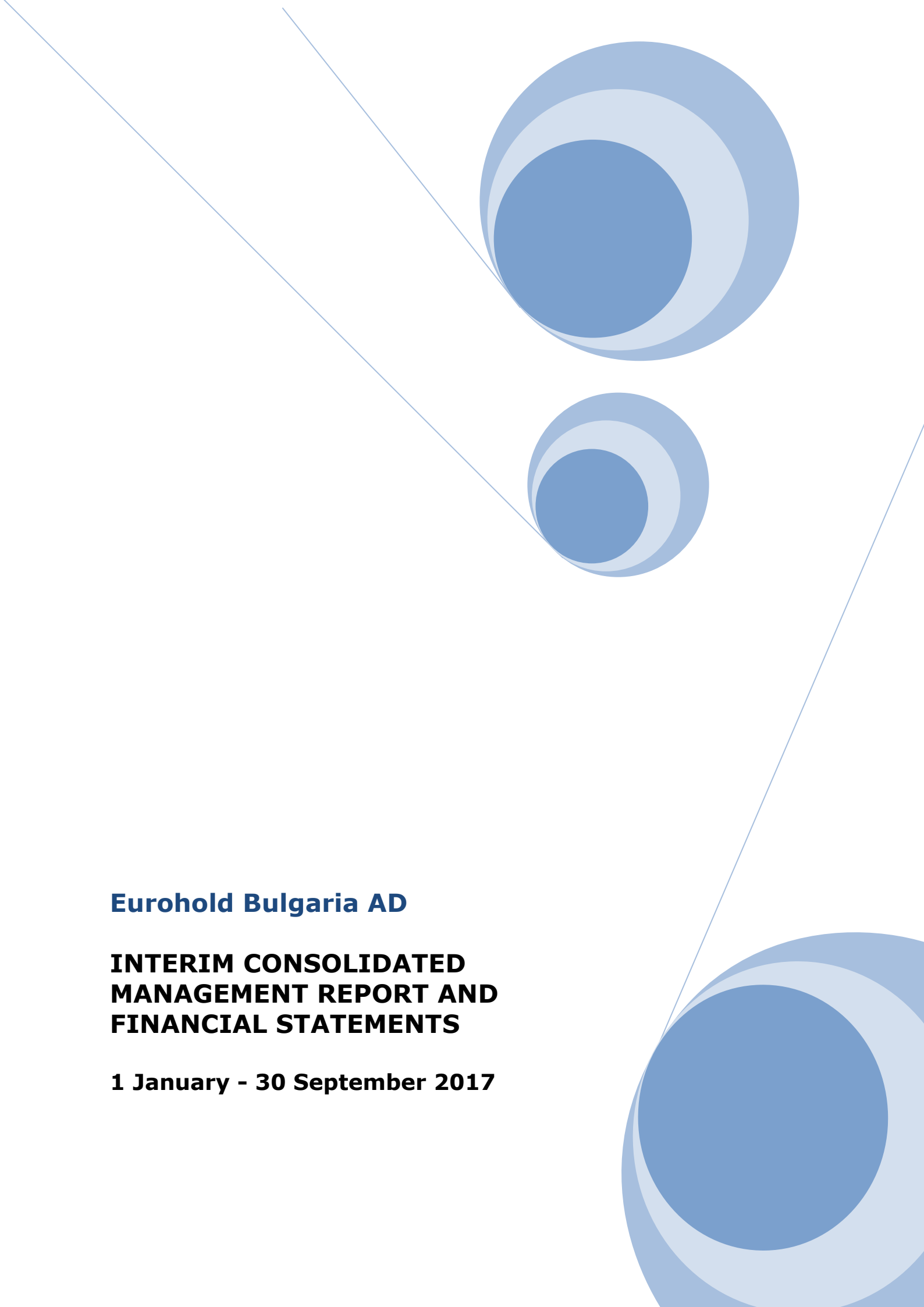


The background features a decorative graphic consisting of three concentric blue circles of varying sizes, each with a lighter blue outer ring. These circles are positioned in the upper right and lower right areas of the page. Thin blue lines intersect the circles and extend across the page, creating a geometric design.

Eurohold Bulgaria AD

**INTERIM CONSOLIDATED
MANAGEMENT REPORT AND
FINANCIAL STATEMENTS**

1 January - 30 September 2017

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CONSOLIDATED INTERIM MANAGEMENT REPORT

containing information on important events occurred in the first half of 2017 in accordance with Art. 100o, para. 4, item 2 of the POSA

EUROHOLD BULGARIA

Consolidated financial result

As of 30th of September 2017 Eurohold Bulgaria registered a consolidated profit in amount of BGN 12 million compared to a profit in amount of BGN 17 million for the same period in 2016. For the observed period the distribution of financial result was as follows: for the Group – a profit in amount of BGN 8.2 million; Non-controlling interest – a profit in amount of BGN 3.8 million. Respectively, for the first nine months of 2016: The Group realized a profit in amount of BGN 15.2 million and non-controlling interest – a profit in amount of BGN 2 million.

The consolidated gross profit of the Group Eurohold as of 30th of September 2017 increased by BGN 8.3 million and amounted to BGN 83.3 million vs. BGN 53 million for the comparable period in 2016.

The consolidated EBITDA amounted to BGN 33.7 million for the reporting period, increasing by 3.6% compared to EBITDA for the same period in 2016 amounted to BGN 32.6 million.

The consolidated results from operating activities

According to the consolidated financial statements for the first nine months of 2017, the consolidated revenues from operating activities of Eurohold Bulgaria AD increased by BGN 132.7 million reaching BGN 880.1 million.

The operating expenses increased by BGN 123.5 million - from BGN 673.3 million reaching BGN 796.8 million.

The consolidated operating results by types of activities

Insurance activities

The revenues from insurance business increased by 20.7% (BGN 122.5 million) as for the current period amounted to BGN 714.9 million.

The registered operating expenses for insurance business increased by 18.3% and amounted to BGN 663.2 million for the current period vs. BGN 560.3 million as of the end of the comparable period.

The insurance sub-holding Euroins Insurance Group realized consolidated operating profit in amount of BGN 51.7 million.

Automotive activities

The revenues from automotive activities amounted to BGN 140.9 million increasing by BGN 25.3 million.

The operating expenses for car sales and sales of spare parts increased by BGN 25.6 million and reached BGN 126.2 million.

For the observed period the automotive division realized the consolidated operating profit in amount of BGN 14.7 million.

Leasing activities

The revenues from leasing operations increased by 17.7% and amounted to BGN 18.6 million compared to BGN 15.8 million for the same period in 2016.

The expenses from leasing operations decreased by BGN 0.5 million – from BGN 3.5 million to BGN 3 million.

For the reporting period the leasing division realized consolidated operating profit in amount of BGN 15.5 million.

Investment brokerage

The revenues from investment brokerage decreased by BGN 4.1 million to BGN 4.6 million as of the end of current period.

The expenses for investment brokerage decreased by BGN 4.4 million for the period and amounted to BGN 3.6 million.

The operating profit from investment brokerage activities amounted to BGN 1 million.

Parent company

For the first nine months of 2017 Eurohold Bulgaria AD realized revenues in amount of BGN 1.0 million.

The operating expenses amounted to BGN 0.8 million.

The result from operating activities amounted to BGN 0.4 million.

The operating results by types of activities on a standalone basis

The table below represents the information regarding the revenues of the subsidiaries as of 30 September 2017 compared to 30 September 2016. It also gives a comparison of EBITDA, realized by the subsidiaries of Eurohold, as well as gives a financial results before eliminations by segments.

Revenue by segments	30.09.2017 000'BGN	30.09.2016 000'BGN
Insurance and health assurance	715 993	592 884
Automotive business	148 850	120 547
Leasing services	19 333	16 785
Asset management and brokerage services	5 369	9 359
Total subsidiaries	889 545	739 575
Parent company	3 073	16 450
Total revenue by segments	892 618	756 025
<i>Intragroup eliminations</i>	<i>(12 529)</i>	<i>(7 655)</i>
Consolidated revenue after eliminations, including:	880 089	748 370

EBITDA by segments	30.09.2017 000'BGN	30.09.2016 000'BGN
Insurance and health assurance	27 306	13 398
Automotive business	4 224	3 307
Leasing services	3 276	2 096
Asset management and brokerage services	621	233
Total subsidiaries	35 427	19 034
Parent company	924	14 288
Total without eliminations	36 351	33 322
<i>Intragroup eliminations</i>	<i>(2 621)</i>	<i>(756)</i>
Total EBITDA	33 730	32 566

Financial result by segments without eliminations	30.09.2017 000'BGN	30.09.2016 000'BGN
Insurance and health assurance	24 454	10 178
Automotive business	(43)	(194)
Leasing services	81	85
Asset management and brokerage services	576	194
Total subsidiaries	25 068	10 263
Parent company	(12 529)	7 218
Total without eliminations	12 539	17 481
<i>Intragroup eliminations</i>	<i>(539)</i>	<i>(245)</i>
Total	12 000	17 236

The revenues operations of all companies in the Group realized 18.1% growth, or an increase by BGN 136.6 million before reporting intra-group eliminations. The EBITDA increased by 9.1% or by BGN 3 million before reporting intra-group eliminations.

The realized financial results of the companies in the Group before intragroup eliminations amounted to BGN 12.5 million.

The consolidated result from other operations

The net consolidated expenses and expenses for amortization of entities in the group Eurohold amounted respectively to BGN 15 million and BGN 6.5 million, while in comparable period they amounted to BGN 10.2 million and BGN 5 million.

The other expenses increased by BGN 7.1 million and totally amounted to BGN 49.6 million.

Assets and liabilities

The consolidated assets of the Group EURHOLD as of 30th of September 2017 amounted to BGN 1.292 billion compared to BGN 1.135 billion as of 31 December 2016.

The cash and deposits decreased by BGN 18 million compared to the end of 2016 as they amounted to BGN 110.6 million.

The receivables increased by BGN 56.9 million for the period reaching BGN 497.9 million. The most significant change was observed in the receivables from insurance operations, which increased by BGN 25.3 million, as well as the other receivables increased by BGN 26.4 million.

The other assets increased by BGN 104.7 million and amounted to BGN 373.8 million, of which financial assets recorded the highest growth increasing by BGN 83.2 million up to BGN 257.3 million.

The consolidated equity of the Eurohold Bulgaria AD increased by BGN 41 million and as of the end of September 2017 amounted to BGN 156.3 million. The consolidated equity of the Group Eurohold amounted to BGN 115.7 million, while the consolidated equity for non-controlling interest amounted to BGN 40.6 million.

In support of the equity the Group holds subordinated debt amounting to BGN 40.3 million compared to BGN 77.2 million at the end of 2016. The subordinated debt for the period decreased by BGN 37 million.

The total amount of equity and subordinated debt amounted to BGN 196.6 million, while as of the end of 2016 they amounted to BGN 192.5 million.

The non-current consolidated liabilities increased by 9.5% - from BGN 259.9 million to BGN 284.5 million. A major part of non-current liabilities is liabilities to banks, other financial institutions and issued bonds.

Liabilities on loans and issued bonds:	30.09.2017 000'BGN	2016 000'BGN	% Change
To banks and other nonbank financial institutions	99 423	107 439	-7.5%
On issued bonds	147 275	119 516	23.2%
Total loans	246 698	226 955	8.7%

The current liabilities increased by BGN 128.5 million and amounted to BGN 810.6 million for the current period.

The main part of the current liabilities are the additional insurance reserves in amount of BGN 558.3 million, as for the current reporting period they increased by BGN 49.5 million compared to the end of 2016.

On 30th of October 2017, the Financial Supervision Commission approved the Prospectus of Eurohold Bulgaria AD for Initial Public Offering of an Issue of 40,336,250 shares with a nominal value of BGN 1.00 and an issue value of BGN 1.30, as a result of the capital increase of the company, according to the decision of the General Meeting of Shareholders of the company dated 02.10.2017.

On 31st of October, 2017, the Central Bank of Ireland approved a Prospectus of Eurohold Bulgaria AD for a new bond issue in amount from EUR 40 up to EUR 100 million with a maximum interest rate of 8% per annum and a term of 5 years. The bond issue represents the next (second) tranche within the framework program approved by the Central Bank of Ireland in November 2016 for a medium-term Eurobond (EMTN) program with a limit of up to EUR 200 million.

Fitch Ratings-London-30 October 2017: Fitch Ratings has assigned Eurohold Bulgaria AD (Eurohold) a Long-Term Issuer Default Rating (IDR) of 'B'. The Outlooks are Stable. The agency has simultaneously assigned Eurohold's EUR200 million euro medium term note (EMTN) programme ratings of 'B'/'RR4'.

EUROINS INSURANCE GROUP

In the third quarter of 2017 Euroins Insurance Group (EIG) has realized consolidated gross written premiums of BGN 500 million compared to BGN 370 million in the same period of 2016. The Group has reported an unaudited consolidated profit of BGN 24.5 million compared to a profit of BGN 10.2 million in Q3 2016.

➤ Euroins Bulgaria

In the first nine months of 2017 Euroins Bulgaria has reported a total GWP of BGN 104.5 million compared to BGN 82.4 million written in the same period of 2016. The reason for this impressive growth of nearly 27% is the direct insurance business written through brokers both in Bulgaria locally and in Greece, Italy and Spain according to the EU directive for Freedom of services. MTPL line of business grows but so do also main non-motor lines such as Property, Accident & Health, Liability and Travel.

Net claims incurred are up by 13.1%. The reasons for this growth are the Balance Sheet Review (BSR) completed in July 2017 and the growth of the business as a whole.

Administrative expenses have increased compared to 2016; the reasons for this growth are the substantial final costs of the first Balance Sheet Review and the beginning of the second one.

In Q3 2017 Euroins Bulgaria has reported a small profit for group purposes of BGN 169 thousand.

Pursuant to a decision of a meeting of the Financial Supervision Commission held on 20.10.2017, "Euroins" AD and the issue of securities issued by the Company are written off from the register maintained by the Financial Supervision Commission under Art. 30,

para. 1, item 3 of the Financial Supervision Commission. On 27.10.2017 in the Commercial Register was deleted the fact that the company is public.

➤ **Euroins Romania**

In Q3 2017 Euroins Romania has written a total of GWP of BGN 372.5 million, which is a growth of over 36% compared to the same period of 2016. The increase is mainly due to the growth in MTPL (32.9%) but the major non-motor lines of business such as Property (24.5%), Cargo (66.9%), A&H (75.5%) and Liability (32.7%) grow even more impressively. The growth in MTPL is down to the re-segmentation of the business activities of the clients of the company that has been completed in 2014 and 2015. As a result the company started writing MTPL business in new more profitable segments by implementing a segmentation requirement of at least three criteria.

Net claims incurred grow but that is justified as the growth is lower than the growth of the written business. There is also the fading of the negative impact of the runoff.

This is another quarter for Euroins Romania where it can be witnessed the positive effect of the re-segmentation combined with the strengthening of the reserves in 2015. As a result the profit for group purposes rises to BGN 24.5 million before tax.

➤ **Euroins Macedonia**

In the first nine months of 2017 the gross premiums written by Euroins Macedonia have registered a growth of over 5% amounting to BGN 13.6 million. Main non-motor business lines such as Property, Cargo, and Accident & Health are growing by 8.2%, 18.0% and 6.9% respectively.

Net claims incurred have increased by approximately 3%.

As a result of the ongoing initiatives of the management of the company administrative costs have registered decrease of 1%.

The result of the above is a profit for group purposes of BGN 223 thousand.

Fitch Ratings-London-30 October 2017: Fitch Ratings has assigned Euroins Romania Asigurare Reasigurare SA (Euroins Romania) an Insurer Financial Strength (IFS) rating of 'BB-'. Outlook – Stable.

➤ **Euroins Life**

In Q3 2017 Euroins Life has written total GWP of BGN 1.1 thousand, which represents a decrease of 18% when compared to the same period of 2016.

The management of the company is currently reviewing the products on offer. In addition the company also started offering on the market new life insurance solutions including online sales solutions. These initiatives, however, are still at the very beginning with the positive portfolio effect yet to be seen.

➤ **Euroins Ukraine**

On 12 August 2016 Euroins Insurance Group has completed the acquisition of PJSC HDI Strakhuvannya Insurance Company. On 30 September the General Assembly of the Shareholders voted the company's name to be changed to PJSC Euroins Ukraine Insurance Company. The newly acquired company writes both motor and non-motor business.

In the first nine months of 2017 gross written premiums amount to BGN 6.9 million with nearly 43% of them being non-motor business. As a result of the administrative costs associated with the current restructuring of the company ongoing Euroins Ukraine has reported a loss for group purposes of BGN 1.2 million.

➤ **EIG Re**

The previous name of Insurance Company EIG Re EAD is HDI Insurance AD. Euroins Insurance Group has acquired the company at the end of 2015. For the first six months of 2017 EIG Re has written gross premiums of BGN 10.9 million and has reported a profit of BGN 12 thousand.

With a decision voted back in October 2016 Euroins - Health Assurance was to be merged into EIG Re. The documentation required for the regulatory approval has been submitted to the Financial Supervision Commission on 31 January 2017. The approval has been given and on 27 June 2017 the merger of Euroins Health into EIG Re has been entered into the Trade Register. As a result of the transaction Euroins Health has been terminated without liquidation and EIG Re has become its universal legal successor.

AVTO UNION

The consolidated financial result of the company for the period from 01.01.2017 to 30.09.2017 is a loss amounting to BGN 780 thousand. The result for the same period in 2016 was a loss in amount of BGN 548 thousand.

The number of cars sold for the nine months of 2017 has increased by 17.1% as compared to the same period in 2016. The revenues from sale of vehicles, spare parts, lubricants and fuels increased by 25.7% while the revenues from services increased by 34.3%.

The operating expenses for the third quarter of 2017 have increased by 11.3% as compared to the same period of 2016, mainly due to the higher revenues realized in 2017 compared to 2016. The most significant growth registered the expenses for external services, which increased by 13% or BGN 816 thousand, as well as the other expenses, which increased by 22% or BGN 141 thousand, related to increased tax costs and new legislative changes in this area. The financial expenses increased by 29.9% or BGN 539 thousand due to the increased interest expenses on financial leasing contracts, as well as in expenses for interests on loan and other borrowed funds - both driven by higher realization for the period. For the period the revenues from financial operations increased by 65.9% or BGN 149 thousand compared to previous 2016, due to the increased interest revenues from loan contracts.

As of 30th of September 2017 the sales of new PC and LCV, realized by Avto Union, the automotive holding in the group of Eurohold, amounted to 3727 units as compared to 2821 units for the same period in 2016, which represents a growth of 32.1%. According to the Union of the Importers of Automobiles in Bulgaria the market for new PC and LCV has increased by 19% for the third quarter of 2017 compared to the same period of 2016. For the reporting period Opel has an increase of 5.2% in Varna and an increase by 133% for Sofia. Espace Auto OOD increased the Dacia sales by 14.4% and Renault sales - by 15.8% compared to 2016. N Auto EAD increased Nissan sales by 15%. Auto Italia EAD increased sales in all brands - FIAT by 129%, the sales of Alfa Romeo increased by 174% and Maserati - by 173%. Star Motors EOOD retains its sales of Mazda from the last

year - the reported number for the nine months of 2017 amounted to 508 units, compared to 510 units in 2016.

During the reporting period, the companies from the automobile holding have concluded fleet transactions for a total of 1158 units totaling BGN 26.1 million.

Avto Union	Sales		%
	Q1'2017	Q1'2016	Change
January–September, 2017 (YTD)	3 727	2 821	32.1%
Quarterly:			
January–March	1 004	769	30.6%
April–June	1 354	1 131	19.7%
July–September	1 369	921	48.6

With the decisions adopted by the sole shareholder of Star Motors DOOEL - Macedonia on 02.02.2017, was successfully increased the capital of the Macedonian subsidiary with a total of EUR 100,000 and at the end of the reporting period its total value amounted to EUR 550,000.

On 29.03.2017 Avto Union AD signed an annex to the Contract for loan commitments with Unicredit Bulbank AD through which was reduced the interest of the multipurpose credit line. According the new conditions the interest amounted to 1 month EURIBOR + 3.5%.

On the same date was signed an annex to the credit agreement of Auto Italia EAD with Unicredit Bulbank AD, through which was reduced the interest of contract. According the new conditions the interest amounted to 1-month EURIBOR + 3.5%.

On 28.04.2017 Motobul EOOD was signed an annex to the Contract for revolving bank loan with Raiffeisenbank Bulgaria EAD through which was reduced the interest rate of credit line. According the new conditions the interest amounted to 3-month EURIBOR + 3.9%.

On the same date was signed an annex to the credit agreement of N Auto Sofia EAD and Raiffeisenbank Bulgaria EAD through which the parties agreed to increase the credit limit granted to the Borrower in the form of bank guarantees and documentary letters of credit by EUR 800,000. Thus, the total limit for the end of the reporting period granted to the borrower Star Motors EOOD amounted to EUR 4,300,000.

With a decision adopted on 20.06.2017 by Avto Union - the sole owner of the capital of Bulvaria Varna EOOD, the equity of the company was successfully increased by BGN 200,000. At the end of the reporting period the total value of the equity of Bulvaria Varna EOOD amounted to BGN 1,457,700.

At a general meeting of bondholders, held on September 8, 2017, a decision was taken to change the parameters of the bond loan issued by "Avto Union" AD. The General Meeting of the Bondholders decided to make the following changes to the parameters of the bond issue ISIN code BG2100025126, as follows:

- The term of the issue was extended by 60 months from 10.12.2017 to 10.12.2022.

- Principal payments was changed as follows: repayment of BGN 2,000,000 from the principal to 10.06.2022 (including in equal installments of BGN 250,000) and one last principal payment of BGN 4,800,000 on 10.12.2022.
- Change of interest rate on the loan from 5.5% to 4.5% on an annual basis.

EUROLEASE GROUP

In the third quarter of 2017, Eurolease Group EAD established new company within its structure – Eurolease Auto Retail EAD. The company is entered in the Commercial Register on 27.07.2017 with UIC 204695366. The share capital amounts to BGN 1,000,000 and fully subscribed and paid in by the sole owner Eurolease Group EAD. The main activity of the company is financial leasing of used vehicles to individuals with easy application and quick approval process.

During the reporting period Eurolease Group reports consolidated profit of BGN 81 thousand compared to profit of BGN 85 thousand at the end of third quarter of 2016.

Consolidated interest income decrease by 8.85 per cent to BGN 3,667 thousand vs BGN 4,023 thousand for the comparable period. The decrease is caused by the general decline in interest rates on the market, as evidenced by the 4.55 per cent reduction in interest expenses to BGN 2,937 thousand compared to BGN 3,077 thousand at the end of the third quarter of 2016.

As at the end of the reporting other operating income increase by 36.10 per cent to BGN 8,354 thousand compared to BGN 6,138 thousand as at 30 September 2016. Similar growth is reported in regards to operating expenses, which amounted to BGN 9,281 thousand as at the end of September 2017 compared to BGN 7,086 thousand for the same period of 2016.

The significant changes in other operating income and administrative expenses are due to the consolidation of the results of the newly acquired subsidiary Sofia Motors with the results of the Eurolease Group.

Consolidated total assets are BGN 111,171 thousand vs BGN 98,016 thousand as of 31 December 2016.

Consolidated net investment in financial leases increases by 9.46 per cent to BGN 55,129 thousand in comparison to BGN 50,363 thousand at the end of 2016.

As at the end of reporting period payables to other financial institutions increase by 20.78 per cent to BGN 12,526 thousand compared to BGN 10,371 thousand as of 31 December 2016. The amount is payable by the subsidiary Eurolease Rent A Car to leasing companies that finance its activities.

Payables to banks as of 30.09.2017 amount to BGN 44,031 thousand, representing 31.32 per cent growth in comparison with the comparable period, when they amount to BGN 33,529 thousand.

As at 30 September 2017 payables under debt securities issued equal to BGN 29,643 thousand compared to BGN 28,769 thousand as at 31 December 2016.

On 06.07.2017 Eurolease Group EAD issued a corporate bond with ISIN code of the issue BG2100012173, for the amount of EUR 1,250 thousand, with maturity date July 2023 and fixed annual coupon of 3.75 per cent, payable every six-month period. Principal repayment will be made in 10 equal six-month installments starting January 2019. The bond emission is issued to support the activities of the company's subsidiaries.

Stand-alone financial result of Eurolease Group is loss of BGN 247 thousand compared to loss of BGN 198 thousand at the end of the third quarter of 2016. Total assets of the company are BGN 39,661 thousand.

➤ **Eurolease Auto Bulgaria**

Financial result of Eurolease Auto Bulgaria for the third quarter of 2017 is profit of BGN 519 thousand compared to profit of BGN 370 thousand for the comparable period.

Interest income amounts BGN 3,589 thousand compared to BGN 3,743 thousand.

The administrative expenses of the Company decrease by 9.63 per cent and at the end of reporting period amount to BGN 1,407 thousand compared to BGN 1,557 thousand at the end of the third quarter of 2016.

As of the end of September total assets of the Company amount to BGN 84,195 thousand compared to BGN 75,952 thousand at the end of 2016.

For the third quarter of 2017 Eurolease Auto managed to increase the volumes of newly-generated business and it amounts to BGN 2,004 thousand of new leases per month on average.

As a result, the net investment in financial leases grew by 12.93 per cent, and as of September 30, 2017 amounts BGN 55,296 thousand compared to BGN 48,964 thousand as at the end of 2016. The amount of non-matured financial lease receivables is BGN 46,443 thousand vs BGN 40,811 thousand for 2016.

At the end of September 2017 equity amounts to BGN 22,154 thousand compared to BGN 21,635 thousand as of 31 December 2016.

At the end of the reporting period total liabilities of the company are BGN 62,041 thousand vs BGN 54,317 thousand as at 31 December 2016.

Bank loan payables increased by 37.31 per cent to BGN 36,031 thousand compared to BGN 26,241 thousand as of 31 December 2016. During the reporting period the Company has utilized bank loans amounting to BGN 18,667 thousand.

Company's payables under debt securities issued equal to BGN 21,151 thousand compared to BGN 22,646 thousand as at 31 December 2016.

➤ **Eurolease Auto Romania**

The financial result of Eurolease Auto Romania for third quarter of 2017 is loss of BGN 77 thousand compared to loss of BGN 55 thousand for the relative period of 2016.

➤ **Eurolease Auto Macedonia**

The financial result of Eurolease Auto Macedonia for third quarter of 2017 is loss of BGN 102 thousand compared to loss of BGN 122 thousand for the relative period of 2016.

As at 30.09.2017 total assets of the Company amount to BGN 7,365 thousand vs BGN 7,211 thousand as at 31 December 2016.

During the reporting period the net investment in financial leases stays relatively unchanged and as at the end of September 2017 amounts to BGN 5,876 thousand compared to BGN 5,819 thousand at the end of 2016.

By a loan agreement from 19.07.2017 between the parent company Eurolease Group EAD and Eurolease Auto DOOEL Skopje was granted a long-term loan amounting to EUR 1,000 thousand. The loan funds are used to partially repay liabilities to banks.

Thus, the payables to banks at the end of the reporting period decreased by 25.73% and amounted to BGN 4,707 thousand compared to BGN 6,491 thousand as at 31 December 2016.

With the conclusion of the partial repayment of liabilities to banks, Eurolease Auto Macedonia was able to renegotiate the terms of its current credit lines. This operation is expected to improve the financial results of the company and enable it to be more active on the leasing market.

➤ **Eurolease Rent a Car**

Eurolease Rent A Car is a provider of short-term and long-term rent of vehicles under AVIS and BUDGET brands.

The financial result as of the company during the reporting period is loss of BGN 156 thousand compared to profit of 61 thousand as of 30 September 2016.

At the end of third quarter of 2017 the company reports decrease in interest expense as they reach BGN 410 thousand compared to BGN 435 thousand as of the end of September 2016.

At the end of the reporting period Eurolease Rent A Car reports increase of 15.81 per cent in income from rendering of services and they amount to BGN 5,992 thousand vs BGN 5,174 thousand for the comparable period. This trend is due to newly contracted long-term leases.

The administrative expenses of the Company as at 30.09.2017 increased by 18.75 per cent to BGN 6,117 thousand compared to BGN 5,151 thousand at the end of September 2016. This increase is due to operating costs related to the increased number of operating lease contracts.

Total assets of the company amount to BGN 20,008 thousand compared to BGN 16,288 thousand as of December 2016.

Total liabilities are BGN 18,915 thousand vs BGN 15,039 thousand for the comparable period.

➤ **Autoplaza**

The main activity of Autoplaza EAD involves the sale of vehicles returned from lease, rent-a-car and "buy-back". The company operates in cooperation with Avto Union, Eurolease Bulgaria and Eurolease-Rent-A Car.

Financial result of Autoplaza for the reporting period is profit of BGN 136 thousand compared to profit of BGN 29 thousand for the same period of 2016.

In 2016 the business was funded by a new credit line for EUR 300 thousand which allowed the company to be more active in purchase/buy-back of used vehicle from entities and individuals. This helped the company to considerably increase the range of vehicles offered as well as its client base. In May 2017 the credit limit of Autoplaza was increased to BGN 500 thousand.

During the reporting period Autoplaza reports gross profit of BGN 388 thousand compared to BGN 151 thousand as at the end of September 2016.

As of the end of September 2017 Autoplaza reports increase in interest and administrative expense, reaching respectively BGN 45 thousand and BGN 321 thousand compared to BGN 24 and BGN 275 thousand for the comparable period of 2016. The

increase is due to increased volumes of the business, as the company keeps the trend from the previous periods.

The total assets of the company amounted to BGN 2,172 thousand vs. BGN 1,289 thousand as of 31 December 2016.

➤ **Sofia Motors**

The main activity of Sofia Motors is related to the rental of vehicles to individuals and small and medium enterprises.

At the end of 2016, Eurolease Group EAD acquired shares of the company and starting 2017 it consolidates the results of its activities.

The financial result of Sofia Motors as at the end of the third quarter of 2017 is profit of BGN 5 thousand compared to loss of BGN 95 thousand for the same period in 2016.

In 2016, Sofia Motors increased the volumes of generated business, which resulted in a significant increase in income from rendering of services. As of 30 September 2017 they amount BGN 1,139 thousand compared to BGN 573 thousand for the comparable period.

The total assets of the company amounted to BGN 6,772 thousand compared to BGN 4,461 thousand as at 31 December 2016

The total liabilities of the company amounted to BGN 6,845 thousand compared to BGN 4,539 thousand for the comparable reporting period.

➤ **Eurolease Auto Retail**

By a decision of the sole owner of the capital - Eurolease Group EAD, on 27.07.2017 the establishment of the company Eurolease Auto Retail EAD with UIC 204695366 is entered into the Commercial Register. The share capital amounts to BGN 1 000 000 and is fully subscribed and paid by the sole owner. The main activity of the company is financial leasing of used vehicles to individuals with easy application and quick approval process.

The company is expected to start its activities within in 2017.

EURO-FINANCE

During the reporting period Euro-Finance AD has following the already implemented program for improvement activities toward the development of online services to individual customers, the increase in the assets under management and the participation in corporate consulting and restructuring projects.

The company realized revenues of BGN 1 815 thousand for the first nine months of 2017, generated by:

- Interest income - BGN 379 thousand;
- Other income from main activities – BGN 1 436 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN 1 236 thousand.

The development of the company is as expected, in view of the economic environment, the expenses remain close to the estimated. A part of the revenue of Euro-Finance are formed from the services that the company actively has been developing since 2012.

Euro-Finance is an investment intermediary - member of the Frankfurt Stock Exchange, giving direct access to the Xetra® through the trading platform EFOCS. The company offers trading on Forex, indices, equities and precious metals through contracts for difference (CFD) via EF MetaTrader 5 platform.

The equity of the company is the highest among the other intermediaries, according to the data from the site of the FSC.

At the traditional ceremony, held at the beginning of 2017, the Bulgarian Stock Exchange Sofia AD has awarded Euro-Finance AD at the second place for an investment intermediary with the highest turnover in 2016.

An extraordinary general meeting of the shareholders of Euro-Finance AD was held on 03.08.2017 and it was decided to increase the capital of the company from BGN 14,100,000 to BGN 40,000,000 by issuing new 25,900,000 shares with a nominal and issue value of BGN 1.00 each, of the same type and class as the existing share issue of the company. Each of the shareholders acquires such a share of the new shares that corresponds to its share in the capital before the increase. The capital increase is entered in the Commercial Register. At the date of preparation of this report, BGN 6,500,002 has been paid into the capital of Euro-Finance AD.

EUROHOLD BULGARIA

(Stand alone base)

As of 30 September 2017 the financial result of Eurohold Bulgaria AD on stand alone base is a loss in amount of BGN 12.529 million compared to a profit in amount of BGN 7.218 million for the same period last year. The financial result for Q3'2016 was influenced by the realized profit from sale of securities in amount of BGN 15.455.

Eurohold Bulgaria AD as a holding company does not carry out regular commercial transactions, and in this respect, its main (operating) revenues are of a financial nature, as the most significant of them - revenues from financial operations occur in different reporting periods and do not have a permanent occurrence. The total revenues of the company over the reporting period amounted to BGN 2.932 million, of which BGN 0.527 million revenues from financial operations, BGN 2.140 million interest revenues and BGN 0.265 million represented dividend revenues. For comparison, as of the end of September'2016 the revenues from financial operations amounted to BGN 15.455 million, the interest revenues amounted to BGN 0.530 million and dividend in amount of BGN 0.245 million.

The operating expenses increased by 69.2% as amounted to BGN 15.6 million. This increase was mainly due to the interest expenses, which reached BGN 12.9 million compared to BGN 7 million for the comparable period in 2016. The interest expense growth was reported in relation to the five-year bonds issued in December'2016 at the amount of BGN 111.863 million on the EMTN Programme approved by the Central Bank of Ireland.

As of the end of H1'2017 the company's assets amounted to BGN 543.495 million compared to BGN 534.908 million as of the end of 2016.

During the reporting period the investments in subsidiaries increased by BGN 34 million due to a contribution in the equity of Euroins Insurance Group AD amounted to BGN 27.5 million, as well as a contribution in the equity of Eurofinance AD in amount of BGN 6.5 million. On an extraordinary session of GMS of Eurofinance AD held on 03.08.2017 was

voted for capital increase of the company from BGN 14 100 000 to BGN 40 000 000 through issuance of new 25 900 000 shares with nominal and emission value of BGN 1.00 each one, the same type and class as the existing shares of the company.

The long-term assets decreased by BGN 24.2 million due to the reduction of non-current receivables from related parties by BGN 24.3 million. The short-term assets decreased by BGN 5.7 million, mainly due to the increasing of the other current receivables by BGN 6.6 million.

The total equity increased to BGN 295.8 million compared to BGN 275.9 million at the end of 2016. In February 2017 the company increased its share capital by BGN 34 million following a successful capital increase procedure. The company has provided subordinated liabilities in amount of BGN 14.2 million as of 30.09.2017 compared to BGN 53.7 million as of 31.12.2016. The total equity and subordinated debts amounted to BGN 310 million compared to BGN 329.6 at the end of 2016.

The company's liabilities increased by BGN 23.7 million to BGN 229 million as of 30.09.2017. For the period the non-current liabilities increased by BGN 5.3 million to BGN 147.6 million compared to BGN 142.3 million at the end of 2016. The current liabilities increased by BGN 17.319 million to BGN 80.323 million. The main growth of current liabilities was due to an increase in current liabilities on loans from financial and non-financial institutions by BGN 26.5 million and an increase of other short-term liabilities by BGN 8 million. On the other hand, the short-term liabilities to related parties decreased by BGN 15.9 million.

Events occurring after the reporting period

On the 2nd of October, 2017, was held an extraordinary meeting of shareholders of Eurohold Bulgaria AD. The General meeting of shareholders adopted the following decisions:

- Item one: The General meeting of the shareholders of Eurohold Bulgaria AD takes a resolution to increase the share capital of the company from 161 345 000 (one hundred sixty-one million three hundred forty-five thousand) Bulgarian Leva to 201 681 250 (two hundred and one million six hundred eighty-one thousand two hundred and fifty) Bulgarian Leva by means of a new issue of shares subject to public offering in line with the provisions of the Public Offering of Securities Act. The new issue will consist of 40 336 250 number of shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-privileged, voting shares, each of them with 1 (one) voting right in the general meeting of the shareholders of the company, with dividend rights and with a liquidation stake right commensurate to the nominal value of the share. The nominal value of each share is 1,00 (one) Bulgarian Lev. The issue value of each share will be BGN 1,30 (one and 0,30);
- Item two: The General meeting of shareholders adopts resolution authorizing the Management Board and the persons who manage and represent Eurohold Bulgaria AD to conclude a transaction/ transactions the total value of which exceeds the threshold set in Article 114, paragraph 1, item 2 in conjunction with Article 114, paragraph 1, item 1, letter "b" of the Public Offering of Securities Act (POSA) by the issuance of a bond loan of up to EUR 100 million - the next (second) tranche within the EMTN Programme of Eurohold Bulgaria AD (base prospectus) approved by the Central Bank of Ireland in November, 2016. The planned new bond issue will cost from 40 to 100 million euros with a maximum interest rate of 8% per annum and a term of 5 years.

The main purpose of the decisions of the General Meeting of shareholders taken under items 1 and 2 is to reduce the indebtedness of Eurohold Bulgaria AD, repayment of debts of the company, incl. subordinated term debt and high interest bond loan, by issuing a new loan at a lower interest rate as well as other long-term and short-term debt. The reduction of the liabilities of Eurohold Bulgaria AD aims to improve the equity /debt ratio, profitability and capital adequacy. The interest expenses will be reduced, which will lead to an increase in free cash and higher net profit and hence the possibility of dividend distribution.

On 30th of October 2017, the Financial Supervision Commission approved the Prospectus of Eurohold Bulgaria AD for Initial Public Offering of an Issue of 40,336,250 shares with a nominal value of BGN 1.00 and an issue value of BGN 1.30, as a result of the capital increase of the company, according to the decision of the General Meeting of Shareholders of the company dated 02.10.2017.

INFLUENCE OF THE IMPORTANT EVENTS OCCURRED IN THE FIRST NINE MONTHS OF 2017 ON FINANCIAL STATEMENTS AS OF 30 September 2017

There were no other important events occurred in the reporting period.

DESCRIPTION OF THE KEY RISK FACTORS

1. Systematic risks

Influence of the Global Economic Crisis

The global financial crisis, which started in 2007, led to a slowdown in economic growth and an increase of unemployment in many countries (including US, EU countries, Russia, and Japan), limited access to financing resources and a significant devaluation of financial assets worldwide. The financial crisis also caused significant disturbances on the global financial market which led to reduced confidence in financial markets and fewer investments in financial instruments. As a result, companies in the financial sector started to experience difficulties in maintaining liquidity and raising capital. A further deterioration of the business climate may lead to an even higher unemployment rate and reduced income in the Balkan countries (Bulgaria, Romania, Macedonia and Serbia), which in turn may lead to a decreased level of consumption. The low levels of consumption will affect the sales of the Issuer's subsidiaries.

A future deterioration of the business climate and the lack of certainty regarding the trends on the global financial market, particularly on the Balkan financial markets, may also have an adverse effect on the development prospects of the emitent, its results and financial status.

Risks resulting from the general macroeconomic, political and social climate, and government policies

The macroeconomic situation and the economic growth of the Balkans (Bulgaria, Romania, Macedonia and Serbia) are of key importance for the development of the Group, this includes government policies of the respective countries, particularly the regulatory policy and the decisions made by the respective National Banks which affect

the monetary policy, interests and exchange rates, taxes, GDP, inflation rate, budget deficit, foreign debt, unemployment rate and income structure.

The changes in the demographic structure, the mortality or morbidity rate are also important factors, affecting the Group's development. The above mentioned external factors, as well as other unfavorable political, military or diplomatic developments, leading to social instability, may shrink the consumers expenditures as well as restrict the funds for insurance policies and car leasing.

As a result, the gross underwritten premiums (GWP) in the insurance business may decrease and clients may discontinue their insurance policies, as well as postpone new car purchases and, correspondingly, new car leases. Any deterioration of the region's macroeconomic indicators may also adversely affect insurance products, car sales and

signing of new lease contracts. Consequently, there is a risk, if the business environment broadly deteriorated, the Group's sales would be lower than originally planned. Furthermore, the general changes in the government policy and regulatory systems may lead to an increase of the Group's operating expenses and capital requirements. If the above mentioned factors occur, fully or partially, they could have a significant adverse impact on the Group's results and financial status.

Political Risk

This is the risk resulting from the political process in the country - risk of political instability, changes in the governing principles, legislation and economic policy. The political risk is directly related to the likelihood of unfavorable changes in the direction of the government's long-term policies. Consequently, there exists the possibility of negative changes in the business climate.

The long-term political environment in the Balkans is stable and does not imply greater risks for the future economic policy of the countries. The EU integration of the countries in the region, combined with their consistent domestic and foreign policies, ensure the absence of shocks and significant changes in the currently conducted policies in the near future.

Credit Risk of the State

The credit risk relates to the possibility for worsening of the international credit ratings of Bulgaria, Romania, Macedonia and Serbia. The low credit ratings may lead to higher interest rates and more restrictive financing conditions for business enterprises, including for the Company.

At the end of year 2015 the credit agency STANDART&POOR'S confirmed the long term and short term debt rating of Bulgaria in foreign and local currency as „BB+/B" with a stable perspective. The assigned value is supported by the low government debt as well as by the moderate foreign liabilities. The considerably low per capita income and the weak institutional environment are specified as limiting factors. Standard&Poor's judge, that the financial sector continues being faced with important challenges, but they also point out, that the efforts made have been directed towards the elimination of risks,

considering the upcoming quality appraisal of the assets of the banking system in year 2016.

In December 2015 the international rating agency "Fitch" confirmed the long term debt rating of Bulgaria in foreign currency as „BBB-" and the long term rating in local currency as "BBB". The expectations about both indicators are "stable". The country's top rating is approved as being „BBB+", as well as the short term credit rating in foreign currency as „F3". The Fitch appraisal indicates that the current economic development of the country in 2015 is better than expected by the agency, which determines the increase in the forecast for economic growth, mostly associated with the high foreign demand. After the growth during the first three quarters of 2015 averaged 2,7%, the international agency revised its current year expectations in upward direction from 1,2% to 2,5%, which was the same estimate as made in June. According to the Bulgarian Ministry of finance, the Fitch expectations are also higher for the next two years, when the growth will be more balanced. The company expects for years 2016 and 2017 the average growth of the Bulgarian Real GDP to reach 2,6%.

Inflation Risk

The inflation risk is associated with the possible inflation adverse impact to real returns on investments. Inflation may affect the expenses of the Company, because large part of the Company's liabilities are related to interest. Their servicing depends on the prevailing current interest rates, which reflect the levels of inflation in the country. Therefore, maintaining low inflation rates in the countries the Company operates, is considered a significant factor.

Currency risk

This risk is related to the possibility of a devaluation of the local currency. For Bulgaria this is the risk of premature collapse of the Monetary Board in the conditions of fixed exchange rate of the national currency. Considering the adopted policy by the government and the Central Bank, it is expected the currency board to be maintained until the country's admission into the Euro zone. In Romania, Serbia and Macedonia the currency exchange rates are determined by the market conditions and the central banks intervene and balance the short-term fluctuations of currency exchange rates in occurrence of stress situations caused by singular external factors.

Any significant devaluation of the national currencies in the region (Bulgaria, Romania, Macedonia and Serbia) could have a significant adverse effect on the business in the country, including the Company. Risks exist when the revenues and expenses of a firm are denominated in different currencies.

Interest Rate Risk

The interest rate risk is related to the possibility of changes in the prevailing interest rates in the country. Its impact is reflected in the possibility that the net income of the companies will decrease as a result of increase of interest rates at which the Company funds its activity. Interest rate risk is classified as a general macro-economic risk, because the major precondition for interest rates change is the instability of the financial system as a whole. This risk can be managed by a balanced use of multiple sources of funding. A typical example of this risk is the global economic crisis, caused by the liquidity problems of the large mortgage institutions in the U.S.A. and Europe. As a result of the crisis, the required interest rate premiums were reconsidered and re-evaluated

and increased globally. The effect of this crisis is noticeable in Eastern Europe and the Balkans and restricts the free access to borrowed funding.

The increase of interest rates, *ceteris paribus*, will impact the cost of funding used by the Company in executing different business projects. At the same time, it can adversely affect the amount of the Company expenses, because large portion of the Company's liabilities are related to interests and their maintenance depends on the current interest rates.

2. Unsystematic risks

Risks, related to the business operations and the structure of the company

EUROHOLD BULGARIA AD is a holding company, and any deterioration in the operating results, financial status and development prospects of its subsidiaries may adversely affect the results financial condition of the Company. As far as the Company's business is related to management of assets of other companies, the Company cannot be assigned to one particular segment of the national economy and is exposed to the industry risks of its subsidiaries. Generally, the companies from the group of EUROHOLD BULGARIA AD operate in two main sectors: financial (insurance, leasing, financial intermediary) and car sales.

The main risk for the EUROHOLD BULGARIA AD's activity is the possibility of decreasing the revenues from sales of the companies it holds shares in. This affects the received dividends. Respectively, this may have a negative effect on the Company's revenue growth as well as profitability.

The activity of the Company's subsidiaries are adversely affected by the continued increase of the market prices of fuels and electricity which are subject to international supply and demand and are determined by factors beyond their control.

The biggest risk is concentrated in the insurance segment of the Company which generates the biggest portion of the group's revenue. The companies with the biggest share in revenues, respectively in the financial result of the insurance segment are the operating on the Bulgarian and Romanian market companies from the group of EuroIns.

The major risk of the leasing business line is in the ability to provide acceptable price of sufficient funds to expand the leasing portfolio. The leading company of the leasing subholding, EuroLease Auto AD has issued bonds, registered for trade on BSE-Sofia AD. The investor may obtain detailed information concerning the business risks from the company's prospectus.

The financial business line of the group is represented by investment intermediary Euro-Finance AD. The risk associated with the financial intermediation, brokerage and asset management is related to the high volatility of the debt and equity markets, the changes in the people's financial disposition and investing culture.

The automotive subholding Avto Union AD which operates in Bulgaria and Macedonia is engaged in the field of new car sales, rent-a-car services and after-sales services. The business activity depends directly on the permissions and authorizations granted to the companies from the group of Avto Union by the respective car manufacturers. The termination or revocation of such rights can drastically decrease the sales of the group.

This is relevant, especially in the context of global restructuring of the car industry. Business environment of the car industry is influenced by domestic factors related to the ability of the population to buy, funding availability, business attitudes, inventories, etc.

The worse results of one or several subsidiaries can lead to worse results on a consolidated basis. Respectively, this relates to the shares' price of the company, because the market price of the shares reflects the business potential and the assets of the economic group as a whole.

Risks, related to the strategy and development of the Issuer

The future earnings and market value of the Company depend on the strategy, chosen by the senior management of the Company and its subsidiaries. Choosing the wrong strategy may lead to significant losses. EuroHold seeks to manage the risk of strategic mistakes by continuously monitoring various stages in the implementation of its marketing strategy and the results from it. This is crucial for the ability to respond on time if change in the strategic development plan is needed. Untimely or inappropriate strategy changes may also have a significant negative impact on the Company's operating results and financial status.

Risks, Related to the Management of the Company

The following risks are related to the management of the Company:

- Poor decisions regarding investments and liquidity management by either top management or other senior employees;
- Inability to launch and execute new projects under development, or lack of a competent management team for those projects;
- Possible information system errors;
- Possible failures in the internal control system;
- Resignation of key employees and inability to keep and hire qualified personnel;
- Excess increase of SG&A expenses, leading to a decrease in the Company's profitability.

Financial Risk

The financial risk represents an additional uncertainty when the Company uses borrowed funds. This additional financial uncertainty increases the business risk. When part of the funds used by the company for financing its activities are borrowed or raised by issuing bonds, the repayment of these funds represent a fixed liability.

The larger the share of long-term debt to equity, the greater the possibility for default in payments of fixed liabilities will be. The increase in this indicator represents an increase of overall financial risk.

Another group of indicators is related to the flow of revenues which enable the payment of the company's liabilities. An indicator, which can be used is the one reflecting the coverage of the fixed liabilities (interests). This indicator refers to the amount of the fixed interest payments divided by the income before payment of interests and taxation. This is a good indicator of a firm's ability to service its long term liabilities.

The acceptable or "normal" level of financial risk depends on the business risk. If there is a low business risk for the company, it can be expected for the investors to take bigger financial risk and vice versa.

Currency Risk

EuroHold operates in several Balkan countries (Bulgaria, Romania, Macedonia and Serbia), where the national currency of each of the countries, except in Bulgaria, is freely convertible, which relative value to other currencies is determined by the free financial markets. In Bulgaria, since 1997 the local currency has been pegged to the Euro. Abrupt changes in the macro-framework of any of the countries, where the Company actively operates, may have a negative effect on its consolidated results. However, EuroHold reports its consolidated financial results in Bulgaria in Bulgarian lev, which in turn is pegged to the Euro, which also changes its value according other global currencies, but is significantly less exposed to any dramatic fluctuations.

Liquidity Risk

The liquidity risk is related to the possibility for the Company to fail to repay its maturing financial liabilities fully and on time when they are due for payment. The good financial indicators of profitability and capitalization of a company do not guarantee the smooth covering of the current payables. Liquidity risk may occur due to delayed payments from clients. EUROHOLD BULGARIA AD aims to minimize this risk by optimal management of the cash flows within the group. The Group implements an approach which ensures the necessary liquidity resource for covering the incurred liabilities in normal or extraordinary conditions without unacceptable loss or compromising the reputation of the separate companies in the group.

The subsidiaries exercise financial planning to cover the payment of their current expenses and liabilities for a period of ninety days, including servicing of the financial liabilities. This financial planning minimizes and excludes the potential effect of unexpected circumstances.

The Company's management supports the efforts of the subsidiaries in the group for raising bank resources for investments and using this kind of financing for providing of working capital. The amount of these borrowed funds is kept at defined level and is approved upon proving the economic effectiveness for each company. The policy of the management is aimed at raising financing resources from the market in the form of shares and bonds then invested in the subsidiaries as loans for funding their projects. The management participates in the increase of their capital as well.

Risk related to the possible transactions between companies within the Group under terms different from those on the market, as well as related to the dependence on the Group activity

The relationships with related parties arise as a result of contracts for temporary financial aid to the subsidiary companies and transactions, related to the normal business activity of the subsidiary companies. The risk of possible transactions between the companies within the Group under terms that are different from those on the market refers to taking a risk to achieve low profitability from provided intercompany financing. Another risk that can be assumed refers to intercompany transactions failing to realize enough revenues and thus poor profit for the respective company. On a consolidated level, this can affect negatively the profitability of the entire group. There are constant transactions between the parent Company and its subsidiaries, as well as among the subsidiaries themselves, which arise in the normal course of activity of the companies. All transactions with

related parties are conducted under terms that are no different from the normal market prices and are in compliance with IAS24.

EUROHOLD BULGARIA AD operates through its subsidiary companies which means that its financial results directly depends on the financial results, the developments and the perspectives of the subsidiaries. One of the main objectives of EUROHOLD BULGARIA AD is to realize significant synergy between its subsidiary companies as a result of the integration of the three business lines – insurance, leasing and car sales. Bad results of one or several subsidiary companies can lead to a deterioration of the consolidated financial results. This, in turn, affects the Company's share price which can change as a result of the expectations of the investors about the perspectives of the company.

3. Risk Management

The elements of risk management consist of specific procedures for timely prevention and resolution of possible problems in the operations of EUROHOLD BULGARIA AD. They include current analysis in the following directions:

- market share, pricing policy and marketing research on the development of the market and market share;
- active management of investments in different industry sectors;
- a comprehensive policy regarding the management of the Company's assets and liabilities, which aims to optimize the structure, quality and return on assets;
- optimization of the structure of raised funds aiming to ensure liquidity and a decrease in the financial expenses of the Group;
- effective management of cash flows;
- optimization of administrative expenses, as well as those for management and external services;
- human resources management.

In the case of unexpected events, incorrect assessment of current market trends, as well as many other micro- and macroeconomic factors, could impact the judgment of management. The only way to overcome this risk is to work with experienced professionals, as well as to maintain and update a comprehensive database on recent developments and trends in all markets of operation.

The Group has implemented an integrated risk management system based on the Enterprise Risk

Management model. The risk management process covers all the Group's business segments and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk by properly selecting and actively monitoring the insurance portfolio, matching the duration of assets and liabilities, as well as minimizing FX exposure. An effective risk management system allows the Group to maintain stability and a strong financial position, despite the ongoing crisis on the global financial markets.

The risk management procedures aim to:

- identify possible events which can affect the Group's operations and achieving specific goals;
- control the risk assertion at an acceptable level adopted in the Group;
- achieving the Group's financial goals at the lowest possible risk.

INFORMATION FOR TRANSACTIONS BETWEEN RELATED PARTIES IN THE FIRST NINE MONTHS OF 2017

There were no significant transactions between related parties during the reporting period.

31 October 2017

Asen Minchev,

Executive Member of the
Management Board

Eurohold Bulgaria AD
Consolidated statement of profit or loss
For the period ended September 30, 2017

<i>In thousand BGN</i>	<i>Notes</i>	30.9.2017	30.9.2016
Revenues from operating activities			
Insurance revenue	3	714 885	592 383
Car sales revenue	5	140 900	115 621
Leasing revenue	6	18 558	15 763
Revenue from asset management and brokerage	8	4 568	8 624
Revenue from the activities of the parent company	10	1 178	15 979
		880 089	748 370
Expenses for operating activities			
Insurance expenses	4	(663 160)	(560 346)
Cost of cars and spare parts sold		(126 156)	(100 530)
Leasing financial expenses	7	(3 045)	(3 511)
Financial expenses for asset management and brokerage	9	(3 576)	(7 993)
Financial expenses for the activities of the parent company	11	(815)	(920)
		(796 752)	(673 300)
Gross Profit		83 337	75 070
Other income/expenses	12	(3 754)	(5 712)
Other operating expenses	13	(45 853)	(36 792)
EBITDA		33 730	32 566
Financial expenses	14	(14 824)	(10 378)
Financial revenue	15	344	137
Foreign exchange gains/losses	18	(511)	(4)
EBTDA		18 739	22 321
Depreciation and amortization	16	(6 517)	(5 026)
EBT		12 222	17 295
Taxes	17	(222)	(59)
Net income/loss for the period		12 000	17 236
Attributable to:			
Equity holders of the parent		8 202	15 153
Non-controlling interests		3 798	2 083

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.10.2017

Eurohold Bulgaria AD
Consolidated Statement of Other Comprehensive Income
For the period ended September 30, 2017

<i>In thousand BGN</i>	<i>Notes</i>	30.9.2017	30.9.2016
Profit/loss for the year	44	12 000	17 236
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on financial assets available for sale		31	(239)
Income tax effect		-	-
		31	(239)
Exchange differences on translating foreign operations		(1 444)	113
Income tax effect		-	-
		(1 444)	113
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(1 413)	(126)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Impairment of assets		-	-
Income tax effect		-	-
		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year, net of tax		(1 413)	(126)
Total comprehensive income for the period, net of tax		10 587	17 110
Attributable to:			
Equity holders of the parent		6 954	15 040
Non-controlling interests		3 633	2 070
		10 587	17 110

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.10.2017

Eurohold Bulgaria AD
Consolidated Statement of Financial Position
As at September 30, 2017

<i>In thousand BGN</i>	<i>Notes</i>	30.9.2017	31.12.2016
ASSETS			
Cash and cash equivalents	19	97 975	100 948
Deposits at banks	20	12 674	27 662
		110 649	128 610
Receivables			
Insurance receivables	21	103 887	78 549
Trade and other receivables	22	26 671	21 572
Other receivables	23	367 311	340 865
		497 869	440 986
Other assets			
Property, plant and equipment	24, 24.2-5	45 540	34 515
Intangible assets	26	2 033	1 739
Inventory	27	49 233	40 212
Financial assets	28	257 333	174 097
Other assets	29	19 633	18 517
		373 772	269 080
Investments			
Land and buildings	24, 24.1	16 294	16 207
Investment property	25	13 166	13 215
Investments in subsidiaries and associates	30	3 547	171
Other financial investments	31	2 565	2 159
Non-current receivables	32	83 819	74 087
		119 391	105 839
Goodwill	33	189 999	189 999
TOTAL ASSETS		1 291 680	1 134 514

Eurohold Bulgaria AD
Consolidated Statement of Financial Position (continued)
As at September 30, 2017

In thousand BGN	<i>Notes</i>	30.9.2017	31.12.2016
EQUITY AND LIABILITIES			
Equity			
Issued capital	43	158 415	124 399
Premium reserves from the issue of securities		38 714	38 714
General reserves		8 640	8 640
Revaluation reserves		(4 000)	(1 346)
Special reserves		(62 232)	(55 108)
Retained earnings		(32 071)	(44 659)
Current period result	44	8 202	8 474
Equity attributable to equity holders of the parent		115 668	79 114
Non-controlling interests	45	40 642	36 145
Total equity		156 310	115 259
Subordinated debts	34	40 267	77 253
Total liabilities and subordinated debts		196 577	192 512
LIABILITIES			
Bank and non- bank loans	35	99 423	107 439
Obligations on bond issues	36	147 275	119 516
Non-current liabilities	37	37 818	32 937
Current liabilities	38	17 603	30 186
Trade and other payables	39	114 267	67 404
Payables to reinsurers	40	120 206	75 532
Deferred tax liabilities	41	228	168
		536 820	433 182
Insurance reserves	42	558 283	508 820
		558 283	508 820
Total liabilities		1 095 103	942 002
TOTAL EQUITY, LIABILITIES and SUBORDINATED DEBTS		1 291 680	1 134 514

Prepared by:

Signed on behalf of BoD:

Procurator:

30.10.2017 /I. Hristov/

/A. Minchev/

/H.Stoev/

Eurohold Bulgaria AD Consolidated Cash Flow Statement For the period ended September 30, 2017

<i>In thousand BGN</i>	<i>Notes</i>	30.9.2017	30.9.2016
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		12 222	17 295
Adjustments for:			
Depreciation	16	6 517	5 026
Foreign exchange gain/loss		(1 421)	1 788
Impairment loss recognized on assets		179	405
Interest expense		17 168	12 920
Interest revenue		(8 354)	(5 569)
Dividend income		(954)	(685)
Profit/Loss from sale of investments		(5 244)	(16 883)
Other non-cash adjustments		222	(59)
Operating profit before change in working capital		20 335	14 238
Change in trade and other receivables		(66 615)	(54 111)
Change in inventory		(10 137)	2 102
Change in trade and other payables and other adjustments		76 694	35 114
Cash generated from operations		20 277	(2 657)
Interest paid/received		466	449
Income taxes paid		(707)	(186)
Net cash flow from operating activities		20 036	(2 394)
Investing activities			
Purchase of property, plant and equipment		(3 612)	(2 427)
Proceeds from the disposal of property, plant and equipment		5 920	3 161
Loans granted		(18 988)	(15 461)
Repayment of loans, including financial leases		29 556	5 615
Interest received on loans granted		251	346
Purchase of investments		(493 540)	(135 526)
Sale of investments		442 261	105 094
Dividends received		1 349	103
Effect of exchange rate changes		3 115	(693)
Other proceeds/ payments from investing activities		(7 047)	8 573
Net cash flow from investing activities		(40 735)	(31 215)

Eurohold Bulgaria AD
Consolidated Cash Flow Statement (continued)
For the period ended September 30, 2017

<i>In thousand BGN</i>	<i>Notes</i>	30.9.2017	30.9.2016
Cash flow from financing activities			
Proceeds from the issue of securities		34 000	-
Proceeds from loans		253 943	109 817
Repayment of loans		(258 354)	(49 762)
Repayment of financial leases		(7 942)	(1 885)
Payment of interest, taxes, commissions on investment loans		(4 626)	(3 726)
Dividends paid		-	(571)
Other proceeds/ payments from financing activities		705	933
Net cash flow from financing activities		17 726	54 806
Net cash flows		(2 973)	21 197
Cash and cash equivalents at the beginning of the period	19	100 948	71 552
Cash and cash equivalents at the end of the period	19	97 975	92 749

Prepared by:

Signed on behalf of BoD:

Procurator:

30.10.2017

/I. Hristov/

/A. Minchev/

/H.Stoev/

Eurohold Bulgaria AD
Consolidated Statement of Changes in Equity
For the period ended September 30, 2017

<i>In thousand BGN</i>	Share capital	Share premium	Reserves		Financial result	Shareholders' equity	Non-controlling interests	Total equity
			General	Other				
Balance as at 1 January 2016	127 237	38 714	8 640	(52 597)	(36 907)	85 087	24 075	109 162
Dividends	-	-	-	-	(366)	(366)	-	(366)
Consolidation procedures effects	(2 838)	-	-	1 022	-	(1 816)	-	(1 816)
Other changes	-	-	-	(4 162)	(7 386)	(11 548)	10 392	(1 156)
Net income for the period (restated*)	-	-	-	-	8 474	8 474	1 750	10 224
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(583)	-	(583)	(36)	(619)
Change in the fair value of financial assets	-	-	-	(134)	-	(134)	(36)	(170)
Total other comprehensive income	-	-	-	(717)	-	(717)	(72)	(789)
Total comprehensive income	-	-	-	(717)	8 474	7 757	1 678	9 435
Balance as at 31 December 2016	124 399	38 714	8 640	(56 454)	(36 185)	79 114	36 145	115 259
Balance as at 1 January 2017	124 399	38 714	8 640	(56 454)	(36 185)	79 114	36 145	115 259
Issue of share capital	34 000	-	-	-	-	34 000	-	34 000
Dividends	-	-	-	-	(1 613)	(1 613)	-	(1 613)
Consolidation procedures effects	16	-	-	-	-	16	-	16
Other changes	-	-	-	(8 530)	5 727	(2 803)	864	(1 939)
Net income for the period	-	-	-	-	8 202	8 202	3 798	12 000
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	(1 276)	-	(1 276)	(168)	(1 444)
Change in the fair value of financial instruments	-	-	-	28	-	28	3	31
Total other comprehensive income	-	-	-	(1 248)	-	(1 248)	(165)	(1 413)
Total comprehensive income	-	-	-	(1 248)	8 202	6 954	3 633	10 587
Balance as of 30 September 2017	158 415	38 714	8 640	(66 232)	(23 869)	115 668	40 642	156 310

Prepared by:

Signed on behalf of BoD:

Procurator:

/I. Hristov/

/A. Minchev/

/H.Stoev/

30.10.2017

Consolidated statement of profit or loss by Business Segments For the period ended September 30, 2017

In thousand BGN

		30.9.2017	30.9.2017	30.9.2017	30.9.2017	30.9.2017	30.9.2017	30.9.2017
	No- tes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage- ment and brokerage	Parent company	Elimination
Revenues from operating activities								
Insurance revenue	3	714 885	715 993	-	-	-	-	(1 108)
Car sales revenue	5	140 900	-	148 850	-	-	-	(7 950)
Leasing revenue	6	18 558	-	-	19 333	-	-	(775)
Revenue from asset management and brokerage	8	4 568	-	-	-	5 369	-	(801)
Revenue from the activities of the parent company	10	1 178	-	-	-	-	3 073	(1 895)
		880 089	715 993	148 850	19 333	5 369	3 073	(12 529)
Expenses for operating activities								
Insurance expenses	4	(663 160)	(668 606)	-	-	-	-	5 446
Cost of cars and spare parts sold		(126 156)	-	(126 167)	-	-	-	11
Leasing financial expenses	7	(3 045)	-	-	(3 276)	-	-	231
Financial expenses for asset management and brokerage	9	(3 576)	-	-	-	(3 578)	-	2
Financial expenses for the activities of the parent company	11	(815)	-	-	-	-	(815)	-
		(796 752)	(668 606)	(126 167)	(3 276)	(3 578)	(815)	5 690
Gross Profit		83 337	47 387	22 683	16 057	1 791	2 258	(6 839)
Other income/expenses	12	(3 754)	-	-	(6 485)	24	-	2 707
Other operating expenses	13	(45 853)	(20 081)	(18 459)	(6 296)	(1 194)	(1 334)	1 511
EBITDA		33 730	27 306	4 224	3 276	621	924	(2 621)
Financial expenses	14	(14 824)	(1 644)	(2 342)	-	-	(12 936)	2 098
Financial revenue	15	344	-	360	-	-	-	(16)
Foreign exchange gains/losses	18	(511)	-	-	-	-	(511)	-
EBTDA		18 739	25 662	2 242	3 276	621	(12 523)	(539)
Depreciation and amortization	16	(6 517)	(1 001)	(2 273)	(3 195)	(42)	(6)	-
EBT		12 222	24 661	(31)	81	579	(12 529)	(539)
Taxes	17	(222)	(207)	(12)	-	(3)	-	-
Net income/loss for the period		12 000	24 454	(43)	81	576	(12 529)	(539)

Consolidated statement of profit or loss by Business Segments For the period ended September 30, 2016

In thousand BGN

		30.9.2016	30.9.2016	30.9.2016	30.9.2016	30.9.2016	30.9.2016	30.9.2016
	No- tes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage- ment and brokerage	Parent company	Elimination
Revenues from operating activities								
Insurance revenue	3	592 383	592 884	-	-	-	-	(501)
Car sales revenue	5	115 621	-	120 547	-	-	-	(4 926)
Leasing revenue	6	15 763	-	-	16 785	-	-	(1 022)
Revenue from asset management and brokerage	8	8 624	-	-	-	9 359	-	(735)
Revenue from the activities of the parent company	10	15 979	-	-	-	-	16 450	(471)
		748 370	592 884	120 547	16 785	9 359	16 450	(7 655)
Expenses for operating activities								
Insurance expenses	4	(560 346)	(566 014)	-	-	-	-	5 668
Cost of cars and spare parts sold		(100 530)	-	(100 532)	-	-	-	2
Leasing financial expenses	7	(3 511)	-	-	(3 651)	-	-	140
Financial expenses for asset management and brokerage	9	(7 993)	-	-	-	(7 994)	-	1
Financial expenses for the activities of the parent company	11	(920)	-	-	-	-	(920)	-
		(673 300)	(566 014)	(100 532)	(3 651)	(7 994)	(920)	5 811
Gross Profit		75 070	26 870	20 015	13 134	1 365	15 530	(1 844)
Other income/expenses	12	(5 712)	-	4	(5 716)	-	-	-
Other operating expenses	13	(36 792)	(13 472)	(16 712)	(5 322)	(1 132)	(1 242)	1 088
EBITDA		32 566	13 398	3 307	2 096	233	14 288	(756)
Financial expenses	14	(10 378)	(2 102)	(1 803)	-	-	(7 060)	587
Financial revenue	15	137	-	213	-	-	-	(76)
Foreign exchange gains/losses	18	(4)	-	-	-	-	(4)	-
EBTDA		22 321	11 296	1 717	2 096	233	7 224	(245)
Depreciation and amortization	16	(5 026)	(1 062)	(1 911)	(2 011)	(36)	(6)	-
EBT		17 295	10 234	(194)	85	197	7 218	(245)
Taxes	17	(59)	(56)	-	-	(3)	-	-
Net income/loss for the period		17 236	10 178	(194)	85	194	7 218	(245)

Notes to the Interim Consolidated Financial Statement for Q3.2017

Found in 1996, Eurohold Bulgaria AD operates in Bulgaria, Romania and Macedonia. The company is the owner of a large number of subsidiaries within the sectors of insurance, financial services and sales of cars.

1. INFORMATION ABOUT THE ECONOMIC GROUP

Eurohold Bulgaria AD is a public joint stock company established pursuant to the provisions of article 122 of the Law for Public Offering of Securities and article 261 of the Commerce Law.

The company is registered in Sofia City Court under corporate file 14436/2006 and is formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the inventory of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the inventory of Sofia City Court.

Eurohold Bulgaria has its seat and registered address in the city of Sofia, 43 Hristofor Kolumb Blvd.

The managing bodies of the company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the managing board.

1.1 Scope of Business

The scope of business of Eurohold Bulgaria AD is: acquisition, management, assessment and sales of participations in Bulgarian and foreign companies, acquisition, management and sales of bonds, acquisition, assessment and sales of patents, granting patent use licenses to companies in which the company participates, funding companies, in which the company participates.

1.2 Structure of the Economic Group

The investment portfolio of Eurohold Bulgaria AD comprises of three economic sectors: insurance, finance and automobiles. The insurance sector has the biggest share in the holding's portfolio, and the automobile sector is the newest and most rapidly developing line.

Companies Participating in the Consolidation and Percent of Participation in the Share Capital

Insurance and Health Insurance Sector

Company	% of participation in the share capital
Euroins Insurance Group AD*	89.36%
<i>Indirect participation through EIG AD:</i>	
Insurance Company Euroins AD	94.91%
Euroins Romania Insurance AD	98.50%
Euroins Insurance AD Macedonia	93.36%
Euroins Life Insurance EAD	100.00%
Insurance Company EIG Re AD	100.00%
Euroins Ukraine AD	98.32%

*direct participation

Finance Sector

Company	% of participation in the share capital
Euro Finance AD	99.99%
Eurolease Group EAD*	100.00%
Indirect participation through Eurolease Group EAD:	
Eurolease Auto EAD	100.00%
Eurolease Auto Romania AD	77.98%
Eurolease Auto Skopje AD	100.00%
Eurolease Rent a Car EOOD	100.00%
Auto Plaza EAD	100.00%
Sofia Motors EOOD	100.00%
Eurolease Auto Retail EAD	100.00%

*direct participation

Automobile Sector

Company	% of participation in the share capital
Avto Union AD*	99.98%
Indirect participation through AU AD:	
Bulvaria Varna EOOD	100.00%
N Auto Sofia AD	100.00%
Espas Auto OOD	51.00%
EA Properties EOOD	51.00%
Daru Car AD	99.84%
Auto Italia EAD	100.00%
Bulvaria Holding EAD	100.00%
Star Motors EOOD	100.00%
Star Motors DOOEL	100.00%
Star Motors SH.P.K.	100.00%
Auto Union Service EOOD	100.00%
Motobul EOOD	100.00%
Bopar Pro OOD	99.00%

*direct participation

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Financial Statement

The interim consolidated financial statements of Eurohold Bulgaria AD are prepared in compliance with all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations of the Standing Interpretation Committee (SIC), interpretations of the IFRS interpretation committee (IFRIC), which are effectively in force and are adopted by the Commission of the European Union.

The Group has considered all standards and interpretations applicable to its activity as at the date of preparation of the present financial statement.

The interim consolidated financial statement is drafted in compliance with the historic cost principle, excluding the investment property and those financial instruments and financial liabilities, which are measured at fair value.

2.2 Comparative Data

The Group retains the information presentation format in its financial statements down the periods. Where necessary the comparative information is reclassified to be in accordance with the changes occurred in the current year.

2.3 Consolidation

The Consolidated Financial Statements contain consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity as at 30.9.2017. These statements comprise of the parent-company and all subsidiaries. A subsidiary is a company, which is consolidated by the parent company by holding, directly or indirectly, of more than 50% of the shares with voting rights in the capital or through the possibility for management of its financial and operating policy for the purposes of obtaining economic benefits from its operations.

The full consolidation method is applied. The statements are consolidated line by line, whereas the items such as assets, liabilities, property, incomes and costs, are summed. All internal transactions and balances between the companies within the group are eliminated. Counter elements: equity, financial, business, calculation of goodwill as at the date of acquisition, are eliminated.

Non-controlled participation in the net assets of subsidiaries is defined depending on the shareholder structure of the subsidiaries as at the date of the statement of financial position.

With respect to business combinations including companies under common control, the Group has chosen to apply the purchase method according to IFRS 3 – Business Combinations. The Group has chosen this accounting policy regarding these transactions, because at the end of the reporting period they are outside of the scope of IFRS 3 and there are no instructions about them in the existing IFRSs. As per IAS 8 in the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management must use its judgment in developing and applying an accounting policy.

2.4 Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the group. Data presented in the consolidated statement and the attachments thereto are in thousand BGN (000'BGN). Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1,95583 for EUR 1. Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the year.

2.5 Accounting Assumptions and Approximate Estimates

Upon preparing the financial statement in compliance with IAS, the group's management is required to apply approximate estimates and assumptions, which affect the reported assets and liabilities, and the disclosure of the contingent assets and liabilities as at the date

of the balance sheet. Despite the estimates are based on the management's knowledge of current developments, the actual results may vary from the estimates used.

2.6 Income

The Group's income is recognized on the accrual basis and to the extent economic benefits are obtained by the Group and as far as the incomes may be reliably measured.

Upon sales of goods incomes are recognized when all material risks and benefits from the title of goods are transferred to the buyer.

Upon provision of services, incomes are recognized considering the stage of completion of the transaction as at the date of the financial report, if such stage may be reliably measured, as well as the costs incurred for the transaction.

Dividend incomes are recognized upon certifying the right to obtain them.

Dividends declared from subsidiaries for the financial year are recognized in the consolidated financial statement of comprehensive income as internal accounts and thus they are not being considered for the formation of the financial result.

The Eurohold Group generates financial incomes mainly from the following operations:

- Income from operations with investments
- Income from dividends;
- Income from interest on loans;
- Income from services.

2.7 Costs

Costs within the group are recognized at the time of occurrence thereof and on the accruals and comparability basis.

Costs that might directly be related to the respective operating activity, are presented by their functional purpose. All other costs are presented as follows.

The administrative costs are recognized as costs incurred during the year, and are relevant to the management and administration of the group companies,

including costs that relate to the administrative staff, officers, office expenses, and other outsourcing.

Net financial costs include: costs occurred in relation with investment operations, negative differences from financial instruments operations and currency operations, costs for interests under granted bank loans and obligatory issues, as well as commissions.

Prepaid costs (deferred costs) are forwarded for recognition as a current cost for the period contracts they pertain to, are performed.

Other operating incomes and costs include items of secondary character in relation to the main activity of the group companies.

2.8 Interest

Interest incomes and costs are recognized in the Statement of Profit or loss using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted afterwards.

The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well as discounts or premiums, which are integral part of the effective interest rate.

Transaction costs are internally inherent costs directly related to the financial asset or liability acquisition, issue or derecognition.

The interest incomes and expenses stated in the Statement of profit or loss include: Interests recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value.

The unearned financial income (interest) represents the difference between the gross and net investment in leasing contract, whereas the gross investment in the leasing contract is the amount of the minimum leasing payments and non-guaranteed remaining value charged for the leaser.

The interest incomes under leasing operations (financial income) are allocated for the term of the leasing contract and are recognized on the basis of constant periodic rate of return from the leaser's net investment.

2.9 Fees and Commissions

Fees and commissions costs, which are integral part of the effective interest rate for a financial asset or liability are included in the calculation of the effective interest rate.

Other fees and commissions incomes, including logistic services fees, insurance and other intermediation fees, are recognized upon providing the respective services.

The other fees and commissions costs relevant mainly to banking services, are recognized upon receipt of the respective services.

2.10 Segment Reporting

The operating segment is a component of the Group, which deals with activities, from which incomes may be generated and costs may be sustained, including incomes and costs pertaining to transactions with each of the other Group's components.

For the purposes of management, the Group is organized in business units on the basis of products and services they render and includes the following segments subject to reporting:

Insurance and Health Insurance:

- Insurance Services
- Health Insurance Services
- Life Insurance Services

Financial Services:

- Leasing Services
- Investment Intermediation

Automobiles:

- Sales of New Cars
- Car Repairs Services
- Rent-a-Car Services

In 2013, the Company sold its real estates segment companies.

2.10.1 Insurance Activity

Recognition and Measurement of Insurance Contracts

General Insurance Premiums

General insurance premiums are accounted on annual basis.

Gross written premiums under general insurance are the premiums under general insurance or co-insurance contracts, which are concluded during the year, regardless premiums may fully or partially related to a later accounting period. Premiums are disclosed gross of paid commissions to intermediaries.

The earned part of written insurance premiums, including for unexpired insurance contracts, is recognized as an income. Written insurance premiums are recognized as at the date of conclusion of the insurance contracts.

Premiums paid to reinsurers are recognized as cost in compliance with the received reinsurance services.

Health Insurance Premiums

The written health insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium for the entire cover period for one year health insurance contracts concluded during the financial year.

The gross written health insurance premiums are not recognized when the future cash receipts thereof are not sure. Written health insurance premiums are stated gross of commissions due to agents.

Life Insurance Premiums

The written life insurance premiums are recognized as income on the basis of the annual premium due by the insured individuals for the premium period beginning during the financial year, or the due lump sum premium

for the entire cover period for one year health insurance contracts concluded during the financial year.

The gross written life insurance premiums are not recognized when the future cash receipts thereof are not sure. Written health insurance premiums are stated gross of commissions due to agents.

Unearned Premium Reserve

The unearned premium reserve comprises of that part of written gross insurance/ health insurance premiums, which is calculated to be earned during the next or further financial periods. The unearned premium reserve consists of charged and recognized insurance premium incomes during the reporting period, less the premiums ceded to reinsurers, which should be recognized during the next financial year or during further financial periods. The reserve is calculated separately for each insurance/ health insurance contract using the proportionate daily basis method. The unearned premium reserve is calculated net of commissions to intermediaries, advertising and other acquisition costs.

Unexpired Risks Reserve

This reserve is established for covering risks for the period from the end of the financial period to the date of expiry of the respective insurance/ health insurance contract, in order to cover payments and costs expected to exceed the unearned premium reserve established.

Technical reserves

The methodology for determining technical reserves applies the Chain Ladder Method, based on the value of the claims paid for a sufficiently long period of time (usually over 10 years). The IBNR reserve is calculated taking into account the difference between the estimated loss value by year of event and the amount of claims incurred at the date of the financial statements.

Claims due to General Insurance and Health Insurance and Outstanding Claims Reserves

Claims occurred due to general insurance and health insurance include claims and claim handling costs payable during the financial year, together with the change in the outstanding claim reserve.

The management believes that the gross outstanding claims reserve and the respective share of the reinsurers' reserve are fairly presented on the basis of the information available at that time, that the final obligations will change depending on further information and events, and significant adjustments of the initially charged amount may be needed. The outstanding claims reserve adjustments found in previous years are stated in the financial statements for the period adjustments are made in, and are disclosed separately, if material. Methods used and estimates made for the calculation of the reserve, are reviewed on regular basis.

Reinsurance

In the normal course of business, the insurance companies within the Group cede risk to reinsurers for the purpose of limiting their net loss potential through risk diversification. Reinsurance activity does not relieve the respective company from its direct obligations to its policyholders.

Reinsurance assets include the balance due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims reserves or settled claims associated with reinsured policies.

Premiums and claims associated with these reinsurance contracts are considered income and cost in the way they would be considered if reinsurance was direct activity, whereas taking into account the classification of reinsurance business products.

Ceded (or accepted) premiums and benefits reimbursed (or paid claims) are presented in

the statement of profit or loss and the statement of financial position of the respective company on gross basis.

Contracts that give rise to a significant transfer of insurance risk are accounted for as insurance. Amounts recoverable under such contracts are recognized in the same year as the related claim.

Premiums under long-term reinsurance contracts are accounted together with the term of validity of related insurance policies, by using assumptions similar to those for accounting of respective policies.

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence as a result of an event that has occurred after its initial recognition.

Deferred Acquisition Costs

Deferred acquisition costs represent the amount of acquisition costs deducted while calculating the unearned premium reserve. They are defined as that part of the acquisition costs under contracts applicable at the end of the period set as percentage in the insurance-technical scheme and associated to the time between the end of the reporting period and the date of expiration of the insurance/ health insurance contract. Current acquisition costs are recognized in full as a cost during the reporting period.

Acquisition Costs

Commission expenses consist of accrued commissions to intermediaries and profit participation, which is paid to the policyholders/ health insured individuals in case of low claims ratio as pay back. Indirect acquisition expenses include advertising expenses and costs arising from the writing or renewing insurance/ health insurance contracts.

2.10.2 Leasing Activity

The leasing activity of the Group involves rent of vehicles, industrial equipment, real estate and others, mainly on finance lease contracts.

The finance lease contract is an agreement under which the lessor gives to the lessee the right of use of a particular asset for an agreed term against reward. Lease contract is recorded as finance when the contract transfers to the lessee all substantial risks and benefits associated with the ownership of the asset.

Typical indicators considered by the Group for determining if all significant risks and benefits have been transferred include: present value of minimum lease payments in comparison with the beginning of the lease contract; the term of the lease contract in comparison with the economic life of the hired asset and also whether the lessee will acquire ownership over the leased asset at the end of the term of finance lease contract. All other leasing contracts, which do not transfer substantially all risks and benefits of ownership of the asset, are classified as operating leases.

Minimum Lease Payments

Minimum lease payments are the payments that the lessee will or may be required to make during the term of the leasing contract. From the Group's point of view, minimum lease payments also include the residual value of the asset guaranteed by a third party, not related to the Group, provided that such party is financially able to fulfill its commitments to the guarantee or to the contract for redemption. In the minimum lease payments, the Group also includes the cost of exercising possible option, which the lessee has for the purchase of the asset, and at the beginning of the lease contract it is to a large extent certain that the option will be exercised.

Minimum lease payments do not include conditional rents, as well as costs of services and taxes to be paid by the Group and subsequently re-invoiced to the lessee.

Beginning of the lease contract and beginning of the term of the lease contract

A distinction is made between the beginning of the lease contract and the beginning of the term of the lease contract. Beginning of the lease contract is the earlier of the two dates – of the lease agreement or of the commitment of the parties to the main conditions of the lease contract. To this date: the lease contract is classified as finance or operating lease, and in the case of finance lease, the amounts to be recognized at the beginning of the term of the lease contract are determined. The beginning of the term of the lease contract is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognizes the claim on the lease.

Initial and Subsequent Evaluation

Initially, the Group recognizes a claim under finance lease, equal to its net investment, which includes the present value of minimum lease payments and any unsecured residual value for the Group. The present value is calculated by discounting minimum lease payments due by the inherent to the lease contract interest rate. Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease contract the Group accrues financial income (income from interest on financial lease) on the net investment.

Claims under Financial Lease

Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease contracts is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.10.3 Activity Related to Financial Intermediation

The financial intermediation activity is related to transactions with financial instruments. They are classified as held for trading.

Financial instruments are measured upon acquisition at acquisition cost, which includes their fair value plus all transaction expenses.

Financial instruments are further measured at fair value, which is the sale, stock exchange or market price.

The Group accounts its financial assets as follows:

- Securities of Bulgarian issuers traded on Bulgarian Stock Exchange – Sofia AD – weighted average cost of transactions entered into on regulated market for the closes day of the last 30 days period in which these securities have been traded in amounts not less than the amount of securities held by the subsidiary Euro-Finance AD. If no transactions are concluded, the market price of securities is defined on the “buy” price announced on the regulated market for the respective session on the closest day of the last 30 days period;
- Currency shares of foreign issuers – by market prices at foreign stock exchanges: FRANKFURT, XETRA, NASDAQ;
- Government securities issued by the Bulgarian government – market price is the price quoted by the Bulgarian National Bank or the primary government securities dealers within the meaning of Regulation № 5/ 1998;
- Securities issued by Bulgarian non-governmental issuers – market price from REUTERS;
- Securities that are issued and secured by foreign governments and securities issued by foreign non-governmental issuers – market price from REUTERS;

Derivatives

Derivatives are off-balance sheet instruments whose value is defined on the basis of interest rates, exchange rates or other market prices. Derivatives are effective means to manage market risk and restricting the exposure to specific contractor.

Derivatives most commonly used are:

- Foreign exchange swap;
- Interest swap;
- Bottoms and ceilings;
- Foreign exchange forward and interest contracts;
- Futures;
- Options.

Contractual terms and conditions are fixed through standard documents.

The same market and credit risk control procedures as for the other financial instruments also apply for the derivatives. They are aggregated with the other exposures for the purposes of monitoring the common exposure to specific contractor and are managed within the frames of the limits approved for this contractor.

Derivatives are held both for trading and as hedging instruments used for interest and currency risk management. Derivatives held for trading are measured at fair value and profits and losses are carried in the cost and statement of profit or loss as a result from business operations.

Derivatives used as hedging instrument are recognized in compliance with the accounting treatment of hedged item.

Criteria to recognize a derivative as hedging derivative are: availability of documented evidence for the intent to hedge specific instrument and such hedging instrument should ensure reliable basis for risk elimination.

When a hedged exposure is closed, the hedging instrument is recognized as held for trading at fair value. Profit and loss are recognized immediately in the cost and statement of profit or loss in analogy to the hedged instrument.

Hedging transactions that are terminated prior the hedged exposure are measured at fair value in the profit or loss and are carried for the period of existence of the hedged exposure.

2.11 Business Combinations and Goodwill

Business combinations are accounted by using the purchase method. This method requires the assignee to recognize, on the date of acquisition, the acquired differentiated assets, undertaken liabilities and participation, which is not controlling the acquired entity, separately from the goodwill. Any costs directly pertaining to the acquisition are carried in the statement of profit or loss for the period.

Differentiated acquired assets and undertaken liabilities and contingent obligations within a business combination are measured at fair value on the date of acquisition, regardless of the extent of non-controlled participation. The Group is able to measure participations, which are not controlling for the acquired entity, either at fair value, or as proportional share in the differentiated net assets of the acquired entity.

The acquisition cost excess above the share of assignee in the net fair value of differentiated assets, liabilities and contingent obligations of acquisitions, is carried as goodwill. In case the acquisition cost is less than the share of investor in the fair values of the company's net assets, the difference is recognized directly in the statement of comprehensive income.

2.12 Taxes

Income Tax

The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of effective tax rate valid on the day of preparation of the balance sheet and all adjustments of due tax for previous years.

The group calculates the income tax in compliance with the applicable legislation. The income tax is calculated on the bases of taxable profit after adjustments of the financial result in accordance with the Law for Corporate Income Tax.

Deferred Tax

Deferred tax is calculated using the balance sheet method for all temporary differences between the net book value as per the financial statements and the amounts used for taxation purposes.

The deferred tax is calculated on the basis of the tax rate that is expected to apply upon the realization of the asset or the settlement of the liability. The effect from changes in the tax rates on the deferred tax is accounted in the statement of profit or loss, except in cases when it is about sums, which are earlier accrued or accounted directly in equity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which carry forward tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that related tax benefits will be realized.

Pursuant to the Bulgarian tax legislation, income tax is binding for the companies. The income tax rate for 2016 is 10% of the taxable profit.

VAT

All Group companies, excluding the health insurance company, the insurance company in Romania and the insurance company in Macedonia, have VAT registration and accrue 20% upon carrying taxable transactions.

Withholding Tax

Pursuant to the Law for Corporate Income Tax, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria.

Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before tax rate or applicable tax rate on the day of expiration of the tax payment term.

2.13. Fixed Assets

2.13.1 Fixed Tangible Assets

Fixed tangible assets are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.

The group has fixed the value materiality threshold to BGN 700, under which acquired assets, regardless they have the characteristics of fixed assets, are accounted as current expense at the time of acquisition thereof.

Initial Acquisition

Fixed tangible assets are initially measured:

At acquisition cost, which includes: purchase price (including duties and nonrefundable taxes), all direct costs for making the asset in working condition according to its purpose – for assets acquired from external sources;

At fair value: for assets obtained as a result of free of charge transaction;

At evaluation: approved by the court, and all direct costs for making the asset in working condition according to its purpose – for assets acquired as a contribution of physical assets.

Borrowing costs directly related to acquisition, construction or production of eligible asset are included in the acquisition cost (cost) of this asset. All other borrowing costs are accounted on current basis in the profit or loss for the period.

Further Measurement

Further costs for repairs and maintenance are accounted in the statement of profit or loss at the time of incurrence thereof, unless there are clear evidences that their incurrence will result in increased economic benefits from the use of this asset. In such case, these costs are capitalized to the carrying amount of the asset.

Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is accounted as profit or loss in the statement of profit or loss, "Other Incomes" item.

Fixed tangible assets are derecognized from the balance sheet upon sale or when the asset is finally decommissioned and no further economic benefits are expected after derecognition.

2.13.2 Amortization Methods

The Group applies straight-line method of amortization. Amortization begins from the month following the month of acquisition thereof. Land and assets in process of construction are not amortized.

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity,

future intentions for use and the probable moral aging.

The estimated useful lives by groups of assets are as follows:

Group of Assets	Useful life in years
Buildings	25-46
Plant and equipment	3-10
Vehicles	4-6
Fixtures and fittings	3-19
Computers	2-5

2.13.3 Impairment

Net book values of fixed tangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets.

Impairment losses are recognized as expense in the statement of profit or loss during the year of occurrence thereof.

2.13.4 Fixed Intangible Assets

Intangible assets are presented in the financial statement at cost, less the accumulated amortization and possible impairment losses.

The Group applies straight-line method of amortization of intangible assets at expected useful lives of 5-7 years.

Net book value of intangible assets is subject to review for impairment, when events or changes in circumstances have occurred, which evidence that their net book value might exceed their recoverable value.

2.13.5 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or use in supply of services or for administrative purposes. Investment property is measured on the basis of present fair value with any change therein recognized in profit or loss.

2.13.6 Positive Goodwill

After initial recognition, goodwill is accounted at acquisition cost, less accumulated impairment losses.

The positive goodwill upon acquisition of associated company is accounted in the balance sheet as part of the value of investment in the associated company.

The positive goodwill is reviewed for impairment on annual basis and is carried at carrying amount less the respective accumulated impairment losses. The net book value of positive goodwill pertaining to the sold company is included in the profits and losses from sale of subsidiary/ associated company.

2.14 Employee Benefits

Annual Paid Leave

The Group recognizes the undiscounted amount of estimated costs relevant to annual leaves that are expected to be paid against the employees' service for the ended period as a liability.

Other Long-Term Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions under a defined contribution pension plan. The Group's contributions to the defined contribution pension plan are recognized as an employee benefit expense in profit or loss on current basis.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current

and prior periods; that benefit is discounted to determine its present value.

The Group has obligation to pay amounts to employees who retire in compliance with the requirements of article 222, § 3 of the Labor Code (LC) in Bulgaria. Pursuant to these provisions of LC, upon termination of employment agreement with an employee who is entitled to pension, the employer pays a compensation within the amount of two monthly gross salaries. In case the worker or employee has 10 or more years service as at the date of retirement, the compensations amounts to six monthly gross salaries. As at the balance sheet date the management measures the approximate amount of possible benefits for all employees using the method of estimate credit units.

Termination Benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the

employee, and the obligation can be estimated reliably.

The Group does recognize as a liability the undiscounted amount of annual leave costs expected to be paid in exchange for the employee's service for the period completed.

2.15 Financial Assets

2.15.1 Investments in Non-Current Financial Assets

Investments in subsidiaries are measured at costs in the separate statement of the parent-company.

The companies in which the parent-company holds between 20% and 50% of the voting rights and may significantly affect, but not to perform control functions, are considered associated companies.

Investments in associated companies are accounted by using the equity method. By using the equity method, the investment in associated company is carried in the statement of financial position at acquisition cost, plus the changes in the Group's share in the net assets of the associated entity after the acquisition. The goodwill related to the associated entity is included in the net book value of the investment and is not amortized. The statement of profit or loss represents the share from the associated entity's operating results. The profit share is presented at the face side of the statement.

2.15.2 Investments in Financial Instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value in the profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or derivatives defined as hedging instruments in effective hedge, where appropriate. The Group classifies its financial instruments at their initial recognition.

Group's financial assets include cash and short-term deposits, trade and other

receivables, financial instruments and financial instrument derivatives quoted and unquoted on the stock exchange.

Financial Assets at Fair Value in Profit or Loss

Financial assets at fair value in profit or loss include financial assets held for trading and those designated at fair value at inception. Financial assets, which are usually acquired for the purposes of selling in the near term, are classified as held for trading.

Investments Held-to-Maturity

Investments held-to-maturity are financial assets, which are non-derivative and has fixed or determinable payments and fixed maturity, that the Group has the positive intention and ability to hold to maturity.

Initially, these investments are recognized at acquisition cost, which includes the amount of consideration paid for acquisition of the investment. All transaction costs directly related to the acquisition are also included in the acquisition cost. After the initial measurement, held-to-maturity investments are carried at amortized cost by using the method of the effective interest rate. Gains and losses from held-to-maturity investments are recognized in the statement of profit or loss when the investment is derecognized or impaired.

Loans and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Such financial assets are initially recognized at acquisition cost, which is the fair value paid for acquisition of financial assets. All directly attributable acquisition transaction costs, are also included in the acquisition cost. Subsequent to initial recognition, loans and receivables are measured at amortized cost

using the effective interest rate method. Gains and losses from loans and receivables are recognized in the statement of profit or loss when derecognized or impaired, as well as through the amortization process.

Financial Assets Available for Sale

Financial assets available for sale are non-derivative financial assets that are so classified and are not classified in any of the three categories listed above.

Initially, these investments are presented at fair value. Subsequent to initial recognition, financial assets available for sale are measured at fair value. Unrealized gains and losses from fair value are carried in separate item of the other comprehensive income until the financial assets are not derecognized or are not defined as impaired. Upon derecognition or impairment, cumulative gains and losses previously recognized in equity, are recognized in the statement of profit or loss.

Derivative Financial Instruments

Derivative financial instruments are classified as held-for-trading, unless they are effective hedging instruments. All derivatives are carried as assets, when their fair values are positive and as liabilities when the fair values are negative.

2.16 Inventory

Materials and goods are measured at delivery cost. Their value includes the sum of all purchase costs, as well as other costs incurred in relation to the delivery thereof to their current location and condition.

Derecognition of materials and goods upon their consumption is at specifically determined or weighted average value depending on segments.

Net realizable value of inventory is carried at sales price less the costs for finishing and the costs incurred for the realization of sale, and it is defined with view of marketing, moral aging and development of expected sales prices.

When carrying amount of inventory exceeds the net realizable value, it is reduced to the extent of the net realizable value. Such reduction is carried as other current expenses. Inventory related to the production segment are presented in compliance with the IFRS requirements on terminated activities.

2.17 Short-Term Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Impairment is estimated for the purposes of meeting the expected loss on the basis of separate measurement of individual arrangements.

2.18 Liability Provisions

Liability provisions include expected costs related to obligations under guarantees, restructuring, etc., as well as deferred tax asset.

2.19 Deferred Tax Payables

Current tax payables and current tax receivables are recognized in the balance sheet as tax calculated on taxable income for the year adjusted for the tax on taxable income for previous years and paid taxes.

2.20 Equity

The share capital is presented at its nominal value pursuant to the court decisions for registration. Equity that does not belong to the economic group /uncontrolled participation/ is part of the net assets, including from the net

result of the subsidiaries for the year, which may be attributed to participations, which are not directly or indirectly held by the parent-company.

2.21 Liabilities

Financial liabilities are recognized during the period of loan with the amount of gained proceeds, principal, less the transaction expenses. During subsequent periods financial liabilities are measured at amortized cost, equal to the capitalized value, when applying the effective interest rate method. In the statement of profit or loss, loan expenses are recognized during the period of loan term.

Current liabilities, such as payables to suppliers, group and associated companies and other payables, are measured at amortized cost, which is usually equal to the nominal value.

Accruals recognized as liabilities includes payments received in relation to subsequent years income.

2.22 Financial Risk Management

Factors Determining Financial Risk

Implementing its activity, the Group companies are exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from changes in future cash flows as a result of a change in the market interest rates.

The comprehensive risk management program focuses on the unpredictability of financial markets and seeks to minimize the possible adverse effects on the financial result of the Group.

Currency Risk

The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities, which are denominated in foreign currency. As a result of foreign currency exposures, gains and losses occur, which are carried in the cost and statement of profit or loss. These exposures include the cash assets of the Group, which are not denominated in the currency used in the local companies' financial statements.

The group has no investments in other countries, except in the countries it operates – Bulgaria, Romania and Macedonia. In case the local currency is exposed to currency risk, it is managed through investments in assets denominated in Euro.

Interest Risk

The group is exposed to interest risk in relation to the used bank and trade loans as part of the loans obtained have floating interest rate agreed as basis interest (EURIBOR/LIBOR) increased with the respective allowance. The interest rates are specified in the respective appendixes.

Credit Risk

The Group's credit risk is mainly related to trade and financial receivables. The amounts stated in the statement of financial position are on net basis, excluding the provisions for doubtful receivables determined as such by the management on the basis of previous experience and current economic conditions.

Liquidity Risk

Liquidity risk is that the group may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions. The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding. The group's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging

adequate credit lines, preparation of analysis and update of cash flows estimates.

The table below presents an analysis of the consolidated assets and liabilities of Eurohold Bulgaria AD by maturity periods based on the remaining period from the balance sheet date to the date of realization of the asset or liability:

2.23 Measuring Fair Values

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of significant assets, such as the positive goodwill.

2.24 Cash Flows

The statement of cash flows shows the Group's cash flows for the year in relation to operating, investment and financial activity during the year, the change in cash and cash equivalents for the year, cash and cash equivalents at the beginning and at the end of the year.

The operating cash flows are calculated as result for the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

Investment activity cash flows include payments in relation to purchase and sale of fixed assets and cash flows related to the purchase and sale of entities and operations. Purchase and sale of other securities, which are not cash and cash equivalents, are also included in the investment activity.

Financial activity cash flows include changes in the amount or composition of share capital and the related costs, the borrowings and the repayment of interest bearing loans, purchase, and sale of own shares and payment of dividends.

Cash and cash equivalents include bank overdraft, liquidity cash and securities for term less than three months.

3. Revenue from insurance business

	30.9.2017 BGN '000	30.9.2016 BGN '000
Gross premiums written from insurance	499 614	369 475
Received recoveries from reinsurers	97 398	83 878
Positive change in the gross provision for unearned premiums and unexpired risk reserve	66	248
Positive change in reinsurers' share in unearned premium reserve	32 198	3 614
Positive change in reinsurers' share in reported but not settled claim reserve (RBNS) and incurred but not reported claim reserve (IBNR)	6 468	-
Positive change in other technical reserves	29	43 428
Recourse income	7 644	2 714
Fees and commissions income	38 250	47 033
Investment income	28 041	9 590
Income from purchase of investments in subsidiaries	-	-
Other revenue	5 177	32 403
	714 885	592 383

4. Expenses from insurance business

	30.9.2017 BGN '000	30.9.2016 BGN '000
Current year paid claims, claims handling and prevention expenses	(258 321)	(230 477)
Change in the gross provision for unearned premiums and unexpired risk reserve	(43 123)	(4 390)
Share of reinsurers in the change of the unearned premium reserve	(6)	(313)
Negative change in gross reported but not settled claim reserve (RBNS) and gross incurred but not reported claim reserve (IBNR)	(11 962)	(1 064)
Change in the reinsurers' share in other technical reserves	-	(23 397)
Premiums ceded to reinsurers	(210 869)	(147 502)
Acquisition expenses	(104 677)	(89 141)
Investment expenses	(15 221)	(7 609)
Other expenses	(18 981)	(56 453)
	(663 160)	(560 346)

5. Revenues from car sales and after sales

	30.9.2017 BGN '000	30.9.2016 BGN '000
Revenue from sale of cars and spare parts	134 888	111 530
Revenue from after sales and rent-a-car services	6 012	4 091
Revenue from sale of investments	-	-
	140 900	115 621

6. Revenue from financial and operating leases

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Revenue from services	15 176	12 201
Interest income	3 351	3 548
Foreign exchange gains	9	9
Other financial revenue	22	5
	18 558	15 763

7. Financial expenses from leasing services

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Interest expenses	(2 706)	(2 937)
Foreign exchange losses	(46)	(24)
Other expenses	(293)	(550)
	(3 045)	(3 511)

8. Revenue from asset management and brokerage

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Interest income	298	302
Dividend income	100	84
Gains from sale of financial instruments	2 002	3 408
Foreign exchange gains	1 809	4 413
Other financial revenue	359	417
	4 568	8 624

9. Finance expenses from asset management and brokerage

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Interest expenses	(21)	(87)
Negative result from sales of financial instruments	(1 665)	(3 512)
Foreign exchange losses	(1 783)	(4 316)
Other financial expenses	(107)	(78)
	(3 576)	(7 993)

10. Revenue of the parent company

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Gains from sale of financial instruments	507	15 455
Interest revenue	671	522
Other revenue	-	2
	1 178	15 979

11. Financial expenses of the parent company

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Negative result from sales of financial instruments	(815)	(920)
	(815)	(920)

12. Other revenue/expenses

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Other income/expenses	(3 754)	(5 712)
	(3 754)	(5 712)

12.1. Other expenses

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Leasing services	(3 778)	(5 716)
	(3 778)	(5 716)

12.2. Other revenue

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Automotive business	-	4
Asset management and brokerage services	24	-
	24	4

13. Other operating expenses

	30.9.2017	30.9.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Expenses on materials	(1 894)	(1 730)
Expenses on hired services	(18 089)	(13 024)
Employee benefits expense	(20 923)	(18 481)
Other expenses	(4 947)	(3 557)
	(45 853)	(36 792)

13.1 Expenses on materials

	30.9.2017	30.9.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	(437)	(344)
Automotive business	(1 235)	(1 192)
Leasing services	(188)	(163)
Asset management and brokerage services	(29)	(27)
Parent company	(5)	(4)
	(1 894)	(1 730)

13.2 Expenses on hired services

	30.9.2017	30.9.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	(6 879)	(3 109)
Automotive business	(6 683)	(5 918)
Leasing services	(3 141)	(2 589)
Asset management and brokerage services	(406)	(473)
Parent company	(980)	(935)
	(18 089)	(13 024)

13.3 Employee benefits expense

	30.9.2017	30.9.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	(9 096)	(7 552)
Automotive business	(9 439)	(8 692)
Leasing services	(1 598)	(1 525)
Asset management and brokerage services	(522)	(475)
Parent company	(268)	(237)
	(20 923)	(18 481)

13.4 Other expenses

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Insurance business	(3 669)	(2 467)
Automotive business	(781)	(637)
Leasing services	(200)	(234)
Asset management and brokerage services	(219)	(155)
Parent company	(78)	(64)
	(4 947)	(3 557)

14. Financial expenses

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Interest expenses	(14 441)	(9 896)
Other financial expenses/revenue	(383)	(482)
	(14 824)	(10 378)

14.1 Interest expenses by segments

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Insurance business	(729)	(2 064)
Automotive business	(1 244)	(1 214)
Parent company	(12 468)	(6 618)
	(14 441)	(9 896)

14.2 Other financial expenses/revenue by segments

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Automotive business	(436)	(452)
Parent company	53	(30)
	(383)	(482)

15. Financial revenue

	30.9.2017 <i>BGN '000</i>	30.9.2016 <i>BGN '000</i>
Interest income	344	137
	344	137

15.1 Financial revenue by segments

	30.9.2017 BGN '000	30.9.2016 BGN '000
Automotive business	344	137
	344	137

16. Depreciation

	30.9.2017 BGN '000	30.9.2016 BGN '000
Insurance business	(1 001)	(1 062)
Automotive business	(2 273)	(1 911)
Leasing services	(3 195)	(2 011)
Asset management and brokerage services	(42)	(36)
Parent company	(6)	(6)
	(6 517)	(5 026)

17. Tax

	30.9.2017 BGN '000	30.9.2016 BGN '000
Income tax expense	(222)	(25)
Deferred tax	-	(34)
	(222)	(59)

17.1. Tax by segments

	30.9.2017 BGN '000	30.9.2016 BGN '000
Insurance business	(207)	(56)
Automotive business	(12)	-
Leasing services	-	-
Asset management and brokerage services	(3)	(3)
Parent company	-	-
	(222)	(59)

18. Foreign exchange gains/losses (net)

	30.9.2017 BGN '000	30.9.2016 BGN '000
Parent company	(511)	(4)
	(511)	(4)

19. Cash and cash equivalents

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Cash on hand	3 637	3 437
Cash at bank	93 554	96 758
Restricted cash	492	602
Cash equivalents	292	151
	97 975	100 948

20. Deposits at banks with maturity 3 to 12 months

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	12 674	27 662
	12 674	27 662

21. Receivables from insurance and health insurance business

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Receivables from direct insurance	91 258	66 486
Receivables from recourse/subrogation	12 629	12 063
	103 887	78 549

22. Trade and other receivables

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Trade receivables	25 466	21 058
Advances received	1 204	358
Other	1	156
	26 671	21 572

22.1. Trade receivables

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	579	1 163
Automotive business	13 084	10 402
Leasing services	11 768	9 471
Asset management and brokerage services	-	18
Parent company	35	4
	25 466	21 058

23. Other receivables

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	356 900	322 327
Automotive business	4 365	4 347
Leasing services	592	1 293
Parent company	723	8 746
Receivables under court procedures	3 158	2 970
Tax receivables	1 573	1 182
	367 311	340 865

23.1. Tax receivables

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	203	97
Automotive business	195	180
Leasing services	1 147	893
Parent company	28	12
	1 573	1 182

24. Property, plant and equipment

	Land plots	Buildings	Machinery and equipment	Vehicles	Furniture and fittings	Assets under construction	Other	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Cost								
At 1 January 2017	5 486	13 470	7 926	43 744	5 805	4 717	1 713	82 861
Additions	44	380	865	21 093	550	235	98	23 265
Disposals	(33)	(97)	(46)	(9 951)	(35)	(53)	(2)	(10 217)
Other changes	-	-	-	-	-	-	-	-
At 30 September 2017	5 497	13 753	8 745	54 886	6 320	4 899	1 809	95 909
Depreciation								
At 1 January 2017	-	2 749	6 401	17 768	4 147	5	1 069	32 139
Additions	-	226	486	5 120	259	-	80	6 171
Disposals	-	(19)	(45)	(4 148)	(23)	-	-	(4 235)
Other changes	-	-	-	-	-	-	-	-
At 30 September 2017	-	2 956	6 842	18 740	4 383	5	1 149	34 075
Net book value:								
At 1 January 2017	5 486	10 721	1 525	25 976	1 658	4 712	644	50 722
At 30 September 2017	5 497	10 797	1 903	36 146	1 937	4 894	660	61 834

The land plots and buildings are presented in the consolidated statement of financial position in the group of Investments.

24.1. Land and buildings

	30.9.2017	31.12.2016
	BGN '000	BGN '000
Insurance business	9 416	9 187
Automotive business	6 878	7 020
	16 294	16 207

24.2. Machinery and equipment

	30.9.2017	31.12.2016
	BGN '000	BGN '000
Insurance business	338	275
Automotive business	1 520	1 204
Leasing services	45	46
	1 903	1 525

24.3. Vehicles

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	1 634	1 299
Automotive business	11 176	6 584
Leasing services	23 262	18 007
Asset management and brokerage services	59	68
Parent company	15	18
	36 146	25 976

24.4. Furniture and fittings and Other assets

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	196	260
Automotive business	2 349	1 992
Leasing services	28	36
Asset management and brokerage services	22	11
Parent company	2	3
	2 597	2 302

24.5. Assets under construction

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	26	-
Automotive business	4 868	4 712
	4 894	4 712

25. Investment property

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Net book value at 1 January	13 215	11 396
Additions	68	-
Disposals	-	-
Revaluation	(117)	1 840
Other changes	-	-
Depreciation	-	(21)
Disposals on sale of subsidiaries	-	-
Net book value as at the period end	13 166	13 215

26. Intangible assets

	Software	Licenses	Other	Total
	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>
Cost				
At 1 January 2017	6 095	155	1 483	7 733
Additions	744	-	119	863
Disposals	(320)	(41)	(20)	(381)
At 30 September 2017	6 519	114	1 582	8 215
Depreciation				
At 1 January 2017	5 076	154	764	5 994
Additions	279	-	67	346
Disposals	(118)	(40)	-	(158)
At 30 September 2017	5 237	114	831	6 182
Net book value:				
At 1 January 2017	1 019	1	719	1 739
At 30 September 2017	1 282	-	751	2 033

27. Inventories

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	320	206
Automotive business	45 754	35 739
Leasing services	3 159	4 267
	49 233	40 212

28. Financial assets

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Financial assets held for trading	241 617	157 899
Available for sale financial assets	15 716	15 698
Other financial assets	-	500
	257 333	174 097

28.1. Financial assets held for trading

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business, incl.	227 701	146 795
<i>Government securities</i>	116 533	-
Asset management and brokerage services	13 916	11 104
	241 617	157 899

28.2. Available for sale financial assets

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business, incl.	15 716	15 698
<i>Government securities</i>	4 701	5 108
	15 716	15 698

28.3. Other financial assets

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	-	500
	-	500

29. Other assets

	30.9.2017 BGN '000	31.12.2016 BGN '000
Prepaid expenses	4 847	3 607
Deferred tax asset	14 786	14 910
	19 633	18 517

29.1 Deferred tax asset

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	14 229	14 353
Automotive business	461	461
Leasing services	96	96
	14 786	14 910

30. Investments in subsidiaries and associates

	30.9.2017 BGN '000	31.12.2016 BGN '000
Investments of the parent company	1	1
Investments of the subsidiaries	3 546	170
	3 547	171

31. Other financial investments

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Held to maturity financial assets	-	-
Other	2 565	2 159
	2 565	2 159

31.1. Held to maturity financial assets

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	-	-
	-	-

31.2. Other

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	2 393	1 987
Parent company	172	172
	2 565	2 159

32. Non-current receivables

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Finance lease receivables	43 449	40 558
Parent company	9 851	9 779
Subsidiaries	30 519	23 750
	83 819	74 087

33. Goodwill

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Euroins Insurance Group AD	164 664	164 664
Motobul EOOD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 461	1 461
Eurolease Group EAD	1 803	1 803
Eurolease Rent-a-Car EOOD	1 312	1 312
Sofia Motors EOOD	10	10
Euro-Finance AD	2 620	2 620
	189 999	189 999

34. Subordinated debts

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance and health insurance - issued	19 558	19 558
Insurance and health insurance - other	6 500	4 000
Parent company - other	14 209	53 695
	40 267	77 253

35. Borrowings

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	169	9 166
Automotive business	17 065	21 156
Leasing services	44 031	33 529
Parent company	38 158	43 588
	99 423	107 439

35.1. Borrowings –long term

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business, including:	-	6 209
<i>Bank loans</i>	-	-
<i>Loans from non-bank financial institutions</i>	-	6 209
Automotive business, including:	6 319	7 154
<i>Bank loans</i>	6 319	7 154
<i>Loans from non-bank financial institutions</i>	-	-
Leasing services, including:	43 231	33 049
<i>Bank loans</i>	43 231	33 049
<i>Loans from non-bank financial institutions</i>	-	-
Parent company, including:	24 643	24 643
<i>Bank loans</i>	24 643	24 643
<i>Loans from non-bank financial institutions</i>	-	-
	74 193	71 055

35.2. Borrowings –short term

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business, including:	169	2 957
<i>Bank loans</i>	169	2 957
<i>Loans from non-bank financial institutions</i>	-	-
Automotive business, including:	10 746	14 002
<i>Bank loans</i>	10 109	11 629
<i>Loans from non-bank financial institutions</i>	637	2 373
Automotive business, including:	800	480
<i>Bank loans</i>	800	480
<i>Loans from non-bank financial institutions</i>	-	-
Parent company, including:	13 515	18 945
<i>Bank loans</i>	4 694	4 694
<i>Loans from non-bank financial institutions</i>	8 821	14 251
	25 230	36 384

36. Bond obligations

	30.9.2017 BGN '000	31.12.2016 BGN '000
Auto Union AD for the purpose of automotive business	6 492	6 585
Eurolease Auto EAD – for the purpose of leasing services	21 507	23 880
Parent company	119 276	89 051
	147 275	119 516

36.1 Bond obligations – long term

	30.9.2017 BGN '000	31.12.2016 BGN '000
Auto Union AD for the purpose of automotive business	6 384	-
Eurolease Auto EAD – for the purpose of leasing services	21 507	23 880
Parent company	112 372	88 882
	140 263	112 762

36.2 Bond obligations – short term

	30.9.2017 BGN '000	31.12.2016 BGN '000
Auto Union AD for the purpose of automotive business	108	6 585
Parent company	6 904	169
	7 012	6 754

37. Non-current liabilities

	30.9.2017 BGN '000	31.12.2016 BGN '000
Other non-current liabilities	17 342	17 736
Finance lease liabilities	20 476	15 201
Deferred revenue	-	-
	37 818	32 937

37.1. Other non-current liabilities

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	12	137
Automotive business	8 592	6 898
Leasing services	716	451
Parent company	8 022	10 250
	17 342	17 736

37.2. Deferred revenue

	30.9.2017 BGN '000	31.12.2016 BGN '000
Automotive business	-	-
	-	-

38. Current liabilities

	30.9.2017 BGN '000	31.12.2016 BGN '000
Payables to employees	3 468	3 374
Social-security liabilities	1 288	1 163
Tax liabilities	4 182	5 576
Other current liabilities	7 593	19 427
Deferred revenue	483	432
Provisions	589	214
	17 603	30 186

38.1. Payables to employees

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	2 390	2 186
Automotive business	850	988
Leasing services	191	163
Parent company	37	37
	3 468	3 374

38.2. Social-security liabilities

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	840	766
Automotive business	351	286
Leasing services	94	102
Parent company	3	9
	1 288	1 163

38.3. Tax liabilities

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	1 215	1 811
Automotive business	2 056	2 604
Leasing services	589	791
Asset management and brokerage services	10	33
Parent company	312	337
	4 182	5 576

38.4. Other current liabilities

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	3 056	14 348
Automotive business	1 196	2 747
Leasing services	1 033	886
Asset management and brokerage services	141	596
Parent company	2 167	850
	7 593	19 427

38.5. Deferred revenue

	30.9.2017	31.12.2016
	<i>BGN '000</i>	<i>BGN '000</i>
Automotive business	483	432
	483	432

39. Trade and other payables

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	2 294	-
Automotive business	50 184	36 613
Leasing services	3 508	4 131
Asset management and brokerage services	3	4
Parent company	58 278	26 656
	114 267	67 404

40. Payables to reinsurers

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	120 206	75 532
	120 206	75 532

41. Deferred tax liabilities

	30.9.2017 BGN '000	31.12.2016 BGN '000
Insurance business	61	-
Automotive business	101	102
Leasing services	66	66
	228	168

42. Reserves for insurance contracts

	30.9.2017 BGN '000	31.12.2016 BGN '000
Unearned premium reserve, gross amount	190 926	150 683
<i>Share of reinsurers in unearned premium reserve</i>	<i>(121 374)</i>	<i>(90 933)</i>
Unexpired risks reserve, gross amount	370	459
<i>Share of reinsurers in unexpired risks reserve</i>	<i>(15)</i>	<i>(23)</i>
Reserve for incurred but not reported claims, gross amount	157 238	149 772
<i>Share of reinsurers in reserve for incurred but not reported claims</i>	<i>(90 748)</i>	<i>(86 830)</i>
Reserve for reported but not settled claims, gross amount	205 854	199 131
<i>Share of reinsurers in reserve for reported but unsettled claims</i>	<i>(118 649)</i>	<i>(117 079)</i>
Other technical reserve	3 895	8 775
	558 283	508 820

43. Share capital

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Issued shares	161 345	127 345
Shares held from subsidiaries	(2 930)	(2 946)
Share capital	158 415	124 399
Number of shares	161 345 000	127 345 000

44. Retained earnings

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Current result attributable to the shareholders	8 202	8 474
Current result attributable to the minority interests	3 798	1 750
Financial result for the period	12 000	10 224

44.1. Retained earnings by segments

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Insurance business	24 454	8 944
Automotive business	(43)	(842)
Leasing services	81	(481)
Asset management and brokerage services	576	265
Parent company	(12 529)	2 309
(Revenue)/loss belonging to non-controlling interest	(3 798)	(1 750)
Intercompany eliminations of dividends, sale of subsidiaries and other	(539)	29
	8 202	8 474

45. Non-controlling interests

	30.9.2017 <i>BGN '000</i>	31.12.2016 <i>BGN '000</i>
Non-controlling interest related to current result	3 798	1 750
Non-controlling interest related to equity	36 844	34 395
	40 642	36 145

46. Events after the reporting period

By decision 1378-E dated 30.10.2017, the FSC confirmed a prospectus for an initial public offering of an issue of 40 336 250 ordinary, dematerialized, freely transferable voting shares with a nominal value of BGN 1 (one) and issue value of BGN 1,30.

The Management Board of EuroHold Bulgaria AD is not aware of any other important or significant events that have occurred after the reported financial period.

Asen Minchev

Executive member of the BD

Eurohold Bulgaria AD,

30 October 2017

Hristo Stoev

Procurator

DECLARATION
in accordance with article 100o, paragraph 4, item 3 of
Public Offering of Securities Act

The undersigned,

1. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Assen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
3. Ivan Hristov – Chief Accountant of Eurohold Bulgaria AD (complier of the financial statements)

hereby DECLARE that to our best knowledge:

1. The set of consolidated interim financial statements for Q3'2017, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The consolidated interim management report of Eurohold Bulgaria AD for Q3'2017 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov

2. Asen Minchev

3. Ivan Hristov

