

EUROHOLD BULGARIA AD

Consolidated Annual Report

31 December 2016

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KEY INDICATORS

Indicators		2016	Change	2015*	2014*
Income Statement					
1. Profit / loss (before taxes)	BGN '000	13 342	114%	(97 336)	(17 399)
2. Net profit / loss (after tax)	BGN '000	8 474	113%	(64 558)	(15 402)
3. Revenues operatin activity	BGN '000	1 058 605	15%	917 806	577 665
Statement of financial position as of December, 31					
4. Equity, including non-controlling interest	BGN '000	115 259	6%	109 162	187 925
5. Liabilities (current- and non-current and subordinated debts)	BGN '000	1 019 255	16%	880 677	619 832
6. Assets (current- and non-current)	BGN '000	1 134 514	15%	989 839	807 757
Information on the shares					
Share Capital	BGN '000	127 345	0%	127 345	127 345
Number of shares	Number '000	127 345	0%	127 345	127 345
Net profit/ loss per share, according to the individual financial statements	BGN	0,018	467%	0,003	(0,006)
Financial Ratios					
Coefficient of financial autonomy		0,11	-9%	0,12	0,30
Debt / Equity ratio		8,84	10%	8,07	3,30
Gross return on revenue		1,26%	112%	-10,61%	-3,01%
Net return on revenue		0,80%	111%	-7,03%	-2,67%
Gross return on equity		11,58%	113%	-89,17%	-9,26%
Net return on equity		7,35%	112%	-59,14%	-8,20%
Gross return on liabilities		1,31%	112%	-11,05%	-2,81%
Net return on liabilities		0,83%	111%	-7,33%	-2,48%
Gross return on assets		1,18%	112%	-9,83%	-2,15%
Net return on assets		0,75%	111%	-6,52%	-1,91%

*Restated. See note 46 to the consolidated financial statements

**1,059 BGN
thousand**

Total revenues for 2016 | [see p. 21](#)

**10,224 BGN
thousand**

Net profit for 2016 | [see p. 20](#)

115 BGN mln.

Net assets | [see p. 23](#)

1,135 BGN mln.

Total assets | [see p. 22](#)

(4)%

Decrease in payables on loans | [see p. 24](#)

0.018 BGN

EPS for 2016, according to the individual financial statements

Consolidated Management Report of EUROHOLD BULGARIA AD for 2016

This Management Report has been prepared in compliance with the provisions of article 100n of the Public Offering of Securities Act, article 247 of the Commerce Act, article 33 of the Accountancy Act, and appendix №10 to article 32, paragraph 1, and item 2 of Ordinance №2 of 17.09. 2003 on the prospectuses to be published when securities are offered to the public or admitted for trading on a regulated market, and on the disclosure of information by public companies and other issuers of securities.

The Annual Consolidated Management Report of Eurohold Bulgaria AD presents commentary and analysis of the financial statements and other material information about the financial position and results achieved as a result of the operations of the the parent-company, its subsidiaries and associated companies. The report reflects the company's position and prospects for development, as well as the main risks faced by it.

In Company management, the members of the Management Board apply the best international practices in corporate governance, seeking to be among the leaders in the implementation of transparent corporate practices in Bulgaria. The business model implemented by the Company is built on fundamental principles such as ensuring the rights and equal treatment of all shareholders.

I. COMPANY OVERVIEW

History

The name of the company is EUROHOLD BULGARIA AD. According to Art. 2, paragraph 3 of the Articles of Association, in English the trade name of the company is written as follows: EUROHOLD BULGARIA S.A.

EUROHOLD BULGARIA AD is a holding company, registered in the Republic of Bulgaria, which operates in compliance with Bulgarian legislation.

EUROHOLD BULGARIA AD is a public company as defined in the Public Offering of Securities Act.

The initial registration of the Company is with the Commercial Registry of the Sofia City Court, in company file № 14436/ 2006, under № 111639, volume 1509, page 116.

On 10.03.2008 EUROHOLD BULGARIA AD was re-registered with the Commercial Registry at the Registry Agency in compliance with the requirements of the Commercial Registry Act.

The unique identification code (UIC) of the Company is 175187337.

EUROHOLD BULGARIA AD has been founded for an indefinite term, which means that the Company is not limited by a specific term or other preclusive condition.

EUROHOLD BULGARIA AD is a public limited company formed by the merger between EuroHold AD, registered under file № 13770/ 1996 of Sofia City Court and Starcom Holding AD, registered under file № 6333/ 1995 of Sofia City Court.

By the merger, the newly established holding company EUROHOLD BULGARIA AD strengthened its position as one of the biggest Groups in Bulgaria with significant potential for development, considerable equity and financial resources.

EUROHOLD BULGARIA AD was established with a capital in amount of BGN 50 002 586, divided into 50 002 586 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. Since the Company's establishment several capital increases by cash contributions have been performed and as of the date of this report the equity of the Company amounts to BGN 161 345 000, divided into 161 345 000 ordinary, registered, non-privileged, dematerialized voting shares, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. The share capital of the Company has not been increased by contributions in kind. The Company has not issued any shares that do not represent equity. All shares, excluding the shares owned by subsidiary companies, issued by EUROHOLD BULGARIA AD give their owners the right to vote at the General Meeting of the Shareholders.

When EUROHOLD BULGARIA AD was established, it had many subsidiaries in its structure, which operated in the fields of insurance, leasing, real estate and manufacturing. To optimize its costs and achieve higher synergies among all subsidiaries, EuroHold's management decided to split the subsidiaries functionally into separate legal entities within the Group as follows:

Insurance Sub-Holding

On 06.11.2007 EUROHOLD BULGARIA AD founded EuroIns Insurance Group EAD to consolidate its insurance activities. On 27.11.2007 a session of the General Meeting of the Shareholders of EUROHOLD BULGARIA AD was held and a decision was made for contribution in-kind of the shares, held by EUROHOLD BULGARIA AD in its subsidiaries EuroIns AD, EuroIns Romania Asigurare Reasigurare SA and the health assurance company St. Nicolay Chudotvorets EAD (currently EuroIns Health Assurance EAD). The described in-kind contribution was performed after the Bulgarian Financial Supervision Commission and the Romanian Insurance Supervisory Commission granted their approvals. Subsequently, EuroInsInsurance Group EAD acquired Macosped Osiguruvanje AD, Skopje (currently EuroIns Osiguruvanje AD, Skopje), and the acquisition was approved by the Ministry of Finance of the Republic of Macedonia on 28.01.2008.

In 2013 Euroins Insurance Group acquired from the Dutch financial group Achmea B.V. the whole business of Bulgarian companies Interamerican Non-life insurance and Interamerican Life insurance. On 2 October 2013 the insurance portfolio of Interamerican Non-life insurance was transferred into Euroins Insurance plcs. This became possible at the same day the Commission for protection of competition and the Financial Supervision Commission issued their approvals. As of 3 October 2013 Euroins started with the overall servicing of all Interamerican Non-life insurance policies. By regulatory Decision No 989-Ж3 from 20 December 2013 the Financial Supervision Commission granted permission to Euroins Insurance Group for acquiring the entire share capital of Interamerican Bulgaria Life Insurance. After the respective permission for the deal from the Commission for Protection of Competition had been previously obtained, all the conditions precedent for finalizing the transaction have been met. The purchase of the shares of Interamerican Bulgaria Life Insurance at the end of December 2013. As well as, on 3 December has been signed the agreement between Euroins Insurance Group

and the international insurance specialist QBE for transferring the insurance business in Bulgaria and Romania. According to the agreement the current insurance policies of QBE on both markets will be transferred to Euroins Insurance plc after the regulatory permissions are granted. In Bulgaria and Romania QBE mainly offer insurances Property, Goods in Transit and Responsibilities, while in Bulgaria was a leader in travel insurance.

On 20 February 2015 Euroins Insurance Group (EIG) signed a contract with TALANX INTERNATIONAL (based in Hanover) for the acquisition of its Bulgarian and Ukraine business, HDI Insurance and HDI Strakhuvannya, respectively. The deal for HDI Insurance was finalized as of the end of 2015 after the regulatory approval. On 12 August 2016 TALANX International transferred 99% of the shares to the Ukrainian organization as well. As of 30 September 2016, the company name is changed to Euroins Ukraine.

Increase of capital of Euroins Insurance Group AD in 2016:

In November 2015 the management has taken a decision to increase the capital of EUROINS INSURANCE GROUP (EIG) with BGN 195 583 thousand. As of end of 2015 Eurohold Bulgaria has contributed BGN 40 153 thousand in the capital of EIG. The aim of the emission was to finance the EIG expansion and to support its subsidiaries. In the first quarter of 2016 Eurohold Bulgaria initiated another contribution amounting to BGN 23 920 thousand. On April, 1st 2016 the increase with BGN 195 583 thousand was registered in the Trade Register and as of the present moment the capital of EIG equals BGN 483 445 thousand and the contributed capital is BGN 433 983 thousand.

Due to the significant growth of the insurance business in the last reporting periods and in order to support the business, the shareholders took the decision to increase the capital of the insurance group.

Since the end of 2015 the capital increase of Euroins Romania in the amount of RON 200 000 000 has begun and as of the present moment the whole amount of the increase has been paid.

On 29 September 2016 an Extraordinary General Meeting of the Shareholders of Euroins Romania Asigurare Reasigurare AD was conducted, on which the decision about the next capital increase in the amount of RON 100 000 000 was made. On 23.12.2016 the voted capital increase has taken place by importing RON 100 000 000 into the capital of Euroins Romania Asigurare Reasigurare

from the majority shareholder Euroins Insurance Group.

In 2016 the capital of Euroins – health insurance ZEAD EAD is increased by BGN 2 500 000 as follows:

- On 13.07.2016 a capital increase in the amount of BGN 1 500 000 has been registered in the Trade Register;
 - On 05.10.2016 additional BGN 1 000 000 have been registered in the Trade Register in connection with the capital increase.
- During the second half of 2016 a capital increase of ZD EIG Re EAD in the amount of BGN 4 000 000 has taken place and it was registered in the Trade Register on 14.07.2016.

Automotive Sub-Holding

At the end of 2008 began the formation of the automotive sub-holding of EUROHOLD BULGARIA AD – EuroHold Automotive Group EAD. The company was founded in 2007 and its initial share capital was formed by a contribution in-kind of the shares from the capital of Cargoexpress EOOD (currently Bulvaria Varna EOOD) – a dealer of Opel and Chevrolet in Varna. Similar to the establishment of EuroIns Insurance Group EAD, the consolidation of the automotive activities of EUROHOLD BULGARIA AD was made by contribution in-kind of the company's shares in its subsidiaries – Scandinavia Motors EAD – official importer of SAAB in Bulgaria, Nissan Sofia AD – the biggest dealer of Renault Nissan in Bulgaria and EuroLease Rent-a-Car EOOD – exclusive franchise partner of Budget Rent-a-car in Bulgaria. The General Meeting of the Shareholders of EUROHOLD BULGARIA AD approved the above described contribution in-kind at its session held on 26.05.2009, and on 02.06.2009 the automotive sub-holding was founded.

In the meantime, in April 2009 EuroHold Automotive Group EAD, renamed to Avto Union Group EAD, acquired control over Avto Union AD's group, which owns Auto Italia EAD – official importer of Fiat and Lancia for Bulgaria, Bulvaria Holding EAD – Opel and Chevrolet dealer in Sofia, Gransport Auto EOOD – official importer of Maserati for Bulgaria, Milano Motors EOOD – official importer of Alfa Romeo and the scooters Piaggio, Vespa and Guilleri, Star Motors EOOD – official representative of Mazda in Bulgaria and Bulvaria Rent-a-Car EOOD – franchise partner of Avis Europe in Bulgaria. At the end of 2010 EuroHold Automotive Group EAD (currently Avto Union Group EAD) transferred its participations in Scandinavia Motors EAD, Nissan Sofia AD and EuroLease Rent-a-Car EOOD to Avto Union AD. In 2010, Avto Union AD also acquired Espace Auto EOOD, currently owned by EUROHOLD BULGARIA AD. In the end of 2010 Avto Union Group EAD sold its shares in Avto Union AD to Eurohold Bulgaria. By this transaction the reorganization of the

automotive group has been completed. The ownership right over the shares has been transferred entirely in 2010. In 2011 the transaction was finalized.

In 2011, Bulvaria-Rent-a-Car EOOD was pooled into EuroLease Rent-a-Car EOOD, which became its universal assignee. The initial objective of this transformation was to optimize the operating costs of the company and to achieve better market segmentation, which in turn would improve the levels of customer service and clients' satisfaction. This was a prerequisite to strengthen the market presence of Avis and Budget in Bulgaria and to increase their market shares. In the end of 2011, Avto Union AD signed a preliminary contract and agreement to transfer the effective control of Eurolease rent-a-car to the leasing subsidiary BG Autolease Holding B.V. and the management of the company was transferred to the new owner. On 30.01.2012 the final contract for the transfer of the shares was signed.

On 23.01.2013 in the Commercial Register was entered restructuring of three subsidiaries of Auto Union, namely Gransport Auto EOOD as an importer of Maserati, Milano Motors EOOD – importer of Alfa Romeo, Vespa, Guilleri and Piaggio were merged into Auto Italia EAD – the importer of Fiat and Fiat Professional. The main purpose of this restructuring is to achieve more effective customer service to all Italian brands and to increase the efficiency of the structure by optimizing costs and cash flows. With the merger transferred all the assets and liabilities of Gransport Auto EOOD and Milano Motors EOOD to Auto Italia EAD. In February, 2013, Star Motors EOOD registered a company in Macedonia – Star Motors DOOEL Skopje. On 25.11.2013, Cargoexpress Imoti EAD merged with the parent company Bulvaria Varna EOOD.

During the reporting period Avto Union AD has reduced the capital of Auto 1 OOD with the amount of unpaid part of capital, amounting to BGN 383 thousand, thereby Avto Union reduced its investment to BGN 128 thousand and 20 per cent share. At the end of 2014 Avto Union terminated its participation as a partner in Auto 1 OOD. In the beginning of May 2014, Auto Union AD sold 100% of its shares in Auto Union Properties EOOD as from the deal has not been realized financial result. On 16.07.2014 was registered a 100% subsidiary of Star Motors DOOEL Macedonia in Kosovo, which is an authorized dealer of Mazda and Maserati. The registered capital of the new company is EUR 1,000.

On 31.10.2014 was entered in the commercial register EA Properties OOD, a 100% subsidiary of the Espace Auto OOD, in which Auto Union SA has 51% control through its subsidiary N Auto EAD.

At the end of 2014 Auto Italia EAD sold Eurotruck EOOD.

With decision, made during a meeting of the Board of Directors of Avto Union AD on 29.03.2016, the capital of Bulvaria Holding EAD was successfully increased with BGN 250 000 and as of the end of the reporting period it amounts to BGN 2 415 000. The capital increase is registered in the Trade Register on 04.05.2016.

With decision, made on behalf of Star Motors EOOD – Sole shareholder of Star Motors DOOEL (Macedonia) from 01.02.2016, the capital of the Macedonian subsidiary was successfully increased by EUR 100 000. Later during the year, with decision on behalf of Star Motors EOOD from 16.05.2016, one more capital increase of the subsidiary in the amount of EUR 100 000 took place. As of the end of the reporting period the capital of Star Motors DOOEL (Macedonia) amounts to EUR 450 000.

On 21.06.2016 Motobul EOOD signed an Annex to a revolving bank loan contract with Reiffeisenbank Bulgaria EAD, which extends the deadline for repayment until 30.06.2017. Furthermore, a gradual reduction of the used credit limit is negotiated, and as of 30.05.2017 it would amount to EUR 140 000.

On 22.06.2016 N Auto Sofia EAD signed an Annex to a revolving bank loan contract with Reiffeisenbank Bulgaria EAD, which extends the deadline for repayment until 30.06.2017. Furthermore a gradual reduction of the used credit limit is negotiated and as of 30.05.2017 it would amount to EUR 787 992.55.

On 30.09.2016 Avto Union AD signed an Annex to a Contract for loan commitments with UniCredit Bulbank AD, which reduces the limit of the multipurpose credit line from EUR 8 000 000 to EUR 7 250 000. The Annex extends the deadline of the contract until 30.09.2017.

On the same date an Annex to a Credit commitment between Star Motors EOOD and UniCredit Bulbank AD was signed, which extends the deadline of the contract until 15.12.2017.

On the same date an Annex to a Credit commitment between Auto Italy EAD and UniCredit Bulbank AD was signed, which extends the deadline of the contract until 30.09.2017. On 10 October 2016 Espace Auto OOD signed an Annex to a Credit contract with Societe Generale Expressbank AD, which extends the deadline for principal repayment until 30.06.2017. Furthermore a gradual reduction of the used credit limit is negotiated and as of 29.06.2017 it would amount to EUR 1 000 000.

On 01.12.2016 Bulvaria Varna EOOD officially opened its completely renovated and expanded complex center for selling and servicing of automobiles, which made it one of the biggest in the country. The showroom with an area of 400 m² has two floors and is situated on a plot of 10 000 m², along with three additional exhibition halls. The complex also has a mechanical and cars workshop, three parking zones and a real damages area. The investment expenses on the project of the expansion and renovation amount to BGN 400 000.

During the reporting period Star Motors EOOD also carried out several projects on reconstruction and renovation of its existing customer centers in Sofia as well as all in other parts of the country. The investment expenses amount to BGN 821 000.

Under the treaty for entering into debt from 20.01.2011, Avto Union AD has an established personal collateral as joint debtor to fulfill all obligations under the bond issue with ISIN BG2100006092 and issued by Asterion Bulgaria AD. On 05.12.2016 a General Meeting of the Bondholders of Asterion Bulgaria AD was conducted, on which a decision about the deletion of the personal collateral of Avto Union AD on the bond issue was made.

Lease Sub-Holding

At the end of 2008 EUROHOLD BULGARIA AD acquired 100% of the share capital of the Dutch company BGAutoLease Holding B.V. (with former trade name Wivotech B.V.), which in turn had acquired another Dutch company – BG AutoLease Group B.V. (with previous trade name Doesign B.V.). EuroHold BulgariaAD decided to contribute in-kind in the share capital of its subsidiary company BG AutoLease Holding B.V. and in its shares in the capital of EuroLease Auto EAD, Bulgaria, EuroLease Auto IFN SA, Romania, EuroLease Auto EAD, Macedonia. BG AutoLease Holding B.V. in turn contributed in-kind the aforementioned shares in the capital of BG AutoLease Group B.V. – a leasing subsidiary in the structure of EuroHold BulgariaAD.

In October 2012 Eurohold Bulgaria AD established a subsidiary Eurolease Group EAD.

At the beginning of January 2013 Eurolease Group acquired Autoplaza AD from Avto Union AD. The change was entered to the Commercial Register on 28.01.2013.

By decision from 29.11.2013 the sole shareholder took a decision for merger of its subsidiary – BG AutoLease Holding B.V. in Eurolease Group EAD under universal legal succession. As a result of

the transaction, the capital of the receiving company - Eurolease Group AD increased by the net value of the property of the transforming company - BG Autolease Holding BV, namely BGN 26,691,488 divided into 26,741,488 available, registered shares. The merger was entered in the Commercial Register on 03.01.2014.

At a meeting of the Management Board of Eurohold Bulgaria AD held on 09.12.2015, the sole owner of the capital of Eurolease Group had taken a decision for the increase of the capital of the company with BGN 500 000 via issuance of 500 000 of ordinary, registered, non-privileged dematerialized shares with a nominal value of BGN 1. On 14.12.2015 the increase of capital was registered in the Trade Register at the Registry Agency. As at 31.12.2015 the capital equals BGN 27 241 488.

With a contract from 28.12.2016 Eurolease Group EAD acquired the capital of Sofia Motors EOOD, registered in the Trade Register at the Registry Agency with UIC 175104206, along with all rights and obligations that it holds, under the provisions of the Trade Register and company's Instrument of Incorporation. Eurolease Group EAD is registered as a Sole owner of the capital in the Trade Register at the Registry Agency on 05.01.2017.

In 2016 Eurolease Group EAD increased the capital of its subsidiary Eurolease Auto Macedonia with BGN 352 000.

Asset management and brokerage

EUROHOLD BULGARIA AD owns the investment intermediary Euro-Finance AD, which has been a member of the Group since 2006.

Other activities

EUROHOLD BULGARIA AD considered its manufacturing companies as non-strategic, therefore made a decision for their sale, which was realized in August 2008.

Another field in which Eurohold Bulgaria was active in the past is real estate sphere. In May 2014 has been sold Auto Union Properties Ltd. (100% owned by Avto Union AD), with operations in consulting services, service and administration of companies in the field of real estate.

In October 2014 EA Properties OOD was established, a 100% subsidiary of the Espace Auto OOD, in which Avto Union AD has 51% control through its subsidiary N Auto EAD. Company's activity is the sale of real estate development, urban development and

construction, rental, consulting and management services.

Scope of Activity

The official scope of activity of EuroHold Bulgaria is acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, concession of licenses for patent use to companies where the Company has shares; financing of companies which the Company has shares in. The Company can participate in Bulgarian and foreign companies and organizations, regardless of their scope of business activity, as long as it complies with the conditions specified by the Law and the Articles of Association of the Company.

The company operates in compliance with the Bulgarian legislation. The main acts, governing its activities are the Commerce Act, the Public Offering of Securities Act, the Financial Supervision Commission Act, the Measures against Money Laundering Act, the Supplementary Supervision of Financial Conglomerates Act and bylaws as Ordinance №2 from September 17, 2003 on the prospects for the public offering and admission for trade of shares on a regulated market and the disclosure of information by the public companies and other issuers of securities, Ordinance No. 39 of 21 November 2007 on the disclosure of shares held in a public company, Ordinance on the minimum contents of the letter of attorney granting rights to represent a shareholder to at a general meeting of a company, which shares are subject to a public offering etc.

Headquarters and registered address

The headquarters and the registered address of EUROHOLD BULGARIA AD is Republic of Bulgaria, Sofia, 1592, 43 Christopher Columbus blvd. The head office of the Company is located at the same address. This is the official mailing address of the Company.

Business address:	43 Christopher Columbus Blvd.
Telephone	02/ 9651 653; 02/ 9651 651
Fax	02/ 9651 652
E-mail	investors@eurohold.bg ; office@eurohold.bg
Web site	www.eurohold.bg

Since the registration of EUROHOLD BULGARIA AD as a business entity, there has been no change in the Company's name. There have been no changes in the scope of activity of the Company.

The Company is not limited by time or another termination condition.

So far, the Company has not transferred or pledged the enterprise, has not acquired and has not disposed of assets of significant value outside the Company's usual course of business.

EUROHOLD BULGARIA AD is not aware of any filed claims for starting an insolvency proceeding against it or any of its subsidiaries.

Management Bodies

EUROHOLD BULGARIA AD has a two-tier management system: a Management Board which consists of five natural persons, and a Supervisory Board – consisting of four natural persons and one juridical person as follows:

Management Board

- Kiril Ivanov Boshov – Chairman;
- Assen Minchev Minchev – Executive Director;
- Dimitar Kirilov Dimitrov – Member.
- Velislav Milkov Christov – Member;
- Assen Emanuilov Assenov – Member;

Supervisory Board

- Assen Milkov Christov – Chairman;
- Dimitar Stoyanov Dimitrov – Vice-chairman;
- Dar Finance EOOD – Independent member;
- Radi Georgiev – member;
- Razvan Lefter – Independent member.

There are family ties among the members of the Management and the Supervisory bodies, specifically Assen Milkov Christov, Chairmen of the Supervisory Board and Velislav Milkov Christov, Member of the Management Board are brothers by birth.

The activity of the company does not depend on the individual professional experience or qualifications of other employees.

The company is represented by the Executive Director of the Management Board, Assen Minchev Minchev, and the Chairman of the Management Board, Kiril Ivanov Boshov.

With the entry into the Trade Register on March 1, 2016 the company is jointly represented by an Executive Board member and the procurator of the company Hristo Ljubomirov Stoev.

Share capital

As of the date of preparation of the current activity report the capital of Eurohold Bulgaria AD is increased through cash contributions in the amount of BGN 34 000 000, divided into 34 000 000 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one. As of the date of preparation of the current activity report the capital of Eurohold Bulgaria AD amounts to BGN 161 345 000, divided into 161 345 000 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one.

All of the Company's shares are from the same class and are fully paid in. The entire capital of the Company has been paid in cash. All the shares issued by the Company are in circulation.

The Company's shares are registered for trade on the Premium Equities Segment of the Bulgarian Stock Exchange Sofia AD with stock index 4EH.

After the successful completion of the dual listing procedure of the shares of EUROHOLD BULGARIA AD, the shares were registered for trading on the Warsaw Stock Exchange (WSE), Main List, with stock index EHG. The first day of trading on the WSE was 15 December 2011.

The Company hasn't bought and does not possess its own shares.

As of 31.12.2016 2 946 813 shares of the capital of EuroHold Bulgaria are owned by subsidiary companies. The shares have a nominal value of 1 BGN each.

The Company has not issued shares which do not represent capital. All shares issued by EUROHOLD BULGARIA AD give their owners voting rights at the General Meeting of the Shareholders.

The Bulgarian legislation does not provide for the existence of authorized but unissued capital, therefore there are no acquisition rights and/ or obligations over the Company regarding authorized but unissued capital.

The share capital of the Company has not been increased by in-kind contributions.

The Company has not undertaken any actions related to the issuance of warrants, convertible and exchangeable securities or rights.

The General Meeting of the Shareholders is the competent body to take decisions in terms of increasing the Company's capital. According to Art. 13, paragraph 5 of the Articles of Association of EUROHOLD BULGARIA AD, the Management Board of the Company can decide on an increase of the Company's capital up to BGN 400 000 000 (four hundred million) for a period of 5 (five) years after a registering with the Commercial Registry the amendment of the Company's Articles of Association, voted at the General Meeting of the Shareholders on 30.06.2011, in compliance with the provisions of Art. 194, paragraph 1 and 2, Art. 196, paragraph 1 and 2 of the Commerce Act, as well as the provisions of the Public Offering of Securities Act.

There are no parties that hold equity options on Issuer's capital. EUROHOLD BULGARIA AD and to which there is a liability conditionally or unconditionally for the issue of such options in their favor as well.

Changes in the Share Capital

EUROHOLD BULGARIA AD was established on 12.12.2006 with a capital amounting to BGN 50 002 586, divided into 50 002 586 ordinary, registered, non-privileged, dematerialized shares, with one voting right on the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each. The Company's capital has been gathered by the merger without liquidation of EuroHold AD and Starcom Holding AD. The amount of the capital is defined in the Reorganization Agreement, approved by General Meeting of the Shareholders of the two merged companies.

Between May and June 2007 EUROHOLD BULGARIA AD successfully carried out a subscription for capital increase by issuing of 12 500 646 new shares with nominal value of BGN 1 per share and issue value of BGN 3.35 per share. During the subscription 50 002 586 rights were issued each granting a right to purchase 0.25 new shares. The total amount of the subscribed and paid in shares reached 12 495 050 or 99.96% of the amount offered. After this capital increase was completed, the Company's capital amounted to BGN 62 497 636, divided into ordinary, registered, non-privileged, dematerialized voting shares, with dividend right and liquidation quota, with a nominal value of BGN 1 each.

Between March and May 2011 by decision of the Management Board of EUROHOLD BULGARIA S.A, the capital of the Company was increased by issuing 46 146 076 new shares with nominal and issue value of BGN 1 each. The Company issued 62 497 626 rights at the ratio rights/new shares - 1/1. 46,146,076 shares were subscribed or 73.84% of the emission by which, the capital of the Company reached BGN 108 643 712, divided into 108 643 712 ordinary, registered, non-privileged, dematerialized voting shares, with dividend right and liquidation quota, with a nominal value of BGN 1 each.

On 27.07.2011 the Management Board of EUROHOLD BULGARIA AD took decision for a subsequent capital increase of EUROHOLD BULGARIA AD. The Company issued 36 214 570 new rights at a ratio rights/new shares - 3/1. 18 701 288 new shares were subscribed or 51.64% of the rights offered. The total capital of the Company was increased from 108 643 712 to 127 345 000 BGN. The new emission was registered with the Commercial Register on 30 November 2011 and offered for trading on the Bulgarian Stock Exchange (BSE) on 04.01 2012. Actions have been undertaken for the registration and admission for trading of the latest issue of shares on the Warsaw Stock Exchange (WSE), where the Company's shares have been traded since 15.12.2011 as result of the double listing.

At a meeting of the Management Board of Eurohold Bulgaria AD from 27.06.2016, the increase of the company's capital was decided. With a decision, made on 12.12.2016, the Financial Supervision Commission accepted prospectus for subsequent capital increase of Eurohold Bulgaria AD, by the issue of 84 896 666 shares from the same type and class as the existing shares issue, with a nominal and issuing value BGN 1 each one.

As of the date of preparation of the current activity report 34 000 000 shares were subscribed, amounting to 40.05% of the issue, which makes the capital of Eurohold Bulgaria AD equal to BGN 161 345 000, divided 161 345 000 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one.

Regarding the Company, there are no applicable actions which could lead to a change in the shareholders' rights.

There are no provisions in the Articles of Association and/or in the Internal Regulations of EUROHOLD BULGARIA AD, which could lead to

delaying, deferring or preventing a change in the control of the Company.

There are no provisions of the Articles of Association and/or in the Internal Regulations of the Company setting an ownership threshold above which shareholder ownership should be disclosed.

There are no provisions of the Articles of Associations of the Company, which define more strict rules, than those provided by law regarding the capital changes.

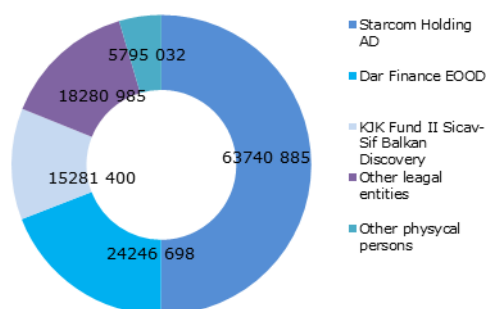
Shareholder Structure

As of the date of ending of the fiscal year, there are three legal entities that hold nominally over 5 % of the voting shares.

There are no natural persons – shareholders, who hold directly more than 5 % of the voting shares.

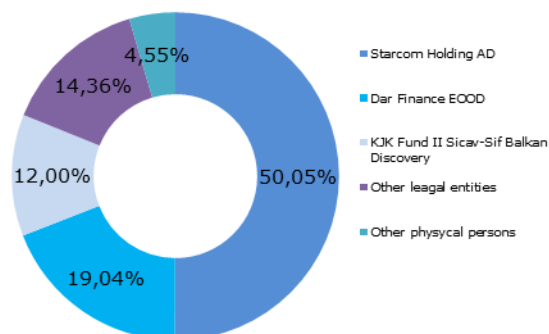
All issued shares are of the same class and give one voting right.

**Shareholders structure as of
31.12.2016
(number of shares)**



The majority shareholder of EUROHOLD BULGARIA AD is Starcom Holding AD. The majority shareholder does not have different voting rights. The seat and the registered address of Starcom Holding AD is 191, Ruski blvd, Etropole, Bulgaria.

**Shareholders structure as of
31.12.2016(%)**



As of the date of this report (after share capital increase), Starcom Holding AD controls the voting rights of 57.36% of the issued shares (50.05% as of 31.12.2016). Starcom Holding AD is the only entity which directly controls EUROHOLD BULGARIA AD

The Chairman of the Supervisory Board of EUROHOLD BULGARIA AD, Assen Christov indirectly controls the Company. Assen Christov is a majority shareholder and directly owns 51% of the shares of Starcom Holding AD. In this manner, Assen Christov controls directly the majority shareholder and indirectly EUROHOLD BULGARIA AD

Dar Finance EOOD is the second major shareholder of EUROHOLD Bulgaria. As of the date of this report (after share capital increase) Dar Finance EOOD controls the voting rights of approximately 15.03% of the issued shares (19.04% as of 31.12.2016).

Dar Finance EOOD does not have different voting rights.

KJK Fund II Sicav-Sif Balkan Discovery is the third major shareholder of EUROHOLD Bulgaria. As of the date of this report (after share capital increase) KJK controls the voting rights of approximately 12.69% of the issued shares. (12.00% as of 31.12.2016).

KJK Fund II Sicav-Sif Balkan Discovery does not have different voting rights.

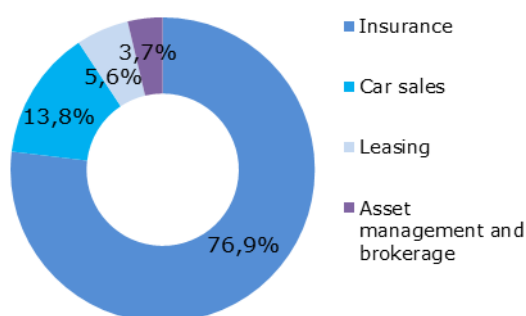
EUROHOLD BULGARIA AD does not have arrangements with other parties, nor is aware of such arrangements which may result in a future change of the control over the Company.

The main way to restrict the possible misuse on behalf of the majority shareholder with regard to the operations or the assets of the Company is the application of the provisions of article 114 of the Public Offering of Securities Act, according to which the company can not, unless being explicitly authorized by the General Meeting of the Shareholders, acquire, transfer, receive or grant for use, or as a collateral in any form whatsoever, fixed assets, as well as to become liable to stakeholders when the transactions/ liabilities exceed 2 % of the company's assets. The Articles of Association of the Company do not stipulate any additional restrictions.

The Company's capital has not been increased by contributions in-kind.

The Company has not issued any shares that do not represent capital. All shares, issued by EUROHOLD BULGARIA AD, grant their holders rights to vote at the General Meeting of Shareholders.

Breakdown of investments 2016



The companies from EUROHOLD BULGARIA AD's portfolio operate on the following markets:

- insurance and health assurance market;
- leasing market;
- financial services market;
- automotive market;

The overall business is focused on the line of Automotive sales – Leasing– Insurance.

II. ACTIVITY OVERVIEW

Main Scope of Activity

EUROHOLD BULGARIA AD is registered in the Republic of Bulgaria. Its main activities include:

- acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies;
- financing companies, in which the Company participates;
- participation in Bulgarian and foreign companies.

EUROHOLD BULGARIA AD's revenues are formed mainly by financial activity, related to acquisition, disposal and management of participations and financing of related companies.

As of 31.12.2016 EUROHOLD BULGARIA AD participates directly in four subsidiaries.

In the period covered by the historical information, the companies within the Group offer the following services:

- Insurance services;
- Health insurance services;
- Financial and operational leasing;
- Financial intermediation;
- Sales of new automobiles;
- Sales of used automobiles;
- Automobile repair services;
- Sales of spare parts;
- Cars rental.

Capital Investments

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD Investments in 2008					
EuroLease Auto Skopije EAD Incorporation	100%	1 000	97 830	Own funds	EUROHOLD BULGARIA AD
EuroIns Insurance Group Capital Increase	100%	76 981 791	76 981 791	Borrowings	EUROHOLD BULGARIA AD
EuroLease Auto EAD Capital Increase		6 018 606	6 018 606	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Share purchase	51%	55 080	1 956 000	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Capital Increase	66,92%	201 650	1 065 927	Own funds	EUROHOLD BULGARIA AD
EuroLease auto IFN Romania Share purchase	70.54%	13 870	72 011	Own funds	EUROHOLD BULGARIA AD
Eurohotels AD Capital increase	91.21%	1 200 000	1 200 000	Own funds	EUROHOLD BULGARIA AD
Geoenergoproekt AD Share purchase	80%	6 150	150 000	Own funds	EUROHOLD BULGARIA AD
BG AutoLease Holding, the Netherlands Share purchase	100%	180	46 647	Own funds	EUROHOLD BULGARIA AD

EuroLease Rent-a-car EOOD Capital Increase	100%	6 300	630 000	Own funds	EUROHOLD BULGARIA AD
Autoplaza EAD	50%	49 000	49 000	Own funds	EUROHOLD BULGARIA AD
Total			88 267 812		

Investments in subsidiaries in 2008

EuroIns Macedonia Share purchase	83,25%	2102	14 994 295	Own funds	EIG AD
EuroIns Macedonia Capital increase	8,10%	475	474 998	Distribution of dividends	EIG AD
EuroIns Macedonia Capital increase	47,48%	2786	3 683 933	Own funds	EIG AD
Takovo, Serbia Share purchase	10%	41 948	7 315 321	Own funds	EIG AD
EuroIns AD Capital increase	14,92%	1 753 542	7 014 168	Own funds	EIG AD
EuroIns AD Share purchase	1,84%	215 974	1 310 175	Own funds	EIG AD
EuroIns Romania Capital increase	29,21%	10 603 144	5 922 173	Own funds	EIG AD
EuroIns Romania Share purchase	0,70%	242 000	402 314	Own funds	EIG AD
EuroIns Health Insurance EAD Capital increase	10,63%	250 000	1 000 000	Own funds	EIG AD
EuroIns Health Insurance EAD Share purchase	44,68%	1 050 000	1 200 000	Own funds	EIG AD
EuroIns Macedonia Share purchase	83,25%	2 102	43 317 377	Own funds	EIG AD
Total			86 634 754		

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
<i>EUROHOLD BULGARIA AD investments in 2009</i>					
Euro-Finance AD Share purchase	99,99%	207 899	1 455 293	Own funds	EUROHOLD BULGARIA AD
EuroLease Auto Skopije EAD Capital increase	100%	1 000	97 825	Own funds	EUROHOLD BULGARIA AD
Autoplaza EAD	100%	51 000	51 000	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding, the Netherlands, Capital increase	100%		27 400	Own funds	EUROHOLD BULGARIA AD
Eurolease auto EAD Share purchase	22,46%	3 481 293	8 067 798	Own funds	EUROHOLD BULGARIA AD
Total			9 699 316		

Investments in subsidiaries in 2009

Avto Union Holding, BVI Share purchase	100%	17 300 000	15 646 640	Own funds	Avto Union Group AD
Kamalia Limited Share purchase	100%	999	3 911 660	Own funds	Avto Union Group AD
Inter Sigorta Share purchase	90,75%	90 750 500	1 052 007	Own funds	EIG AD
EuroIns AD Share purchase	2,61%	306 687	588 879	Own funds	EIG AD
EuroIns Romania Capital increase	36,96%	2 2658 397	10 492 167	Own funds	EIG AD
EuroIns Romania	1,55%	949 000	1 632 922	Own funds	EIG AD

Share purchase					
Star Motors EOOD Capital Increase	100%	20 000	1 000 000	Own funds	Avto Union AD
Total			34 324 275		
Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
<i>EUROHOLD BULGARIA AD investments in 2010</i>					
Geoenergoproekt AD Share purchase	99,47%	70 000	700 000	Own funds	EUROHOLD BULGARIA AD
Total			700 000		
<i>Investments in subsidiaries in 2010</i>					
EuroIns Romania Capital increase		9 035 868	4 293 829	Own funds	EIG AD
Milano Motors EOOD Capital increase		190	760 000	Own funds	Avto Union AD
Gransport Auto EOOD Capital increase		9 500	950 000	Own funds	Avto Union AD
Auto Italia EAD Capital increase		415 000	4 150 000	Own funds	Avto Union AD
Avto Union AD Capital increase		5 126	2 563 000	Own funds	Kamalia Trading Ltd.
Eurolease Auto Skopije EAD, Capital increase		3 000	293 375	Own funds	BG Autolease Group BV.
Total			13 010 204		
Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
<i>EUROHOLD BULGARIA AD investments in 2011</i>					
Avto Union AD Capital increase	100%		12 850 000	Own funds	EUROHOLD BULGARIA AD
Avto Union AD Increase in the investment share	100%		26 850 842	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding, the Netherlands, Capital increase	100%		3 344 469	Own funds	EUROHOLD BULGARIA AD
Scandinavia Motors AD Capital increase	0,38%	5	5 000	Own funds	EUROHOLD BULGARIA AD
Total			43 050 311		
<i>Investments in subsidiaries in 2011</i>					
Scandinavia Motors EOOD Capital increase	99,62%	871	871 000	Own funds	Avto Union AD
Scandinavia Motors EOOD Capital increase	99,62%	240	240 000	Own funds	Avto Union AD
Nissan Sofia EAD Capital increase	100%	150 000	750 000	Own funds	Avto Union AD
Eurotruck EOOD Incorporation	100%	1 000	10 000	Own funds	Avto Union AD
Auto 1 OOD Share purchase	51%	5 100	510 000	Own funds	Avto Union AD
EuroIns Romania Capital increase	90.45%		3 468 000	Own funds	EIG AD
BG Autolease Group, the Netherlands, Capital increase	100%		3 344 469	Own funds	BG Autolease Holding – the Netherlands

EuroLease Auto Skopje Capital increase	100%		97 792	Own funds	BG Autolease Group – the Netherlands
Eurolease Auto Romania, Capital increase	74.93%		312 933	Own funds	BG Autolease Group – the Netherlands
Eurolease Auto EAD Capital increase	100%		3 032 808	Own funds	BG Autolease Group – the Netherlands
Nissan Sofia EAD Share purchase	100 %	43 584	136 908	Own funds	Avto Union AD
Daru Car AD Share purchase	99.84%	12 686	9 779 150	Own funds	Avto Union AD
Motobul EOOD Share purchase	100%	51%	10 439 575	Own funds	Avto Union AD
Total			32 992 635		

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD investments in 2012					
Avto Union AD Capital increase	100%	10 065	5 032 500	Own funds	EUROHOLD BULGARIA AD
BG Autolease Holding – the Netherlands, Capital increase	100%	7 728	1 511 656	Own funds	EUROHOLD BULGARIA AD
Eurolease Group EAD Establishment of the company	100%	50 000	12 500	Own funds	EUROHOLD BULGARIA AD
Total			6 556 656		

Investments in subsidiaries in 2012					
Nissan Sofia EAD Capital increase	100%	890 000	890 000	Own funds	Avto Union AD
Bulvaria Holding EAD Capital increase	100%	730 000	730 000	Own funds	Avto Union AD
Autoplaza EAD Capital increase	100%	200 000	200 000	Own funds	Avto Union AD
Espas Auto OOD Share purchase	51%	88 500	885 000	Own funds	Nissan SofiaEAD
Euroins Rumania Capital increase	92.30%	15 753 791	6 833 474	Own funds	EIG AD
United Zdravno Osiguravane EAD, Share purchase	100%	205 002	355 250	Own funds	EIG AD
Euroins Macedonia Capital increase	92,65%	1 000	999 996	Own funds	EIG AD
Euroins Bulgaria Capital increase	77.90%	80 800	106 153	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		117 350	Own funds	BG Autolease Holding – the Netherlands
Eurolease Auto Romania Capital increase	74.93%		277 728	Own funds	BG Autolease Holding – the Netherlands
Total			11 394 951		

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD investments in 2013					
Eurolease Group EAD Capital increase	100%	50 000	37 500	Own funds	Eurohold Bulgaria AD
Total			37 500		

Investments in subsidiaries in 2013

Nissan Sofia EAD Capital increase	100%	667 500	667 500	Own funds	Avto Union AD
Bulvaria Varna EOOD Capital increase	100%	37 370	373 700	Own funds	Avto Union AD
Star Motors DOOEL Establishment of the company	100%		195 583	Own funds	Star Motors EOOD
Espas Auto OOD Capital increase	51%	26 200	262 000	Own funds	Nissan Sofia EAD
Euroins Romania Capital increase	93.27%	19 809 966	8 693 815	Own funds	EIG AD
Interamerican Bulgaria Life Share purchase	100%	1 012 507	3 575 971	Own funds	EIG AD
Euroins Macedonia Capital increase	93,36%	732	731 790	Own funds	EIG AD
Euroins Bulgaria Share purchase	78.13%	26 439	23 468	Own funds	EIG AD
EuroIns Health Insurance EAD Capital increase	100%	1 500 000	1 500 000	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		48 896	Own funds	Eurolease Group EAD
Autoplaza EAD Capital increase	100%		200 000	Own funds	Eurolease Group EAD
Total			6 078 908		

Investments in subsidiaries in 2014

Nissan Sofia EAD Capital increase	100%	1 200 000	1 200 000	Own funds	Avto Union AD
EA Properties EOOD Share purchase	100%	50 000	50 000	Own funds	Espas Auto OOD
Star Motors Sh.P.K Share purchase	100%		1 956	Own funds	Star Motors DOOEL
Euroins Romania Capital increase	96.64%	100 000 000	36 329 592	Own funds	EIG AD
Eurolease Auto Macedonia Capital increase	100%		68 454	Own funds	Eurolease Group EAD
Total			37 650 002		

Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD investments in 2015					
Euroins Insurance Group AD Capital increase	82.12%	59 753 189	59 753 189	Own funds	Eurohold Bulgaria AD
Eurolease Group EAD Capital increase	100%	500 000	500 000	Own funds	Eurohold Bulgaria AD
Total			60 253 189		

Investments in subsidiaries in 2015

Bulvaria Holding EAD Capital increase	100%	750 328	750 328	Own funds	Avto Union AD
Autoplaza EAD Capital increase	100%		250 000	Own funds	Eurolease Group EAD
Eurolease Auto Macedonia Capital increase	100%		146 687	Own funds	Eurolease Group EAD
Euroins Bulgaria AD Share purchase	79.82%	4 592 486	5 510 983	Own funds	EIG AD

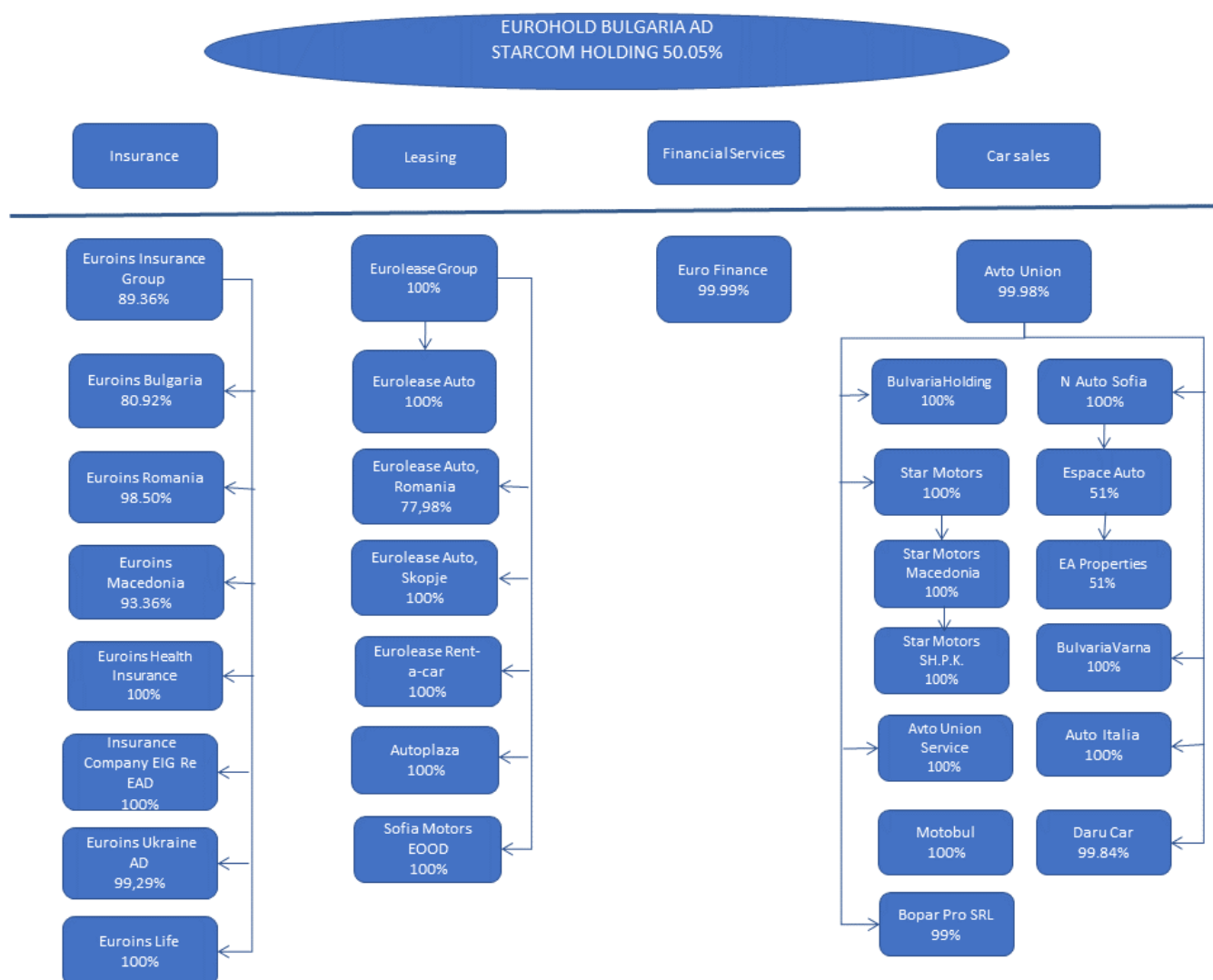
Euroins Romania Capital increase	96.64%		34 858 347	Own funds	EIG AD
HDI Insurance AD Share purchase	94%	171 832	8 397 615	Own funds	EIG AD
Total			49 913 960		
Description	% ownership	Number of shares	Investments (BGN)	Method of financing	Investor
EUROHOLD BULGARIA AD investments in 2016					
Euroins Insurance Group AD Capital increase	89.36%	105 966 641	105 966 641	Own funds	Eurohold Bulgaria AD
Total			105 966 641		
Investments in subsidiaries in 2016					
Euroins Romania Capital increase	98,15%	300 000 000	130 456 870	Own funds	EIG AD
EIG RE AD Share purchase	100%	10 968	450 000	Own funds	EIG AD
EIG RE AD Capital increase	100%	100 000	4 000 000	Own funds	EIG AD
Euroins Bulgaria AD Share purchase	80,92%	331 030	190 267	Own funds	EIG AD
PJSC "Euroins Ukraine IC Share purchase	99,29%	410 000	2 346 996	Own funds	EIG AD
Euroins Health Insurance Capital increase	100%	2 500 000	2 500 000	Own funds	EIG AD
Bulvaria Holding EAD Capital increase	100%	250 000	250 000	Own funds	Avto Union AD
Star Motors DOOEL Share purchase	100%		391 172	Own funds	Avto Union AD
Sofia Motors EOOD Share purchase	100%		10 000	Own funds	Eurolease Group EAD
Eurolease Auto Skopj Capital increase e	100%		352 049	Own funds	Eurolease Group EAD
Total			140 947 354		

Business Lines

The current business structure of EUROHOLD BULGARIA AD includes three main sub-holdings: EuroIns Insurance Group AD, Avto Union AD and EuroLease Group, which specialize respectively in insurance, car sales and leasing and the investment intermediary Euro-Finance AD. In

October 2014 was established EA Properties OOD with operations in real estate sale and development, urban development and construction, rental, consulting and management services. EA Properties OOD is a part of automotive sub-holding Avto Union AD.

As of 31 December 2016, EUROHOLD BULGARIA AD controls the following companies:



EuroIns Insurance Group AD – www.eig.bg

EuroIns Insurance Group AD (EIG) was founded at the end of 2007 as a 100% owned subsidiary of EuroHoldBulgaria AD, which concentrates the entire insurance and health assurance business of the holding. As of the date of this report EUROHOLD BULGARIA AD owns 89.36% of EIG's capital.

EIG develops its activity through its subsidiary insurance companies in Bulgaria, Romania, Macedonia and Turkey. The insurance companies in the Group have more than 300 regional offices and more than 1 million clients in the region.

The efforts and investments made in the past few years ensured the stabilization of the market positions of the companies in Bulgaria, Romania and Macedonia. As of the end of 2016, EIG owns the majority share in the companies in Bulgaria, Macedonia and Romania. EIG's share in the capital of the companies is respectively: 80.92 % in EuroIns AD, 93.36% in EuroIns Insurance Skopje

AD, 98.50% in EuroIns Romania Insurance and Reinsurance AD, 100% in EuroIns - Health Insurance AD, 100 % in Euroins Life Insurance, 99.29% in Euroins Ukraine AD and 100.00% in Insurance company EIG Re AD (HDI insurance AD).

The main goal of EuroIns Insurance Group AD is to achieve 10% market share of the general insurance sector in the Balkans region in the mid-term, as well as expanding the insurance business through offering a full range of insurance products - non-life insurance, life insurance and health insurance.

EIG's subsidiaries business activity is in the field of general insurance, life insurance and health assurance. The products offered include Motor Third Party Liability (MTPL), Auto Casco, Property Insurance, Cargo Insurance, General Third Party Liability Insurance, Crops and Livestock Insurance, Vessels Insurance, Aircraft Insurance, Financial Risks Insurance, Travel Assistance Insurance, Accident and Sickness Insurance, Life Insurance and health insurances.

EuroLease Group – www.euroleasegroup.com

The leasing sub-holding EuroLease Grup EAD (ELG) is a company, consolidating EuroHold's investments in the leasing sector in the Balkans.

The structure of ELG includes Eurolease Auto Bulgaria(100%), Eurolease Auto Romania (77.98%) Eurolease Auto Macedonia (100%), Eurolease rent-a-car – exclusive franchise partner of Rent-a-Car and Avis Rent-a-Car in Bulgaria (100%), Auptoplaza (100%) and Sofia Motors EOOD(100%).

The companies from the ELG group offer financial leasing of new and used vehicles, of new passenger and light commercial vehicles, trucks and buses.

EuroLease Group has a key role in the overall strategy of EUROHOLD BULGARIA AD – it unites car dealers and insurers to create a finished product with a common added value.

Avto-Union AD – www.avto-union.com

Avto Union AD is a holding company which consolidates EuroHold Bulgaria's investments in the automobile sector. Avto Union is an automotive subsidiary which offers 9 car brands in Bulgaria. Avto Union manages the largest portfolio of car brands in Bulgaria. The strategy of maintaining a variety of brands is complemented by continuous quality improvement of supplementary products and the after sales service, as well as by offering new product packages, combining leasing and insurance consistent with the client's needs.

The main business lines of Avto Union are:

- Sale of new cars, motorcycles and scooters;
- Sale of original spare parts and accessories;
- Car rentals (long and short-term);
- Car buy-backs.

Through its subsidiaries, Avto Union is:

- An exclusive importer for Bulgaria of the following brands: Fiat, Lancia, Alfa Romeo, Mazda, Maserati and the following brands of scooters: Piaggio, Vespa and Gilera;
- An authorized dealer of Opel, Nissan, Renault and Dacia;
- For each model from the Avto Union's portfolio a test-drive, is offered as well as registration of directly purchased vehicles. Additionally the following services are provided:

- Up to 5 years of 'Extended warranty' – extended manufacturer's warranty by 1 or 2 years (according the client's preference);
- covers a range of up to 150 000 km;
- Substitute vehicle in case of a car accident or damage;
- Car cosmetics;
- Warranty and post warranty service;
- Vehicle buyback.

Euro-Finance AD - www.eurofinance.bg

Euro-Finance AD has been a member of EuroHold Bulgaria since 2006. Euro-Finance is one of the first licensed investment intermediaries in Bulgaria with an almost 20-year history.

The company is the only investment intermediary in Bulgaria, member of the Deutsche Borse Group and through its network and longstanding relations with international broker-dealers offers a wide range of investment products –FX deals, contracts for differences(CFDs), equity trading, fixed income, derivatives trading, REPO transactions, domestic and international SWIFT payments.

Euro-Finance is a leading non-banking financial institution in Bulgaria which aims to provide quality investment products and services, tailored to each customer. Euro-Finance provides investment and financial services to individuals, corporate and institutional clients.

Real Estates

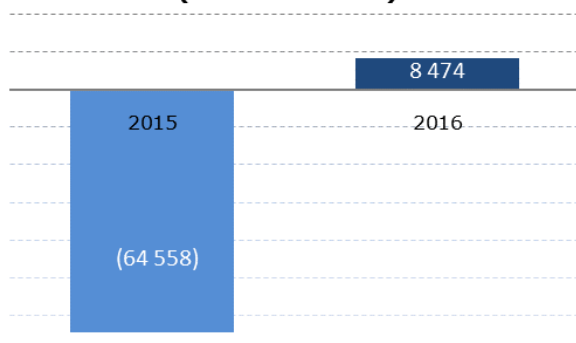
The real estate business of EuroHold Group is represented by Avto Union Properties EOOD, which in 2015 began work on building a showroom in the city of Sofia for car brands Renault, Dacia and Nissan.

III. OPERATING RESULTS

Analysis of Financial Results

As at 31 December 2016 the consolidated group result is a profit of BGN 8,474 thousand compared to a loss of BGN 64,558 in 2015. The net profit for 2016 is in the amount of BGN 10,224 thousand compared to a net loss in the amount of BGN 81,122 thousand in 2015.

Financial result for the Group (BGN thousand)



The financial results of the individual sub-holdings, unaffected by consolidation, are presented in the following table.

Income by subsidiary	2016	2015*
Insurance and health assurance	8 944	(82 670)
Automotive business	265	899
Leasing	(481)	569
Asset management and brokerage	(842)	245
Parent company	2 309	407

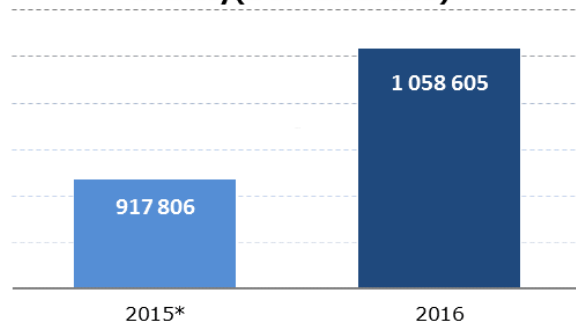
*Restated

Revenues

Revenue on a consolidated basis is formed by the activities of the sub-holdings and the core business of the parent company, related to the acquisition and management of shares and the financing of the sub-holdings.

The total revenue for 2016 on a consolidated level is BGN 1,058,605 thousand, which marks an absolute increase of BGN 140,799 thousand compared to the realized consolidated revenue for 2015.

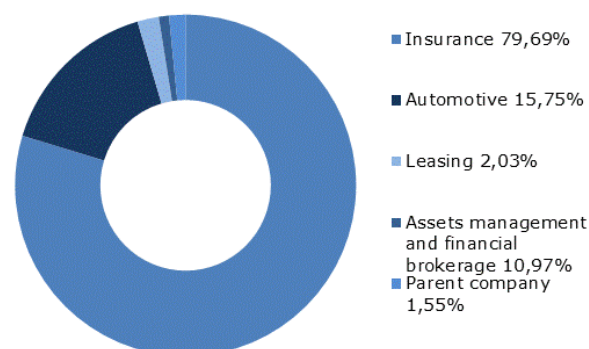
Revenues from operating activity(BGN thousand)



*Restated. See note. 46 to the consolidated financial statements

The structure of revenues by business lines for 2016 is the following:

Structure of revenues, %

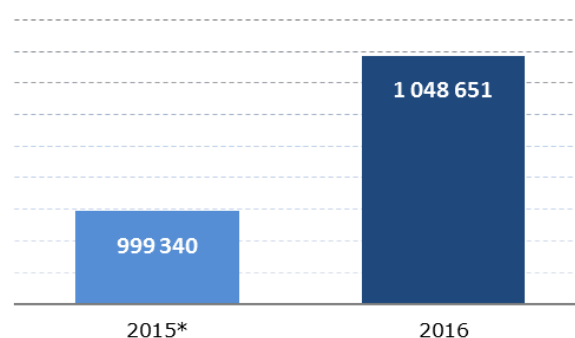


A major share of the revenues comes from the insurance business of the company, which has revenues for 2016 on a consolidated basis amounting to BGN 843,652 thousand (2015 – BGN 724,995 thousand), followed by the automotive business, which has revenues for 2016 in the amount of BGN 166,768 thousand, as for 2015 amounted to BGN 151,930 thousand. The remaining 4,55% of the revenues are shared among the leasing - BGN 21,524 thousand, asset management and brokerage - BGN 10,263 thousand and parent company - BGN 16,398 thousand.

Expenses

The consolidated expenses for 2016 amounted to BGN 1,048,651 thousand, which is 4,93% more than 2015.

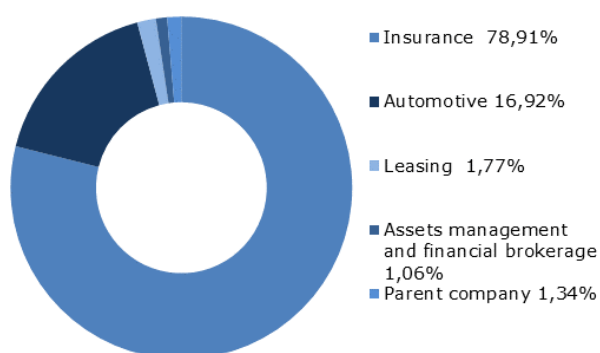
Expenses (BGN thousand)



*Restated. See note. 46 to the consolidated financial statements

The structure of expenses by business lines is the same as the structure of revenues, as follows:

Structure of expenses, %



In value terms, total expenses are allocated to BGN 827,479 thousand for Insurance, for Automotive - BGN 177,458 thousand, for Leasing - BGN 18,592 thousand, for Asset management and brokerage - BGN 11,085 thousand and BGN 14,037 thousand for the business of the parent company.

The main results on an unconsolidated basis by business activity are as follows:

Insurance and health assurance	2016	2015*	%
Premiums written	527 733	452 815	17%
Claims paid	(314 709)	(303 936)	4%
Acquisition costs	(127 442)	(112 377)	13%
Premiums ceded to reinsurers	(231 937)	(184 741)	26%
Change in the gross amount of unearned premium reserve	(21 061)	(31 170)	-32%
Change in the gross amount of reserve for pending claims	(5 380)	(121 291)	-96%
Administrative expenses	(21 472)	(23 123)	-7%
Net result	8 906	(80 050)	111%
Share capital	226 946	116 881	94%
Technical reserves	510 367	494 785	3%
Other liabilities	192 936	160 110	21%

*Restated. See note. 46 to the consolidated financial statements

Automotive	2016	2015	%
Revenues from sales	177 060	160 735	10%
EBITDA	4 416	3 326	33%
Net result	(1 382)	530	-361%

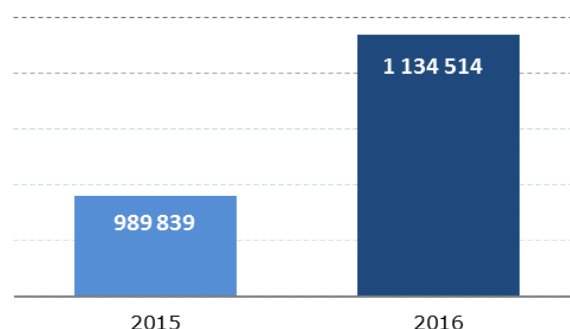
Leasing	2016	2015	%
Net result	(462)	604	176%
Leasing portfolio	53 328	55 552	-4%
Cash and cash equivalents	2 083	6 072	-66%
Share capital	16 104	16 579	-3%
Long-term liabilities	72 862	76 754	-5%
Short-term liabilities	9 050	8 777	3%

Asset management and brokerage	2016	2015	%
Revenues from sales	11 351	14 129	-20%
Net result	265	245	8%
Share capital	15 853	15 833	0%

Financial Position on a Consolidated Basis

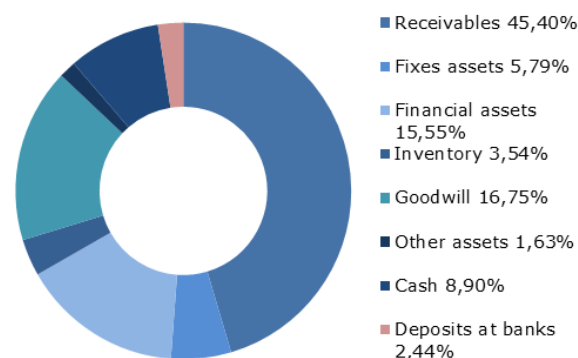
Assets

Total Assets(BGN thousand)



In 2016 the total assets of the Group grew by 14.62% compared to 2015. As at the end of 2016 they amounted to BGN 1,134,514 thousand, compared to BGN 989,839 thousand for 2015, which marks an increase by BGN 144,675 thousand.

Structure of assets, %



The receivables constitute a major share of the assets. They are divided into short-term and long-term, respectively amounted to BGN 440,986 thousand and BGN 74,087 thousand. The biggest share of the long-term receivables are financial leasing receivables of the leasing subsidiary. In 2016 they amounted to BGN 40,558 thousand, while in 2015 they were BGN 42,385 thousand.

The financial assets include the investment portfolios of the insurance companies and asset management and brokerage companies, as they are divided into short-term and long-term and constitute of securities held for trading and declared for current sale. The investments in associates and other companies are also part of the long-term financial assets.

The financial assets amounted to BGN 174,097 thousand in 2016, compared to BGN 103,752 thousand in 2015, while the other financial investments amount to BGN 2,159 thousand, compared to BGN 2,772 thousand in 2015.

Inventory constitutes 3,54% of the total assets of the Group and consists primarily of the automobiles and spare parts of the automotive companies. It increased from BGN 34,449 thousand at the end of 2015 to BGN 40,212 thousand at the end of 2016.

Goodwill is 16,75% of total assets at the end of 2016 compared to 19,19% at the end of 2015. For 2016 it amounts to BGN 189,999 thousand, increasing by BGN 10 thousand compared to the end of 2015. The reason is the recognized goodwill upon acquisition of a subsidiary in the leasing sub-holding.

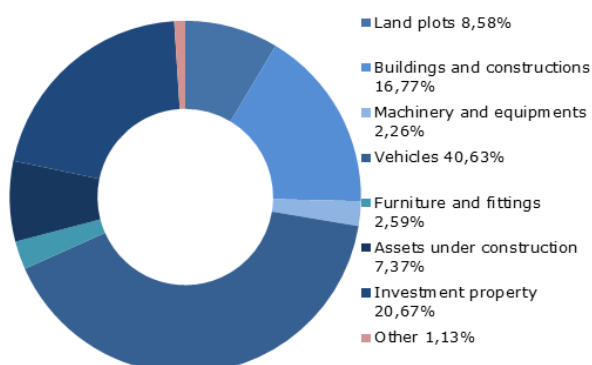
Cash and deposits at banks amount to BGN 128,610 thousand (11,34% of total assets) compared to BGN 87,204 thousand (8,81% of total assets) for 2015 or an increase in the amount of BGN 41,406 thousand (47,5%).

Structure of Fixed Assets

EuroHold Bulgaria AD and its subsidiary companies do not have off-balance sheet assets.

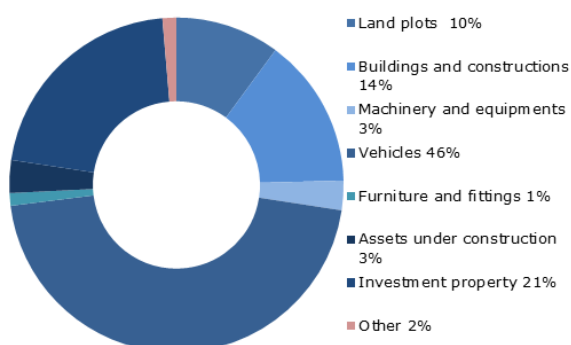
There are no environmental issues affecting the use of assets by the Group.

Fixed assets 2016, %



During the accounting period the total amount of fixed assets increases by 16%. Fixed assets are BGN 63,937 thousand at the end of 2016, compared to BGN 53,621 thousand at the end of 2015.

Fixed assets 2015, %



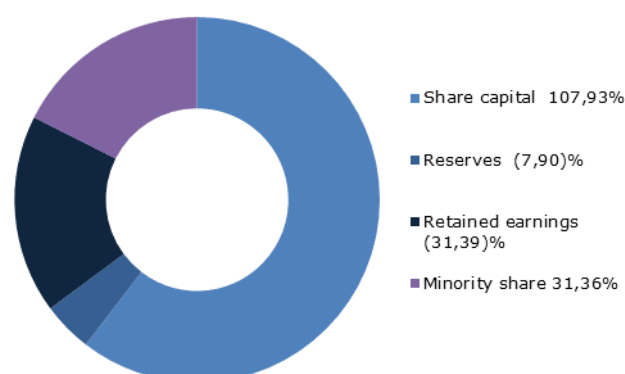
The structure of fixed assets for 2016 is dominated by vehicles and investment properties.

The most significant share of fixed assets are the vehicles which are a main asset of the automotive sector. They amounted to BGN 25,976 thousand at the end of 2016 (2015 – BGN 24,426 thousand). Investment properties increased by 16%, as at the end of 2016 they amounted to BGN 13,215 thousand (2015 – BGN 11,396 thousand).

Equity and Liabilities

The total equity of the Group is formed by the share capital, reserves, retained earnings and minority share. The reserves are classified as premium reserves, general reserves, revaluation reserves and special reserves.

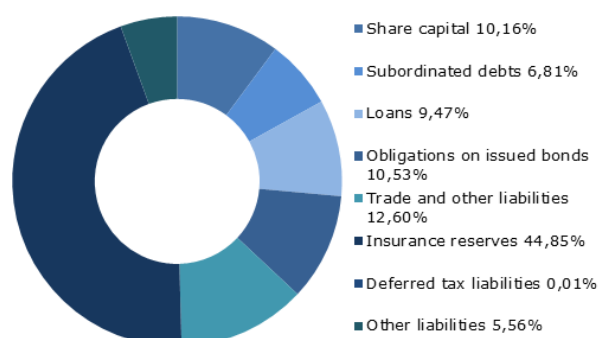
Equity structure, %



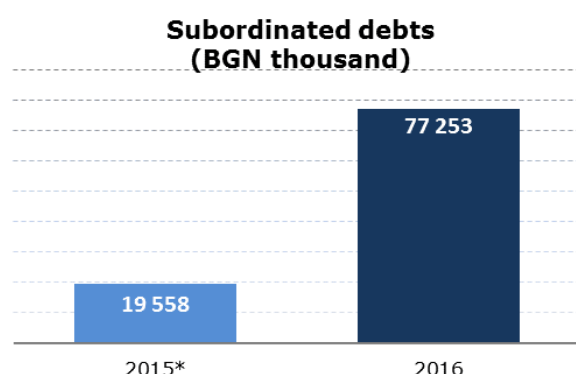
As of 31.12.2016 the equity, belonging to the owners of the parent company represents 7,0% of the group's assets. Minority share of other shareholders represents 3,2% of the group's assets.

In absolute terms the total equity as at the end of 2016 is BGN 115,259 thousand (2015 – BGN 109,162 thousand). The retained earnings as at 31.12.2016 are in the amount of BGN 36,185 thousand (2015 – BGN 36,907 thousand) and constitute 31,4% of the Group's equity.

Structure of Liabilities and Equity, %

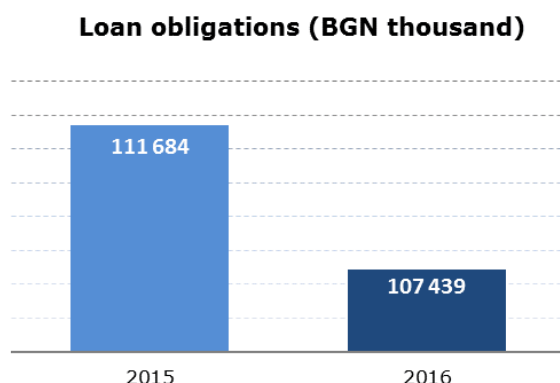


The subordinated debts constitute 6,81% of total liabilities and equity. In 2016 they increase to BGN 77,253 thousand, compared to BGN 19,558 thousand at the end of 2015 or a 295,0% increase. In continuation of the policy of capital strengthening, the managers of Eurohold Bulgaria AD have taken appropriate capital measures. Existing obligations were renegotiated as subordinated debts (liabilities) with effective date 30.06.2016. As at 31.12.2016 the total amount of subordinated debts of the parent company is equal to BGN 53,695 thousand. The subordinated debts at the end of 2016 in the Insurance and Health insurance segment amount to BGN 23,558 thousand (see Note 34 to the consolidated financial statements).



*Changes in presentation. See note 46 to the consolidated financial statements.

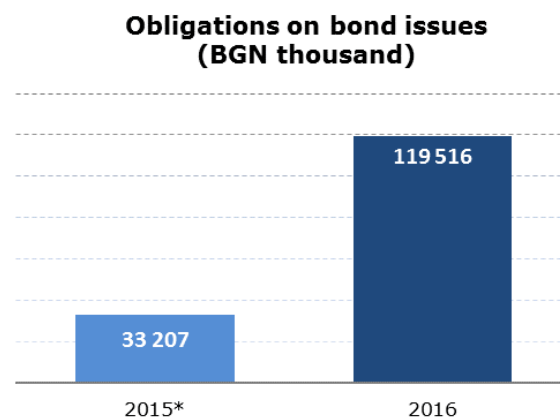
The obligations on loans to banks and other financial institutions account for 9,47% of the sum of the liabilities and equity. In 2016 they decreased to BGN 107,439 thousand compared to BGN 111,684 thousand at the end of 2015 or a decrease by 3,8%.



The liabilities from bond issues account for 10,53% of the sum of the liabilities and equity.

The liabilities from bond issues increased by 259,9%, from BGN 33,207 thousand at the end of 2015 to BGN 119,516 thousand at the end of 2016.

The growth is due to the successful issue of unsecured, medium-term Eurobonds (EMTN Programme), which are introduced for trading on the Irish Stock Exchange. The raised funds are mainly directed towards Euroins Insurance Group EAD (EIG) with the intention of EIG's regional expansion.



*Changes in presentation. See note 46 to the consolidated financial statements.

A significant part of the liabilities of the Group are the insurance companies' technical reserves. They constitute 44,85% of the sum of the liabilities and equity. At the end of 2016 they amounted to BGN 508,820 thousand, compared to BGN 491,396 thousand in 2015.

12,60% of the sum of the liabilities and equity constitute of trade and other liabilities. Their values as at the end of 2016 were BGN 142,936 thousand. The remaining 5,56% represented other liabilities equal to BGN 63,291 thousand.

IV. OVERVIEW OF THE MAIN RISKS FACING THE COMPANY

1. Systematic risks

In recent years, economists from different countries unite around the idea that the prosperity of the global economy depends on all the major players as well as on the growing number of developing and smaller players. Issues concerning the aging population in all parts of the world, the volatility in the prices of energy and agricultural products, the unequal income distribution among the members of the population and the risk of systematic global financial fluctuations have become main topics of discussion at many international forums. These trends are inextricably linked with the Bulgarian macroeconomic environment and inevitably influence the results of local companies and their future development. Another distinctive issue is associated with the excessive depletion and neglecting the importance of using scarce global resources. In light of these facts, economists are united around the idea that ultimately, the change in modus operandi of global business will be

dictated and enforced by the deteriorating environment and the reduction of beneficial opportunities for individual participants. The outcome of some risks associated with the international environment will depend largely on pre-drawn plans and preventive measures of individual countries and international institutions, as evidenced by the recent global economic crisis. The risk of the impact of the international environment on the companies cannot be diversified and it affects all players, but on the other hand it can turn into an engine for innovation development and implementation, which can drastically change and increase business efficiency on a global scale.

Macroeconomic Risk

The macroeconomic situation and the economic growth of Bulgaria and Europe are crucial for the development of „Eurohold Bulgaria“ AD, including the state policies in the respective countries and in particular the regulations and the decisions made by their Central Banks, which affect monetary and interest rate policies, exchange rates, taxes, GDP, inflation, budget deficit and external debt, unemployment rates and income composition.

The theoretical liberalization of the fiscal policy remains as a potential internal risk, which could lead to further substantial increase in the deficit and violation of the currency board principles.

Macroeconomic risks include: political risk; sovereign credit risk; inflation, currency and interest risks; risks associated with the newly emerging markets and risks associated with the Bulgarian securities market.

Political Risk

The political risk reflects the influence of political processes in Bulgaria on the business and investment processes and in particular on the return on investments. The degree of political risk is determined by the probability of adverse changes in the government's long-term economic policy that could have a negative impact on investment decisions. Other factors associated with this risk are possible legislative changes affecting the business and investment climate in the country.

The Republic of Bulgaria is a country with political and institutional stability, based on modern constitutional principles such as multi-party parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers.

Bulgaria is a member of NATO and since 1 January 2007 a member of the European Union (EU). The desire for European integration, the presence of a dominant political formation, the pursuit of strict fiscal discipline and adherence to a moderate deficit, create predictability and minimize political risk.

Unemployment

In countries with market economies, unemployment is recognized as social risk in relation to labor. As a socially assessed risk, unemployment is subject to compulsory social security and social benefits under certain conditions. The overall activity regarding the creation and implementation of the state policy on social security on unemployment, as well as encouraging and supporting the unemployed in finding and starting work and/or other types of economic activity provides the content of the management process of this social risk.

According to the data of the National Statistical Institute, the annual unemployment rate for 2014 was 11.4%, while according to the data published for 2015, the unemployment rate in Bulgaria is 9.1%.

Sovereign Credit Risk

The credit risk is the likelihood of worsening international credit ratings of a country. The low credit ratings could lead to higher interest rates, tougher funding conditions for the economic entities, including „Eurohold Bulgaria“ AD.

In the middle of 2016, the credit agency Standard & Poor's has affirmed its long-term and short-term sovereign credit ratings on Bulgaria in foreign and local currencies at 'BB+/B', with a stable outlook. The rating is supported by the moderate government debt, noting that the indicator has reported a growth as a result of the substantial support to the banking sector in 2014. The country's rating is supported by the moderate level of external indebtedness. The Agency noted that in 2015 the real GDP growth accelerated to 3%, being the highest rate since 2009, supported by export growth and an acceleration in the absorption of EU funds. Expectations are associated with weaker growth in the period 2016-2019, due to the time needed for the implementation of projects financed by the EU funds in the new programming period. Weak domestic demand is also a factor raising uncertainty in growth. As regards the budget deficit it has been reported that in 2015 it shrank to 2.1% of GDP in line with higher revenues and improved collection rate, which is expected to gradually decrease to 1.7% in 2019.

On 22.07.2016, the international rating agency Fitch Ratings downgraded the Long-Term Local Currency Rating of Bulgaria as a result of a change in their methodology. The Agency downgraded Bulgaria's Long-Term Local Currency (LTLC) IDR to the level of the Long-Term Foreign Currency (LTFC) IDR from BBB to BBB- with stable outlook. The Short-Term Foreign Currency (STFC) IDR was affirmed at F3 and a new Short-Term Local Currency (STLC) IDR of F3 has been assigned. Bulgaria's LTFC IDR was affirmed on 3 June 2016 at BBB- (stable outlook), but it was not included in the reassessment as the changes in the methodology did not apply to the criteria of this rating.

Source: www.minfin.bg

Inflation Risk

The inflation risk relates to the probability of inflation affecting the real return on investments. The main risks associated with the inflation forecast relate to the dynamics of international prices and the pace of economic growth in Bulgaria. International commodity prices may increase significantly as a result of political crises or increased demand. Limited international supply of some agricultural products, particularly cereals, in connection with adverse weather conditions may further cause higher inflation in the country. Higher relative consumer prices of services in comparison to food and non-food commodities are expected with the recovery of domestic demand.

According to the forecast of the Ministry of Finance for the macroeconomic indicators till 2020, the growth rate of the economy will gradually slow down and the projected average growth for the period 2017-2020 is expected to be 2.0%. Inflation may also affect the costs of "Eurohold Bulgaria" AD since many of its liabilities are interest-bearing. The service of these debts is directly related to the current interest rates, which reflect inter alia the national inflation levels in the country. Therefore, maintaining low inflation rates in the country is considered as a significant factor for the activities of Eurohold Bulgaria AD. At present and in general, the mechanism of the currency board provides assurance that inflation in Bulgaria will remain under control and there will be no adverse impact on the country's economy, in particular on the activities of the Company. Given that, every investor should better understand and consider both the current levels of the inflation risk and the future possibilities for its manifestation.

Currency Risk

This risk is associated with the likelihood of local currency depreciation. For Bulgaria in particular, this is the risk of premature withdrawal of the Currency Board arrangements at fixed exchange rate of the national currency. Having regard to the policy adopted by the Government and by the Central Bank, it is expected that the Currency Board will be maintained until the country joins the Eurozone.

Any substantial depreciation of the Bulgarian Lev (BGN) may have a major disruptive effect on the economic players in the region, including "Eurohold Bulgaria" AD. Risk exists when the revenues and expenses of a business entity are denominated in different currencies. Particularly clear is the exposure of the business entities to the US dollar operating in the territory of Bulgaria, which is the main currency of a considerable part of the global markets of raw materials and products.

The changes in different exchange rates did not significantly affect the operations of "Eurohold Bulgaria" AD until the acquisition of controlling interests in the neighboring Romania and Macedonia. The financial results of these companies are presented in the local currency - Romanian Leu (RON), which exchange rate is determined almost freely in the local currency market. The consolidated income of Eurohold Bulgaria will be exposed to currency risk until the introduction of the European single currency in Romania.

Interest Rate Risk

The interest rate risk is associated with the possibility of changes in the prevailing interest rates in the country. Its influence is expressed by the possibility to reduce the net income of the companies as a result of increasing the interest rates at which "Eurohold Bulgaria" AD funds its activities. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the emergence of instability in the financial system as a whole. This risk can be managed through a balanced use of different funding sources. A typical example of this risk is the global economic crisis caused by the liquidity problems of large mortgage institutions in the USA and Europe. As a result of the crisis, the interest margins under credit risk were re-evaluated and increased globally.

The effect of this crisis is clearly demonstrated in Eastern Europe and the Balkans by limiting the free access to loans.

The increase of interest rates, *ceteris paribus*, would affect the price of the financial resources used by „Eurohold Bulgaria“ AD in the implementation of various business projects. It can also affect the amount of the costs of the company since a significant part of the liabilities of the company are interest bearing and their service is connected with the current interest rates.

Emerging Markets

Investors in emerging markets, such as Bulgaria, should be aware that these markets are subject to greater risk than more developed markets. In addition, adverse political or economic developments in other countries could have a significant negative impact on Bulgaria's GDP, its foreign trade and the economy as a whole. Investors should exercise particular care in assessing the risks involved and must decide for themselves whether, in light of those risks, investing in shares of „Eurohold Bulgaria“ AD is appropriate for them.

Investing in emerging markets is suitable only for sophisticated investors, appreciating in full the significance of the risks. Investors should also be aware that conditions in emerging markets are changing rapidly and the information contained in this document may become outdated relatively quickly.

Risks associated with legislative changes

The results of „Eurohold Bulgaria“ AD can be influenced by changes in the legislation. The possibility of radical changes in the regulatory framework in Bulgaria may have an adverse effect on „Eurohold Bulgaria“ AD as a whole, its operating results and financial status.

2. NON-SYSTEMATIC RISK

Risks associated with the operations and structure of 'Eurohold Bulgaria' AD

„Eurohold Bulgaria“ AD is a holding company, and any deterioration in the operating results, financial position and development prospects of its subsidiaries may adversely affect the operating results and the financial status of the Company.

As far as the business of „Eurohold Bulgaria“ AD is associated with the management of assets of other companies, it cannot be assigned to one particular sector of the national economy and it is exposed to the sectoral risks of its subsidiaries. Generally, the companies from the group of Eurohold Bulgaria AD operate in two main sectors: financial, including insurance, leasing, financial intermediation and car sales.

The main risk associated with the activity of Eurohold Bulgaria AD is the possibility of reducing the sales revenue of the companies in which it participates. This affects the dividends received. In this respect, it can affect the growth of the Company's revenue as well as its profitability.

The biggest risk is concentrated in the insurance segment of the Company, which generates the biggest portion of the group's revenues. The companies with the largest share in revenues, respectively in the financial result of the insurance segment, are those companies of the Euroins Group, operating in the Bulgarian and the Romanian markets. The shares of Euroins Insurance AD are listed on the Bulgarian Stock Exchange-Sofia AD (BSE-Sofia AD). Investors may obtain additional information regarding the business risks from the activities of this Company by reading the Prospectus of the Company, published on the website of BSE-Sofia AD www.bse-sofia.bg, under section "Prospectuses of Issuers" and on the website of the Financial Supervisions Commission www.fsc.bg, under section "Public Companies and other Issuers".

The main risk in leasing lies with the possibility of providing an acceptable price for sufficient funds to expand the leasing portfolio. The leading company of the leasing sub-holding, Eurolease Auto AD, has issued bonds listed for trading at BSE-Sofia AD.

The financial segment of the Group is represented by the investment intermediary Euro-Finance AD. The risk in the sector of financial intermediation and asset management is associated with high volatility in debt and equity markets, changes in financial sentiment and investment culture of the population.

The automobile sub-holding Avto Union AD operates mainly in the sale of new automobiles, car rent (rent-a-car services), warranty and post-warranty service of automobiles. The activity is directly dependent on the availability of permits and authorizations that respective car manufacturers have provided the companies in the Avto Union Group.

Suspension or withdrawal of such rights could sharply reduce the sales of the group. This is particularly relevant in the context of global restructuring of the automotive industry.

The business environment of the automotive industry is influenced inter alia by purely domestic factors related to the purchasing power of the population, access to funding, business sentiments, inventories, etc.

Deterioration in the performance of one or more subsidiaries could lead to a deterioration of the results on a consolidated basis. This in turn is related to the price of the Company's shares since the market price of the shares takes into account the business potential and the assets of the Group as a whole.

Risks associated with the development strategy of „Eurohold Bulgaria“ AD

The future profits and economic value of „Eurohold Bulgaria“ AD depend on the strategy chosen by the senior management team of the Company and its subsidiaries. Choosing an inappropriate strategy may result in significant losses.

Eurohold seeks to manage the risk of strategic errors by continuous monitoring of the various stages in the implementation of its market strategy and the results. This is of crucial importance in order to be able to react in a timely manner if a change is needed at some stage in the strategic development plan. Untimely or inappropriate changes in strategy may also have a significant adverse effect on the company's business, operating results and financial position.

Risks associated with the management of „Eurohold Bulgaria“ AD

The risks associated with the management of the Company are:

- Wrong decisions for the ongoing management of investments and liquidity of the Company, both by senior management and operational staff;
- Inability of management to start the realization of planned projects or lack of appropriate management for specific projects;
- Possible technical errors of the single management information system;
- Possible failures in the internal control system;

- Key employees leaving the company and inability to recruit qualified personnel;
- Risk of excessive increase of the costs for management and administration, leading to a decrease in the overall profitability of the Company.

Risks associated with attracting and retaining qualified staff

Given the problems in the educational system in Bulgaria in recent years resulting in insufficiently trained personnel, many sectors of the national economy experience shortage of qualified staff. Additional factor is the demographic crisis in the country - aging population and low birth rate. As a result of these and other factors, competition among employers is very high.

The business of Eurohold is dependent largely on the contributions of a number of persons, members of the management and supervisory bodies, managers of higher and middle management level of the parent company and the subsidiaries from the major business segments. There is no certainty that these key employees will continue to work for „Eurohold Bulgaria“ AD in the future. The Company's success will be relevant also to its ability to retain and motivate these individuals. The inability of the Company to retain sufficiently experienced and qualified staff in managerial, operational and technical positions may have an adverse effect on the activity of economic group as a whole, its operating results and financial position.

Risks associated with future acquisitions and their integration into the structure

At present, Eurohold Group develops its operations mainly in Bulgaria and other neighboring countries, such as Romania and Macedonia, through acquisitions of companies and assets. „Eurohold Bulgaria“ AD expects these acquisitions to continue.

The Group intends to pursue a strategy of identifying and acquiring businesses, companies and assets with a view to expand its activities. The risk for „Eurohold Bulgaria“ AD is the uncertainty of whether it will manage to identify adequate targets for acquisition and investment opportunities in the future. On the other hand, there is uncertainty as to assessment of the profitability of the future acquisitions of assets and whether they will lead to comparable results with the investments realized so far.

Acquisitions and investments are subject to a number of risks, including possible adverse effects on the performance of the Group as a whole, unforeseen events as well as obligations and difficulties in the integration of the activities.

Financial Risk

The financial risk represents the additional uncertainty in regard to the investor's earnings in the cases when the Company uses raised or 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 debt securities, the repayment of these funds represent a fixed liability. The indicators for financial autonomy and financial indebtedness measure the ratio between own and borrowed funds in the capital structure of the Company. The high level of the financial autonomy ratio, respectively the low level of the financial indebtedness ratio are a kind of a guarantee to investors as to the ability of the company to pay regularly its long-term liabilities. These indicators show what is the portion of the borrowed funds within the total equity. The larger the share of long-term debt compared to equity, the greater will be the probability of problems in the payment of fixed liabilities. The increase in value of this indicator shows an increase of the financial risk as well. Another group of indicators relates to the revenue streams, which enable „Eurohold Bulgaria“ AD to pay its liabilities. An indicator that can be used is the fixed liabilities coverage ratio (interests). This indicator shows how many times the fixed interest payments are contained within the value of the earnings before interest and tax payments.

This is a good indicator of the ability of the Company to service its long-term liabilities. The effect of the use of borrowed funds (debt) in order to increase the final net income attributable to the shareholders is called financial leverage. The benefits of financial leverage appears when the company earns from the investment of borrowed funds more than are the costs (interests) on their raising. The risk indicator in this case is the level of financial leverage, which is the ratio between earnings before interests and taxes (EBIT) and earnings before taxes (EBT), the so called interest burden. The acceptable or "normal" level of the financial risk depends on the

business risk. If a company has a low business risk, it can be expected that investors would be willing to assume greater financial risk and vice versa.

Currency Risk

In general, the operations of Eurohold Bulgaria AD in the Republic of Bulgaria does not generate foreign exchange risk due to the currency board and pegging the national currency Bulgarian Lev to the Euro. Currency risk exists mainly for the Group's investments, mainly insurance and leasing, outside Bulgaria i.e. Romania and Macedonia.

Liquidity Risk

The liquidity risk relates to the possibility Eurohold Bulgaria AD not to repay on maturity and/or the agreed amount of its obligations as they fall due. Having good financial indicators of profitability and capitalization do not guarantee uninterrupted current payments. Liquidity risk may also arise in delayed payments from customers.

Eurohold Bulgaria strives to minimize this risk through optimal management of cash flows within the group. The Group applies an approach to provide the necessary liquid resources to meet its liabilities when due under normal or emergency conditions, without incurring unacceptable losses or damaging the reputation of individual companies and the group as a whole.

Companies use financial planning to meet the payment of expenses and current liabilities for a period of thirty days, including the servicing of financial liabilities. This financial planning minimizes or completely eliminates the effects of unexpected circumstances.

The management of „Eurohold Bulgaria“ AD supports the efforts of the subsidiaries in the Group to borrow funds from the banks for investments and uses this type of financing to secure working capital. The amounts of these borrowed funds are maintained at certain levels and are approved after demonstrating their cost effectiveness for each company. The policy of the management is focused at raising financial resources from the market in the form of securities (shares) and debt instruments (bonds) to invest in the subsidiaries by granting loans to finance their projects.

The Company participates in the increase of their capital as well.

Market Risk

In general, market risk is the risk of reducing the value of an investment based on current market conditions. Market risk can be defined as resulting from macroeconomic factors and incorporates interest risk, currency risk and inflation fluctuations risk. For Eurohold Bulgaria AD market risk is associated with the possibility of reducing the price of traded financial instruments.

Credit Risk

This is the risk arising from the inability of „Eurohold Bulgaria“ AD to meet its liabilities under the borrowed funds. It is associated with delayed, partial or complete default of „Eurohold Bulgaria“ AD to pay interest and principal on its loans. Credit risk is also the risk when a counterpart fails to meet its payment obligation to the Company. In this regard, the strict financial policy and the control systems established by the management team of Eurohold Bulgaria AD act as preventive measures against decreasing this rating and in favor of maintaining the current interest rates based on which the Company finances its operations.

Concentration Risk

The concentration risk is the probability of loss incurred by the Company due to concentration of financial resources in a business sector or related parties. This risk may lead to partial recovery of the investment due to recession in the business sector of the investment.

Risk from Lack of Liquidity

The liquidity risk relates to the possibility Eurohold Bulgaria AD not to repay on maturity and/or the agreed amount of its obligations as they fall due. Having good financial indicators of profitability and capitalization do not guarantee uninterrupted current payments. Liquidity risk may also arise in delayed payments from customers .

Eurohold Bulgaria AD strives to minimize this risk through optimal management of cash flows within the group. The Group applies an approach to provide the necessary liquid resources to meet its liabilities when due under normal or emergency conditions, without incurring unacceptable losses or damaging the reputation of individual companies and the Group as a whole.

Currency Risk

EuroHold operates in several Balkan countries (Bulgaria, Romania, Macedonia and Serbia) where the national currency of each of the countries, except for Bulgaria, is freely convertible and its 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. Stark 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 and in Bulgarian Lev, which in turn is pegged to the Euro, which also fluctuates against the global currencies but is significantly less exposed to dramatic volatility.

Interest Rate Risk

The increase of interest rates, ceteris paribus, would affect the price of the financial resources used by „Eurohold Bulgaria“ AD in the implementation of various business projects. It can also affect the amount of the expenses of the Company since a significant part of the liabilities of the Company are interest bearing and their service is connected with the current interest rates.

Investing in Securities Risk

When a natural or legal person invests in shares of a particular company, it inevitably assumes the risk of a possible collapse in the value of these shares. This largely depends on the models of governance and the long-term objectives and plans of the offering joint-stock company. Minimizing this risk depends on the level of diversification of the portfolio of securities held by investors.

Negative fact for shareholders upon liquidation of a company is that they rank among the last entitled to a share of residual assets. The first place in this list is reserved for lenders, including bondholders in case of a bond issue. Negative effects may also occur because of the market cycle, especially in cases where the shares are with high value for a relatively long period of time and as a rule a collapse in prices is expected, which is not subject to adjustment by the issuers. Eurohold Bulgaria AD is making all possible efforts for the effective and efficient financial management of its subsidiaries in order to maintain the current price or to raise the price of its shares, traded at Warsaw Stock Exchange, Main List.

These efforts are with regard to, but not limited to recruiting and motivating highly qualified management team and organizing regular meetings for evaluation and control of key employees and their performance. The conclusion is that higher risk of investments in shares leads to greater potential returns, which is one of the fundamental rules of economy.

Risks associated with the holding structure of „Eurohold Bulgaria“ AD

As far as the business of „Eurohold Bulgaria“ AD is associated with the management of assets of other companies, it cannot be assigned to one particular sector of the national economy and it is exposed to the sectoral risks of its subsidiaries, mentioned below. Moreover, the effect of individual risks is proportional to the share of the respective sector in the structure of the long-term investment portfolio of the Holding.

The main activities of „Eurohold Bulgaria“ AD are carried out through subsidiaries of the holding company, which means that its financial results are directly related to the financial performance and development of the subsidiaries. Deterioration in the performance of one or more subsidiaries could lead to a deterioration of the results on consolidated basis. This, in turn, affects the share price of „Eurohold Bulgaria“ AD which can change as a result of the expectations of the investors for the prospects of the company.

The existence of portfolio companies, which net sales are formed from products sold to other subsidiaries, puts the efficiency of their operations in direct dependence on the level of profitability of the customers - related parties, which could affect

negatively the profitability of the entire Group.

Risk of possible transactions between Group companies, which terms differ from the market and which are dependant on the activity of the subsidiaries.

Relationships with related parties arise under contracts for temporary financial assistance to the subsidiaries and on the occasion of transactions related to ordinary business of the subsidiaries.

The risk of possible transactions between companies within the Group on terms that differ from market terms is taking the risk to achieve lower profitability from the provided intra-group financing. Another risk that can be taken is the realization of intra-group business transactions that cannot provide sufficient revenues and hence a good profit for the respective company. On a consolidated basis, this can affect negatively the profitability of the entire Group.

Within the Holding, transactions are constantly made between the parent Company and its subsidiaries, as well as among the subsidiaries themselves, which is a result of the nature of their core business. All related party transactions are conducted at terms that are no different from the usual market prices and are in compliance with IAS 24.

Eurohold Bulgaria AD operates through its subsidiaries, which means that its financial results are directly dependent on the financial results, the development and the prospects of the subsidiaries. One of the main objectives of Eurohold Bulgaria AD is to realize significant synergy between its subsidiaries as a consequence of the integration of the three business segments – insurance, leasing and car sales. Poor performance by one or more subsidiaries can lead to deterioration of the consolidated financial results. This, in turn, affects the share price of „Eurohold Bulgaria“ AD, which can change as a result of the expectations of the investors about the prospects 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;

V. INFORMATION ABOUT THE MANAGEMENT BODIES

The Supervisory Board and the Management Board of EuroHold Bulgaria AD are elected for five-year term of office, while the members of the first

Supervisory Board are elected for a three- year term of office. In case that the contracts of the members of the Management Board and the Supervisory Board are not expressly terminated before the term of office has ended, they shall be deemed automatically renewed for a new five-year term.

The members of the Management Board and the Supervisory Board are appointed under management or supervisory contracts. Current contracts of the members of the Management Board and the Supervisory Board are in effect until the fulfillment of the position's duties.

None of the contracts for management, signed by EUROHOLD BULGARIA AD or its subsidiary stipulates that compensations or benefits are to be received by the persons in case of early termination.

	Date of contract for management /supervision	Valid until
Supervisory Board		
Assen Christov	27.11.2006	Until termination
Dimitar Stoyanov Dimitrov	27.11.2006	Until termination
Radi Georgiev	17.04.2015	Until termination
Razvan Lefter	17.04.2015	Until termination
Dar Finance EOOD	13.07.2015	Until termination
Management Board		
Kiril Boshov	27.11.2006	Until termination
Assen Minchev	27.11.2006	Until termination
Assen Assenov	31.08.2009	Until termination
Velislav Christov	22.10.2012	Until termination
Dimitar Kirilov Dimitrov	01.07.2012	Until termination

On 10.2.2016 was entered procurator of the company -Hristo Ljubomirov Stoev.

From 03.01.2016 the Company is jointly represented by an executive board member and Procurator of the company.

As of the date of drafting of this report, the Company has established an Audit Committee.

The Audit Committee of EUROHOLD BULGARIA AD was elected by the General Meeting of the Shareholders of the Company on 26.05.2009. Its members - Dimitar Stoyanov Dimitrov, Ivan Georgiev Munkov and Milena Vassilieva Avramova are appointed for 3- year term of office. If new members are not elected after the end of the Audit

Committee's term of office, the contracts of the members of the existing Audit Committee shall be deemed automatically renewed for another three-year term.

VI. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENTS OF THE COMPANY

Trends in the company's activity

After completing the sale of non-strategic assets in 2011 and 2013, EUROHOLD BULGARIA AD is entirely focused on its main business lines.

In the last two years, EuroHold Bulgaria has focused its efforts on concentrating its activities in the following five business lines:

- Sales of cars
- Leasing
- Insurance
- Financial intermediary

Insurance

According to preliminary data for the non-life insurance market, gross premium income for 2016, divided by countries is as follows: Bulgaria – EUR 829 million; Romania – EUR 1,720 million; Macedonia – EUR 94.3 million (data as at 30 September 2016); Ukraine – EUR 1,050 million. In this respect, all the four markets, in which Euroins Insurance Group AD operates, have registered growth compared to 2015 - 3% in Bulgaria, 10% in Romania, 4% in Macedonia.

The market shares of the non-life insurance companies in the Group are also growing. Euroins Bulgaria has reported 7.4% market share against 7.5% in 2015; Euroins Romania has reached 11.5% against 10.4% in the previous year. Euroins Macedonia has reported market share of 6.1% (data as at 30 September 2016).

The main reasons behind the growth of Euroins Bulgaria were the successful operational integration of EIG Re (formerly HDI Insurance), the growth in the brokerage business and the business, recorded on the territory of Greece under the Freedom of services directive within the European Union.

Euroins Romania has reported an impressive growth of 22%, which was the result of the work done at the end of 2014 on the market re-segmentation of the MTPL (Motor third party liability) line of business. In addition there are also the positive trends on the Romanian insurance market.

Due to the re-licensing of the health assurance companies as insurers in Bulgaria during 2013 many of them merged into life insurance

companies, while others started writing non-life insurance business. Euroins Health Assurance is in a process of merging into EIG Re. Once this procedure is completed EIG Re will be licensed to write all types of non-life business in addition to the reinsurance one.

According to preliminary information as at 31 December 2016 for the life insurance market, gross premium income for 2016 amounts to EUR 219 million. The market share of Euroins Life as at 31.12.2016 is 0.4%.

2017 expectations for the subsidiaries of Euroins Insurance Group are to increase their market share in the non-life insurance sector. As a result of the acquisitions in 2015 and 2016 the Group plans to expand its insurance business in 2017 by increased presence in Bulgaria and in the other markets it currently operates on.

Car Sales

The growth in the new car sales that we witnessed in 2015 continued with lower rates in 2016. According to the Manufacturers Association the Bulgarian automobile market reported an increase in sales in 2016 over the previous year amounting to 10 per cent. This is mainly due to the decrease of the high growth rate, which was witnessed in 2015. In 2017 the growth rate is expected to be equal to the rate from 2016.

Avto Union expects a slight increase in its total sales in 2017.

No disturbances in economic terms are expected on the market of new cars in Bulgaria, which is expected to grow with the growth of the economy of the country plus several single points.

Leasing and rent-a-car

In 2016 the Bulgarian Market of finance leases reported an increase in receivables on financial lease contracts, as they increased by 15,24% to BGN 2,09 bln. The allocations by newly concluded leases showed growth compared to the previous period and the increase amounted to 9.28% for 2016.

The positive trend in the newly generated business of leasing companies, the steady increase in sales volumes of new cars and the more affordable financing conditions of leasing assets, leads the leasing business to expected growth of the leasing market in 2017.

During the past 2016 the leasing market was characterized with declining interest rates and the major obstacle to the lessors was the provision of

financial resources that enable the supply of attractive offers for end customers.

The managers of the company consider that the insured funding in 2016, the ongoing negotiations with other potential lenders as well as the possibility of offering joint products with Euroins and the dealers, part of the Avto Union Group, allowed the companies of the Group to offer their customers attractive lease terms.

In 2016 the companies from the Group, specialized in car rental services and operating leases, realized a decrease in revenues, nevertheless managed to maintain their leading positions in terms of car rental services.

At the end of the period were attracted new customers under operating leases and that fact is expected to result in recovery of the Group's positions in respect of operating leases as well.

Financial brokerage

By forecasts of the European Commission (EC) and the World Bank (WB) Bulgaria's economy will continue to grow in 2017, albeit at a slightly slower pace (2.9% compared to the reported in 2016 more than 3%). By tradition, established over the last few years, the foundation of the growth during the last year was exports as well. According to analysts in 2017 to the factors contributing for the growth will be added domestic consumption, declining unemployment and general improvement of the conditions on the labor market in the country. The expectations for growth in investments as an economic engine did not materialize, which is explained largely by the political instability in the country.

During the last year Euro Finance continued its efforts in promoting the segment of services, dealing with foreign financial instruments, among the so-called retail customers. The main index of the Frankfurt Stock Exchange – DAX, rose by nearly 12% compared to levels from the beginning of the year, supported by ongoing ECB policy of monetary stimulus.

In 2016 Euro Finance ranked again among the leaders in terms of turnover on the BSE, holding the second place with nearly ¼ of the total annual turnover of the stock exchange.

During the next 2017, the prospects of the Bulgarian capital market will be directly dependant on the performance of the Bulgarian economy, the successful implementation of the measures set out in the Strategy for development of the Bulgarian capital market and the viability of the project SEE Link.

The new 2017 will be another challenge for the financial market participants, given the wide array of geopolitical risks. The activity of Euro Finance will be directed towards the search for the optimal balance between calculated risk and liquidity of investments.

Main Objectives

The main activity of EUROHOLD BULGARIA AD is dictated by its main goals, and namely:

- To satisfy the needs of its customers by means of offering innovative and competitive products and services;
- To increase the amount of sales in combination with high profitability;
- To ensure the required conditions for a continuous improvement in the synergy between its subsidiaries;
- To expand the markets of operation and to increase the market shares of each of its subsidiaries;
- To recruit highly qualified management and employees;
- To provide better opportunities for professional development and growth for each employee within the Group.

Mid-term Goals and Strategies

The objectives, which Eurohold Bulgaria AD has set mid-term are focused on the three sub-holdings- insurance leasing and automobile, as well as in managing the Group cash funds through the investment intermediary Euro-Finance. After the differentiation of the three sub-holdings, the efforts have been focused on strengthening the companies market positions and development of the existing business.

The main strategic goals are:

- Stable increase of market shares in all sectors and markets the Group operates in;
- To continue expansion strategy in the region;
- To achieve a loyal and diverse client base.

To achieve these strategic goals, the Company has developed current objectives and development policies. They are focused primarily on the improvement of the Group's integration, profitability and financial status:

- Real consolidation of the companies on sub-holding structure level under a common management.
- Establishment of common positions on sub-holding level with regard to negotiating better delivery conditions, advertising and participation in public procurements, which significantly affects the reduction of costs for these activities;
- Realization of synergies from the centralization and optimization of operations, marketing and all other business processes in the structure of the Group;
- Cost optimization in maintaining goods in stock;
- Fixed costs optimization;
- Optimization of inventory level, etc.;
- Consolidation of all sources of funding to minimize the administration costs;
- Opening of new locations – showrooms and car repairs stations;
- Optimization of the staff and equipment engaged in the car repairs activity;
- Implementation of better warranty conditions for sold cars;
- Ensuring funding for the leasing sub-holding;
- Implementation of a system for additional incentives for the insurance agents of Insurance Company Euro Ins AD to refer customers to the auto mobile dealers and leasing companies;
- Changing the insurance portfolio towards reduction of the car insurance share and decrease of acquisition costs;
- Achievement of a stable market share by the insurance companies on all markets;
- Continuing the conservative policy of the insurance companies in maintaining the investment portfolio;
- Development and realization of new competitive products under the main business lines – insurance, cars and leasing.

VII. RESEARCH AND DEVELOPMENT

As a holding structure, EUROHOLD BULGARIA AD does not carry out independent research and development activities.

VIII. ENVIRONMENTAL PROTECTION

As a holding company, Euro Hold Bulgaria AD does not carry out independent sales and manufacturing activities. In this respect, the efforts are focused on the subsidiaries' impact on the environment in performing their routine activity.

IX. INFORMATION REQUIRED BY THE COMMERCE ACT

1. Number and nominal value of the acquired and transferred during the year own shares, the part of the share capital they represent, and their acquisition or transfer price

In 2016 the Company has not bought back or transferred any of its own shares, therefore at the end of the period the Company does not possess own shares.

2. Number and nominal value of the own shares in possession of the company and the share capital they represent

The Company does not possess own shares.

3. Information about the amount of remunerations of the members of Management and supervisory bodies received from EUROHOLD BULGARIA AD and its subsidiaries during the fiscal year

In 2016 the members of the Management and Supervisory Board have received the following remunerations by EUROHOLD BULGARIA AD and its subsidiaries:

	From EUROHOLD BULGARIA AD	From subsidiary companies	TOTAL
Supervisory Board	60 956	208 474	269 430
Assen Christov	14 640	66 124	80 764
Dimitar Dimitrov	7 200	84 750	91 950
Radi Georgiev	-	57 600	57 600
Razvan Lefter	-	-	-
Dar Finance EOOD	39 116	-	39 116
Management Board	72 000	610 551	682 551
Kiril Boshov	24 000	139 224	163 224
Assen Minchev	24 000	57 600	81 600
Dimitar K. Dimitrov *	12 000	36 000	48 000
Velislav Hristov *	-	111 000	111 000
Assen Assenov	12 000	266 727	278 727
Procurator	9 540	-	9 540
Hristo Stoev	9 540	-	9 540

The members of the Supervisory and Management Boards have not received any remunerations and/or compensations in kind during the specified period.

EUROHOLD BULGARIA AD and its subsidiaries do not make provisions for pension payments, retirement compensations or other similar compensations to the members of the Management Board and the Supervisory Board. The members of the Boards have been appointed under contracts for management/control. Current contracts of the

members of the Management and Supervisory Boards are effective until the termination of service.

4. Company shares owned by members of the Management Board and the Supervisory Board

As of 31.12.2016 the members of the Management Board and the Supervisory Board ownshares from the registered capital of EuroHold Bulgaria, as follows:

Name	Number of shares
Supervisory Board	
Asen Christov	-
Dimitar Dimitrov	200
Radi Georgiev	19 100
Razvan Lefter	-
Dar Finance EOOD	24 246 698
Management Board	
Kiril Boshov	-
Assen Minchev	-
Dimitar K. Dimitrov	-
Velislav Christov	200
Asen Asenov	78 000
24 344 198	

No stock options on shares of the Company have been issued to the benefit of management body's members, employees or third parties.

5. Rights of the Board members to acquire shares and bonds of the Company

As of the date of drafting of this document, there are no agreements or other arrangements with the employees of EUROHOLD BULGARIA AD, regarding their participation in the Company capital.

The members of the MB and the SB of the company may freely acquire shares of the capital, as well as Company bonds on a regulated securities market by observing the provisions of the Measures Against Market Abuse with Financial Instruments Act and the Public Offering of Securities Act.

No options for acquisition of Company's shares have been issued in favor of the Management and Supervisory Boards members, employees or third parties.

6. Information about the participation of the Boards' members in companies as general partners, ownership of more than 25 per cent of another company's capital, as well as their participation in other companies or cooperatives as procurators, managers or board members.

EUROHOLD BULGARIA AD has a two-tier management system -Supervisory Board consisting four natural persons and one juridical person, and a Management Board consisting five natural persons.

The Supervisory Board consists four natural persons and one juridical person: Assen Milkov Christov, Dimitar Stoyanov Dimitrov, Radi Georgiev Georgiev, Razvan Stefan Lefter and Dar Finance EOOD.

The members of the Management Board consist of five natural persons: Kiril Ivanov Boshov, Assen Minchev Minchev, Velislav Milkov Christov, Asen Emanuilov Asenov and Dimitar Kirilov Dimitrov.

The operational management of EUROHOLD BULGARIA AD is carried out by the Executive member of the MB, Assen Minchev and the MB chairman Kiril Boshov jointly and separately.

On 10.2.2016 was entered procurator of the company - Hristo Ljubomirov Stoev. From 03.01.2016 the Company is jointly represented by an executive board member and Procurator of the company.

There are family ties established among the members of the Management and the Supervisory bodies, namely: Asen Milkov Christov, Chairmen of the Supervisory Board and Velislav Milkov Christov, member of the Management Board of the company, are brothers by birth.

The activity of the company is not dependent on the individual professional experience or qualifications of other employees.

SUPERVISORY BOARD

Name	Asсен Milkov Christov
Position	Chairman of the Supervisory Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Chairman of the Board of directors; ◆ Euroins Insurance AD Macedonia – Chairman of the Board of directors; ◆ Euroins Romania Asigurare Reasigurare S.A. – Member of the Board of directors; ◆ Euroins Insurance Group AD – Chairman of the Board of directors; ◆ Euro-Finance AD – Chairman of the Board of directors; ◆ Starcom Holding AD – Executive member of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ Alfa Euroactive EOOD – Sole shareholder and Manager; ◆ Balkan International Basketball League OOD – Manager and Partner; ◆ Starcom Hold AD – Executive member of the Board of directors; ◆ Formoplast 98 AD – Chairman of the Board of directors. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Autoplaza EAD – Member of the Board of directors until 28.1.2013, and as of 31.12.2016 the person is not a Member of the Board of directors; ◆ Eurohold Imoti EAD – Chairman of the Board of directors until 16.12.2013, and as of 31.12.2016 the person is not a Chairman of the Board of directors; ◆ Bulstar Investment AD – Chairman of the Board of directors until 17.8.2015, and as of 31.12.2016 the person is not a Chairman of the Board of directors; ◆ Corporate Advisors EOOD – Sole shareholder and Manager until 08.02.2013, and as of 31.12.2016 the person is not Sole shareholder and Manager; ◆ Scandinavia Motors AD – Chairman of the board of directors until 27.09.2012 and as of 31.12.2016 the person is not a Chairman of the board of directors; ◆ Smart Net EAD – Chairman of the board of directors until 03.11.2015 and as of 31.12.2016 the person is not a Chairman of the board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<ul style="list-style-type: none"> ◆ Vitoshka Investment Company EOOD (in liquidation procedure based on Sofia City Court resolution, Commercial Section, Companies Department, civil case 52/ 2009 based on claim on grounds of Art. 29 of the Trade Register Act) – registered as sole shareholder. <p>As of 31.12.2016 there are no additional details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p>
Relevant professional experience	<p>Asсен Christov has a Master degree in Physics from Sofia University St. Kliment Ohridski, and specialized in Nuclear Researches Institute in Dubno, Russia. He has specialized Management at Open University – London. He speaks English and Russian.</p> <p>Asсен Christov has occupied the above mentioned position during different periods in the past 5 years. He has been Chairman of the Board of directors of Eurobank AD from 1997 to 2000 and has performed different representative functions, he has been chairman of the Supervisory board of IC Euroins AD from 2000 to 2007, as well as chairman of the Board of directors of investment intermediary Euro-finance AD.</p>
Administrative compulsory measures and sanctions	<p>In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.</p>

Name	Dimitar Stoyanov Dimitrov
Position	Vice – chairman of the Supervisory Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ IC EUROINS AD – Procurator.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ Alcomerce EOOD – Manager; ◆ Eurologistic Technologies EOOD – Manager; ◆ Zeleni EOOD – Sole shareholder and Manager; ◆ Cable Network AD – Executive director; ◆ Creative Software Solutions EOOD – Sole shareholder and Manager; ◆ Stardom Hold AD – Member of the Board of directors. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Bolkan Telecommunication Company EOOD – Manager until 28.08.2012, and as of 31.12.2016 the person is not a Manager; ◆ Greenhouse Properties AD – Executive director until 16.12.2013, and as of 31.12.2016 the person is not an Executive director; ◆ Educational and sports complex Lozenets EOOD – Manager until 05.03.2014, and as of 31.12.2016 the person is not a Manager; ◆ Pofonika EOOD – Manager until 05.03.2014, and as of 31.12.2016 the person is not a Manager; ◆ Smartnet EAD – Executive member of the Board of directors until 03.11.2015, and as of 31.12.2016 the person is not a Member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<ul style="list-style-type: none"> ◆ Far Consult OOD (in liquidation procedure) – Manager, the term of the liquidation procedure expires on 30. 03. 2010. The term is determined to one year after registration of termination of the company according Resolution from 29.12.2008 on civil case N° 03/2008 of Sofia City Court. There are no unsatisfied creditors. <p>As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p>
Relevant professional experience	Dimitar Dimitrov has a Masters Degree in Electronics and Automatics from Technical University – Sofia. From 1998 to 2006 he was executive director of the holding company Starcom Holding AD. Since 2005 he has been a procurator of IC Euroins AD and from 1998 to 2005 he was Director Information servicing, statistics and analysis in the same company.
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Razvan Steffan Lefter
Position	Independent member of the Supervisory Board
Business address	Romania. Alexandru Serbanesku 30 St., București
Details of performed external activity, significant to the company	As of 31.12.2016 there is no data for any external activity which is significant to the company
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ R S L Capital Advisors, Romania – Managing partner; ◆ Konpet S.A., Romania – Member of the Board of directors; ◆ Kemakon Zalau S.A. – Member of the Board of directors; ◆ Mundus Services S.A. – Member of the Board of directors; ◆ Teraplast Bistritsa, Romania – Member of the Board of directors. <p>Terminated:</p> <ul style="list-style-type: none"> ◆ S I F Muntenia, Romania – Member of the Supervisory Board until 04.2013, and as of 31.12.2016 the person is not a Member of the Supervisory Board; ◆ Kondmag Brashov S.A. – Member of the Board of directors until 09.2015, and as of 31.12.2016 the person is not a Member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Academy of Economic Studies, Bucharest, specializing in banking and stock exchanges (2003), Chartered Financial Analyst (2008), specializing as an analyst at ING Bank (September 2004 - May 2005), manager relations with international clients in ING Bank - Romania (May 2005 - December 2006), securities trading and analysis in EFG securities - Romania (January 2007 - November 2011), securities trading at Swiss Capital - Romania (November 2011 - June 2014), from June 2014 to today - managing partner R S I Capital Advisors, Romania
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Radi Georgiev Georgiev
Position	Member of the Supervisory Board
Business address	84 Alexander Stamboliyski Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ IC EUROINS AD – Member of the Supervisory Board; ◆ IC EIG Re EAD – Member of the Supervisory Board.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	Current: <ul style="list-style-type: none"> ◆ VH Property Management OOD – Partner; ◆ Corporate Advisors EOOD – Sole shareholder; ◆ Laudspeakers CA EOOD – Sole shareholder.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Lawyer in Sofia Bar Association (1996 - present), a partner at law firm "Kalaidjiev and Georgiev".
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Dar Finance EOOD
Position	Independent member of the Supervisory Board
Business address	39 Shipka Str., Sofia
Details of performed external activity, significant to the company	As of 31.12.2016 there is no data for any external activity which is significant to the company.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	Current: <ul style="list-style-type: none"> ◆ Daru nova EOOD – Sole shareholder; ◆ Daru uyuten dom EOOD – Sole shareholder; ◆ Daru agro EOOD – Sole shareholder.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Dar Finance EOOD has experience in managing financial and other business projects.
Administrative compulsory measures and sanctions	In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

MANAGEMENT BOARD

Name	Kiril Ivanov Boshov
Position	Chairman of the Management Board and legal representative
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Vice- chairman of the Board of directors; ◆ Euroins Insurance Group AD – Chairman of the Board of directors; ◆ Euroins Health Assurance EAD – Chairman of the Board of directors; ◆ Euroins Romania Asigurare Reasigurare S.A. – Chairman of the Board of directors; ◆ Euroins Insurance SA, Macedonia – Member of the Board of directors; ◆ Euro-Finance AD – Vice- chairman of the Board of directors; ◆ N Auto Sofia EAD - Member of the Board of directors; ◆ Starcom Holding AD – Chairman of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ Eurolease Auto EAD, Romania – Member of the Board of directors; ◆ Capital – 3000 AD – Chairman of the Board of directors; ◆ Starcom Hold AD – Chairman of the Board of directors. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Alcommerce EOOD – Sole shareholder and Manager until 27.11.2015, and as of 31.12.2016 the person is not a Manager; ◆ Autoplaza EAD – Vice- chairman of the Board of directors until 15.03.2012, and as of 31.12.2016 the person is not a Member of the Board of directors; ◆ Euroauto OOD – Manager until 18.08.2015, and as of 31.12.2016 the person is not a Manager; ◆ Eurolease Auto EAD – Member of the Board of directors until 04.07.2011, and as of 31.12.2016 the person is not a Member of the Board of directors; ◆ Euromobile Leasing AD – Vice- chairman of the Board of directors until 06.12.2012, and as of 31.12.2016 the person is not a Member of the Board of Directors; ◆ Scandinavia Motors AD – Vice- chairman of the Board of directors until 27.09.2012, and as of 31.12.2016 the person is not a Member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<ul style="list-style-type: none"> ◆ Coral Consult EOOD – is in liquidation procedure, but currently continues its business activity pursuant to Art. 274 of the CA under the trade name of Coral Music EOOD. <p>As of 31.12.2016 there are no additional details of any insolvency, bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p>
Relevant professional experience	<p>Kiril Boshov has a Masters degree in Accountancy and Control from the University of National and World Economy. He is fluent in English and Russian language.</p> <p>From 1995 to 1997 Kiril Boshov was chief accountant of Mobicom – first mobile operator in Bulgaria, joint venture between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. In his capacity of Vice – chairman and procurator he took an active participation in restructuring the assets of Eurobank AD, he represented the company before third parties and directly managed its active operations – crediting and capital markets.</p> <p>Kiril Boshov was Chairman of the Management Board of IC Euroins AD from 2000 to 2008 and in 2006 the Investors Association in Bulgaria awarded IC Euroins AD the price “Company with best corporate management”. In his capacity of Chairman of the board of director of Eurolease Auto AD he manages the financing of Eurolease Auto AD, as well as the whole process of concluding the International capital markets financing agreement between Eurolease Auto AD and the London branch of Deutsche Bank AG –amounting to 200 MM euro.</p>
Administrative compulsory measures and sanctions	<p>In the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.</p>

Name	Assen Minchev Minchev
Position	Executive member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ Bulvaria Holding EAD - Member of the Board of directors; ◆ Auto Italia EAD - Member of the Board of directors; ◆ Star Motors EOOD – Procurator.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ Capital 3000 AD – Executive member of the Board of directors; ◆ Cable Network AD – Chairman of the Board of directors. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Bulstar Investment AD – Vice- chairman of the Board of directors until 17.08.2015, and as of 31.12.2016 the person is not an a Member of the Management board; ◆ Scandinavia Motors AD – Executive member of the Board of directors until 27.09.2012, and as of 31.12.2016 the person is not an Executive member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	<p>Assen Minchev has a Masters Degree in Accountancy and Control from the University of National and World Economy.</p> <p>Assen Minchev was an Executive director of the holding company EuroHold AD in the period from 1998 to 2006 until its merger with Starcom Holding AD. From 1996 until 2000 he was a member of the Management Board of IC Euroins AD, he was as well a representative of the vice – chairman of the Board of directors of Euroins Health Assurance AD.</p>
Administrative compulsory measures and sanctions	For the past 5 years he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or by related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Velislav Milkov Christov
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details for performed external activity, significant to the company	<ul style="list-style-type: none"> ◆ IC Euroins AD – Member of the Management Board; ◆ IC EIG Re AD – Member of the Supervisory Board; ◆ Starcom Holding AD - Member of the Board of directors.
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <p>As of 31.12.2016 there are no other participations as a member of a management / supervisory authority and / or partner in the past 5 years.</p> <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Bolkan Telecommunication Company EOOD – Sole shareholder until 11.06.2012, and as of 31.12.2016 the person is not a Sole shareholder; ◆ Basketball club Chernomorec AD (currently Greenhouse Properties AD) - Member of the Board of Directors until 16.12.2013, and as of 31.12.2016 the person is not a Member of the Board of Directors; ◆ VH Property Management EOOD - Sole shareholder until 16.05.2013, and as of 31.12.2016 the person is not the Sole shareholder; ◆ Euroins Insurance Group AD – Member of the Board of directors until 10.09.2015, and as of 31.12.2016 the person is not a Member of the Board of directors.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of	<p>VM24.BG" EOOD- in liquidation, partner and sole shareholder. As of 31.12.2016, the company is into liquidation;</p> <p>As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to</p>

management or supervisory bodies in the past five years	the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Velislav Christov has a 20 year experience as lawyer and consultant in the field of civil, commerce, banking and insurance law, as well as over 15 years of experience as business manager. He has been in numerous senior positions through his career as member of management and supervisory boards of banks, insurance companies, public and private companies and head of legal department. At the same time, Velislav Christov is a freelance lawyer and has a Masters degree in law from the Law Faculty of Sofia University.
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Asсен Емануилов Асенов
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed activity besides the company, which is substantial to the company	<ul style="list-style-type: none"> ◆ Avto Union AD – Executive director; ◆ Auto Italia EAD – Executive member of the Board of directors; ◆ Autoplaza EAD – Vice- chairman of the Board of directors; ◆ Avto Union Service EOOD – Manager; ◆ Bulvaria Varna EOOD – Manager; ◆ Bulvaria Holding EAD – Chairman of the Board of directors; ◆ Daru Car AD - Member of the Board of directors ◆ Eurolease Auto EAD – Chairman of the Board of directors; ◆ Eurolease Auto EAD Rumania – Chairman of the Board of directors; ◆ Eurolease Group EAD - Chairman of the Board of directors; ◆ Eurolease Rent a Car EOOD – Manager; ◆ Eurotruck EOOD – Manager; ◆ Espace Auto OOD – Manager; ◆ Izgrev 5 EOOD-Manager and Sole shareholder; ◆ Ita Leasing EOOD – Manager; ◆ Motobul EOOD – Manager; ◆ N Auto Sofia EAD – Chairman of the Board of directors; ◆ Sofia Motors EOOD – Manager; ◆ Star Motors EOOD – Manager.
Details of any and all other participations as member of a management/ supervisory body and/ or partner during last 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ Motobul Express EOOD – Manager. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ Avto Union Properties EOOD – Manager until 26.05.2014, and as of 31.12.2016 the person is not a Manager; ◆ Auto 1 OOD – Manager until 08.01.2015, and as of 31.12.2016 the person is not a Manager; ◆ BG Autolease Group B.V. - Manager until 27.12.2012, and as of 31.12.2016 the person is not a Manager; ◆ BG Autolease Holding B.V. - Manager until 31.12.2013, and as of 31.12.2016 the person is not a Manager; ◆ Bulvaria Rent a Car EOOD – Manager until 09.03.2011, and as of 31.12.2016 the person is not a Manager;

	<ul style="list-style-type: none"> ◆ Gransport Auto EOOD – Manager until 23.01.2013, and as of 31.12.2016 the person is not a Manager; ◆ Eurolease Asset EAD – Chairman of the Board of directors and Executive director until 23.09.2014, and as of 31.12.2016 the person is not a Chairman of the Board of directors; ◆ Euromobil Leasing AD – Executive member of the Board of directors until 06.12.2012, and as of 31.12.2016 the person is not an Executive member of the Board of directors; ◆ Cargoexpress Imoti EAD – Chairman of the Board of directors until 25.11.2013, and as of 31.12.2016 the person is not a Chairman of the Board of directors; ◆ Milano Motors EOOD – Manager until 23.01.2013, and as of 31.12.2016 the person is not a Manager.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	<p>Assen Assenov has a Masters degree in Accountancy and Control and Bachelor degree in International Trade Relations from the University of National and World Economy, Sofia. Mr. Assenov has MBA diploma, in the specialty of International accounting standards and international business from the University of Economics – Vienna.</p> <p>The professional career of Assen Assenov in EuroHold AD started 11 years ago when he was hired as accountant. In the period 2002 – 2004 he was chief accountant of EuroHold AD. At the end of 2001 Mr. Assenov was elected as Executive director of Eurolease Auto AD – the leasing company in the structure of EuroHold at the time.</p> <p>Currently Mr. Assenov manages the leasing and automotive business of the economic group of EUROHOLD BULGARIA AD. Mr. Assenov is executive director of Avto Union and is a head of the leasing companies of the group in Romania and Macedonia he also manages the dealers of Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, Mazda, Maserati and lubricant products Castrol and BP (Motobul), all part of the holding structure as well.</p>
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies.

Name	Dimitar Kirilov Dimitrov
Position	Member of the Management Board
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	As of 31.12.2016 there is no data for any external activity which is significant for the company
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Bulgarian Development Bank AD - Member of the Supervisory Board; ◆ Andema AD – Member of the Board of directors; ◆ PGD OOD – Partner.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	<p>As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.</p> <ul style="list-style-type: none"> ◆ Balance AD – Executive director until 20.07.2009, and as of 31.12.2016 the person is not an Executive director, the company is liquidated; ◆ Balance Commerce OOD – Manager and Partner until 14.08.2012, and as of 31.12.2016 the person is not a Manager and Partner, the company is liquidated.
Relevant professional experience	Dimitar Dimitrov graduated the University of National and World Economy, Sofia in 1979. After graduation to 1982 he worked in National Statistical Institute. In the period 1982-1987 he was a head of department and general expert in Bulgarian National Bank and from 1987 to 1993 works for Construction Bank AD in the position of manager of department, vice president and president. From 1993 to 1995 Dimitar Dimitrov was an Executive director of United Bulgarian Bank AD. In 1995 he was a Deputy minister of economic development and in 1996 became a Deputy director of Bulgarian National Bank. From 1995 to 1996 he was Chairman of the Board of directors of Bank Consolidation Company and in 1997 became an Executive director of Bank

	Consolidation Company. Dimitar Dimitrov has been a member of the Management board of Doverie Holding AD and some of its subsidiaries. From November 2001 to May 2011 he served as Executive director and chairmen of the Board of directors of Encouragement Bank AD currently known as Bulgarian Development Bank.
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies
Name	Hristo Ljubomirov Stoev
Position	Procurator
Business address	43 Christopher Columbus Blvd., Sofia
Details of performed external activity, significant to the company	As of 31.12.2016 there is no data for any external activity which is significant for the company
Details for any other participation as member of a management/ supervisory body and/ or partner in the past 5 years	<p><u>Current:</u></p> <ul style="list-style-type: none"> ◆ DB proekt OOD – Manager; ◆ Solar Geniponika AD– Member of the Board of directors. <p><u>Terminated:</u></p> <ul style="list-style-type: none"> ◆ IT Baseline OOD – Partner until 09.05.2016, and as of 31.12.2016 the person is not a Partner; ◆ Kremplo OOD– Partner and Manager until 04.11.2011, and as of 31.12.2016 the person is not a Partner and Manager; ◆ Logo company EOOD – Sole shareholder until 15.03.2013 and manager until 05.12.2011, and as of 31.12.2016 the person is not a Sole shareholder or Manager.
Details for bankruptcy, receivership or liquidation the person has been associated with as member of management or supervisory bodies in the past five years	As of 31.12.2016 there are no details for any bankruptcy, receivership or liquidation related to the person as member of management or supervisory bodies in the past five years.
Relevant professional experience	Hristo Stoev is a graduate of Mining and Geology “St. Ivan Rilski” in 1973, specialty “Development of mineral resources”. He has worked in GORUBSO – Madan and MNIPKI Mineproject – science department. He is currently professor in Mining Geology “St. Ivan Rilski”.
Administrative compulsory measures and sanctions	For the past 5 years, he has not been subject to any administrative compulsory measures and sanctions regarding his activity; he has no convictions in relation to fraudulent offences; in his capacity of liable person, he has not been involved directly or through related parties in bankruptcy procedures; he has not been deprived by court of rights to participate in management or supervisory bodies of other companies

7. Contracts, signed in 2016 with the members of the MB and the SB or related parties, not typical for the usual activity of the company or significantly deviating from the market conditions

There have been no contracts signed with members of the MB and the SB or related parties not typical for the usual activity of the company or significantly deviating from the market conditions.

8. Conflicts of Interest

There are no conflicts of interest resulting from the fulfillment of obligations of the aforementioned persons to the Company and their private interests.

There are no agreements between shareholders, clients, suppliers and/or other people, according to which the members of the Company's management and supervisory bodies have been elected/ appointed. Members of the management and supervisory bodies have provided guarantees in the amount of three salaries.

There are no restrictions imposed on the owned by the members of the management and supervisory bodies Company's shares, as well as their disposal.

9. Planned economic policy for the next year, including expected investments and human resources development, estimated income from investments, as well as upcoming transactions substantial for the Company's activity

EUROHOLD BULGARIA AD plans to support the ongoing activity of the three sub-holdings – insurance, automotive and leasing.

Through the insurance sub-holding (Euroins Insurance Group AD) in 2017 the insurance companies in the Group will be supported in order to increase their total capital base and risk sustainability by providing capital investments in them. By ensuring high coverage of insurance reserves, the companies will be able to attain a greater part of the net insurance risks, respectively to expand their market presence.

EUROHOLD BULGARIA AD considers the leasing business as a main source of growth within the

Group. The Positioning of the leasing sub-holding as a company with sufficient capital resources and high market share is substantial at the beginning of the economic recovery. The leasing business is funded mainly by bank loans and bond issues. The leasing funding support will positively affect the sales of both of the automobile and insurance divisions.

The working capital financing of the automotive subsidiary is essential for the delivery of cars under fleet contracts with large corporate clients. The automobile dealers will be supported in completing and equipping showrooms and car repair centers. Special emphasis is put on the car repair centers as a main source of revenue due to the low margins on sales of new cars in the current market situation.

10. Number of employees

As of 31.12.2016 in the group of Eurohold have 1,899 employees under employment contracts.

Since its incorporation until the present moment, there have not been union organizations of employees in EUROHOLD BULGARIA AD.

X. COMPANY BRANCHES

EUROHOLD BULGARIA AD does not have any registered branches in the country and abroad.

XI. INFORMATION REGARDING THE GOOD CORPORATE GOVERNANCE PROGRAM OF EUROHOLD BULGARIA AD AND ITS IMPLEMENTATION

EUROHOLD BULGARIA AD adheres to the recommendations of the Bulgarian National Code for Corporate Governance (2007), which essentially follows the framework of the internationally accepted corporate governance rules provided by the Organization for Economic Cooperation and Development (OECD) in 2004. The Company follows the best practices in the field of corporate governance. Good corporate governance is a set of relationships between the governing body of the company, its shareholders and all stakeholders- employees, business partners, creditors of the company, potential and future investors and society as a whole. If the corporate governance principles are not applied or there is a chance of violation, the company is required to disclose such information in due time.

In addition, the company is obliged to publish a "comply or explain" report as part of the annual report for the respective financial year.

As a result of the consistent policy of the Management Board of EUROHOLD BULGARIA AD in terms of implementation, improvement and perfecting of the corporate management, the Company has adopted and follows procedures ensuring compliance with all principles of the National Code for Corporate Governance. Therefore, after analyzing the results achieved in this respect, in 2011 the Management Board decided that the company joins the Bulgarian National Code for Corporate Governance. By doing so EUROHOLD BULGARIA AD declares its willingness to maintain and develop in the future the corporate governance procedures and practices adopted in the past four years.

The established management system guarantees the survival and prosperity of the Company by setting a framework for the management bodies to operate in the best interest of the company and to comply with the reasonable expectations of its shareholders and all interested parties.

Detailed information regarding the corporate policy of EuroHold Bulgaria and the procedures concerning its implementation is contained in the Corporate Governance Program, Articles of association and other constitutive acts of the company.

XII. REPORT ON THE COMPLIANCE WITH THE REQUIREMENTS OF THE BULGARIAN NATIONAL CODE FOR CORPORATE GOVERNANCE

The Management Board of EUROHOLD BULGARIA AD makes every effort to maximise the benefits for the shareholders and ensure their equal treatment, including the minority and foreign shareholders, by:

- Providing more secure methods for property registration

The shares of EUROHOLD BULGARIA AD are registered for trade on the Bulgarian Stock Exchange - Sofia and since 15.12.2011 the shares have been traded on the Warsaw Stock Exchange. All current shareholders and potential investors can freely purchase or sell the Company's shares.

The Company has signed a contract with the Central Depository to keep a shareholders ledger which reflects the current legal standing and changes in ownership.

Providing an opportunity for all shareholders to participate in the General Meeting

The shareholders are provided with comprehensive and timely information about the agenda, date and place of every ordinary or extraordinary session of the General Meeting of EUROHOLD BULGARIA AD's shareholders. The invitation and materials related to the agenda are published on the web page of the specialized financial medium of BSE - Sofia - X3 News (www.x3news.com), in the Newsletter section of Investor (www.investor.bg), as well as on the corporate site of the Company - www.eurohold.bg;

Company policy for transactions with stakeholders and related parties

The company has developed and applies rules for transactions with stakeholders and related parties which have been approved by the Supervisory Board of EUROHOLD BULGARIA AD. In defining entities as related parties or stakeholders, the definitions from the Public Offering of Securities Act are used.

EUROHOLD BULGARIA AD complies with the requirements and restrictions set forth in art. 114 and 114a of the Public Offering of Securities Act. The Management Board monitors the transactions carried out by the company or its subsidiaries, which could significantly affect the company or combined, could lead to a change exceeding these levels.

The Supervisory Board carefully monitors and controls the transactions which one or more of the directors are personally interested in or this interest is related to third parties. In this regard, the MB of EUROHOLD BULGARIA AD with the prior approval of the SB has prepared, approved and implemented a Code of Ethics regarding the internal rules of ethics for the standards of business behaviour of the managers from the holding structure of EUROHOLD BULGARIA AD in order to prevent misuse of inside information. (The full text of the document is available on the web page of the company www.eurohold.bg).

Management bodies

The two-tier management system of the Company separates the management functions from the control functions. The decision-making process is divided between the two bodies and this is a prerequisite for more thorough decision-making and as a result the reduction of the errors and omissions in making management decisions. The efficient cooperation between the two boards ensures the high quality of the Company's governance.

The Supervisory Board determines the type, amount and frequency of the information provided by the Management Board. The Management Board, on its turn, informs in details and on time the Supervisory Board of all issues related to the development of EUROHOLD BULGARIA AD, including the risk exposure of the company, respectively the risk management policy, and the specific measures and procedures in this respect.

The members of the SB and the MB of EUROHOLD BULGARIA AD, according to the requirements of the Public Offering of Securities Act, should inform the Financial Supervision Commission (FSC), BSE-Sofia and the public company itself of: the companies they hold directly or indirectly 25 per cent of the votes at the General Meeting or those controlled by them; of the legal entities they participate as members of management or supervisory boards or as procurators; of current or future transactions regarding which they can be considered as stakeholders.

The members of MB and SB should declare these circumstances in seven days after their occurrence.

Remuneration of the members of the Management Board and the Supervisory Board

To comply with the statutory requirements and the good corporate governance practices, the amount and structure of the remunerations of the members of the Management Board reflect the responsibilities and contribution of each member of the Management Board in the activity and the results of the Company; the ability to keep qualified and loyal managers; the necessity to comply with the interests of the members of the Management Board and the long-term interests of the Company. The remunerations of the members of the Management Board consists of two parts: fixed and additional incentives. The manner of providing and use of additional incentives is specified in the Rules of Procedure of the Management Board.

The remunerations of the members of the Supervisory Board corresponds to their responsibilities and does not depend on the results from the Company's activity. The remunerations of the independent members of the Supervisory Board are fixed and reflect their participation in meetings and the execution of their tasks to control the actions of the executive management and they do not receive additional incentives.

Information disclosure policy

The Management Board of EUROHOLD BULGARIA AD treats all shareholders equally regarding information disclosure. The Company publishes at least periodical reports and notifications of inside information pursuant to art. 4 of the Financial Instruments Market Abuse Act, with deadlines and content according to the requirements of the Public Offering of Securities Act. EUROHOLD BULGARIA AD has signed contracts with Service Financial Markets OOD (the specialized financial media X3News of BSE-Sofia) and with the financial media Investor BG for disclosure of information regulated by the Public Offering of Securities Act to the general public, the regulated market and FSC. The information is available on the respective web addresses of the media - www.x3news.com and www.investor.bg, as well as on the corporate site of EUROHOLD BULGARIA AD - www.eurohold.bg.

XIII. ADDITIONAL INFORMATION UNDER APPENDIX №10 OF REGULATION №2 OF FSC

1. Information about revenues from sales in the reported fiscal year

As a Holding company, the main activities of EUROHOLD BULGARIA AD are acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, and the financing of subsidiaries.

The Company does not perform independent commercial and manufacturing activities. The revenues of EuroHold Bulgaria are formed by financing activities.

There have not been substantial transactions made and such with significant effect on the business activity of the Holding for the reported period.

EUROHOLD BULGARIA AD has not published estimates for the fiscal year 2016.

2. Related Party Transactions

As of the date of Annual Report there are no transactions or proposals for transactions with related parties, which are significant for EUROHOLD BULGARIA AD or its subsidiaries or unusual in type and conditions.

Within the holding, there are constantly conducted transactions between the parent company and its subsidiaries as a result of the nature of their major business activity.

All transactions are performed based on the "at arm's length" principle. The typical transactions between the Holding and the subsidiaries include intergroup loans by which the liquidity of the separate companies is managed and the investment policy is carried out. The company grants loans to its subsidiaries for the purposes of working capital funding.

In 2016, EUROHOLD BULGARIA AD signed loan agreements with the following related parties:

Loans granted by EuroHold Bulgaria to subsidiaries

Subsidiary	Interest %	In BGN '000 as at 31.12.2016
Auto Union AD	8.00%	8 756
EuroIns Insurance Group AD – subordinated debt	7.50%	19 500
EuroIns Insurance Group AD	6.00%	1 171
Total:		29 427

Loans granted by the subsidiaries to EuroHold Bulgaria

Subsidiary	Interest %	In BGN '000 as at 31.12.2016
Starcom Holding AD	3.60%	520
Starcom Holding AD	6.00%	15 330
Euro Lease Auto AD	7.00%	3 337
Eurolease Group EAD	6.00%	16
Total:		27 948

In the reported period there were no events of unusual for the Company nature with significant effect on its business and realized revenues and incurred costs. The Company did not perform any off-balance sheet transactions.

3. Concluded Loan Agreements

Liabilities related to bank loans

Creditor	Maturity	In euro as of 31.12.2016
International Investment Bank	12.2021	15,000,000

The loan is provided to finance insurance business.

Liabilities related to non-bank loans

Creditor	Maturity	In euro as of 31.12.2015
Accession Mezzanine	12.2017	7,286,615

4. Bonds

Eurobonds	Maturity	31.12.2016r.
EMTN Programme in EUR	12.2021	47,000,000
Eurobonds	Maturity	31.12.2016r.
EMTN Programme in PLN	12.2021	45,000,000

5. Financial Recourses Management

The main activity of EuroHold Bulgaria AD as a holding company is to effectively manage the cash resources, accumulated in the entire structure and to distribute them according to the specific needs of the separate subsidiaries. The Company policy in this field is to carry out the funding in the direction – "subsidiaries – parent company" instead of "subsidiary- subsidiary". The management of the free financial resources of the subsidiary companies is carried out in compliance with regulatory requirements and so as to achieve a substantial profitability at reasonable risk.

The investment program of EuroHold Bulgaria in 2016 was implemented by use of its own resources.

6. Information concerning changes occurring in the reported period

No change occurred in the membership of the management and supervisory bodies of the company.

No change occurred in the major management principles of the company.

EUROHOLD BULGARIA AD has a working system for internal control which secures the effective function of information disclosure and accounting systems as well as the risk management systems. Leading international audit companies carry out the external audit, accounting procedures, policies and financial reports within the Holding and its subsidiaries.

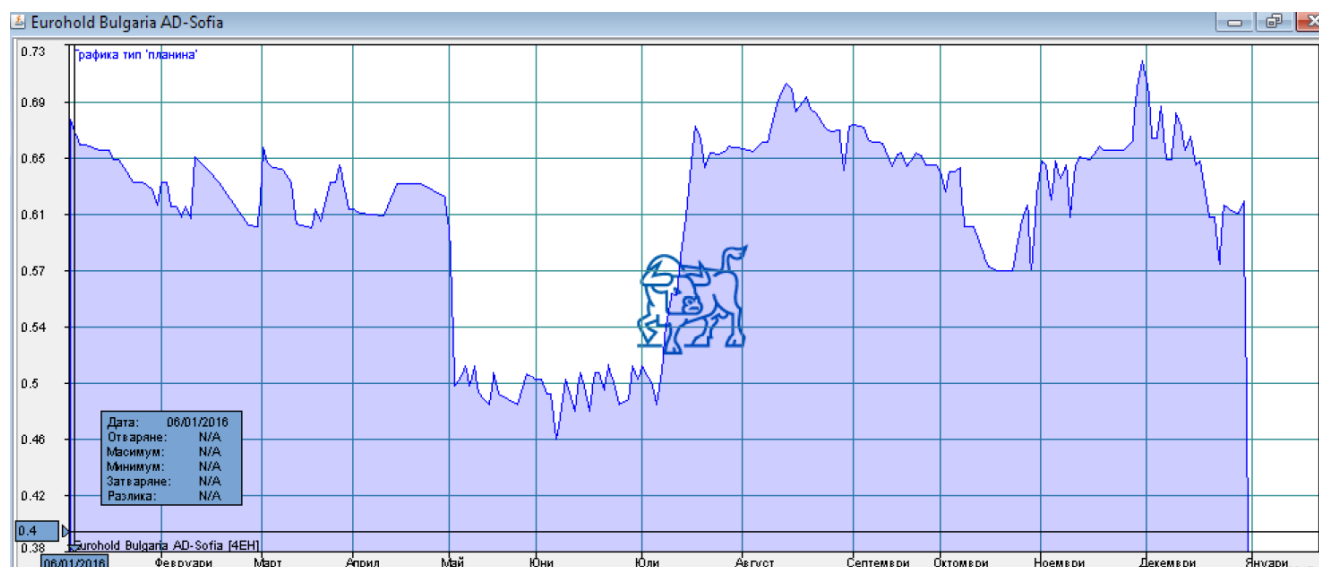
As of the date of the reporting period and after closing of the fiscal year, the Company is not aware of any arrangements that might cause changes in the relative part of shares held by the current shareholders.

The company is not a side in pending court, administrative or arbitration procedures, which have or might have significant impact on its financial state or profitability. There are no resolutions or claims for termination or liquidation of the Company.

7. Changes in the Company's shares price

The Company's shares are listed on the Main market of the Bulgarian Stock Exchange Sofia AD in Premium Equities Segment with stock index - 4EH.

Company's shares price



Source-BSE-Sofia

The graph shows the price dynamics of EuroHold's shares on BSE-Sofia for the period 05.01.2016 – 30.12.2016 (respectively the first and last stock exchange session for the fiscal 2016).

- Initial price: BGN 0.69 (05.01.2016)
- Last price: BGN 0.65 (30.12.2016)
- Maximum: BGN 0.76 (30.11.2016)

- Minimum: BGN 0.47 (07.06.2016)
- Value change: - BGN 0.04
- Relative change: -0.06%
- Average: BGN 0.62

After the dual listing of EuroHold's shares in 2011, they have been traded on the Warsaw Stock Exchange, Main market with stock index – **EHG**.

EHG

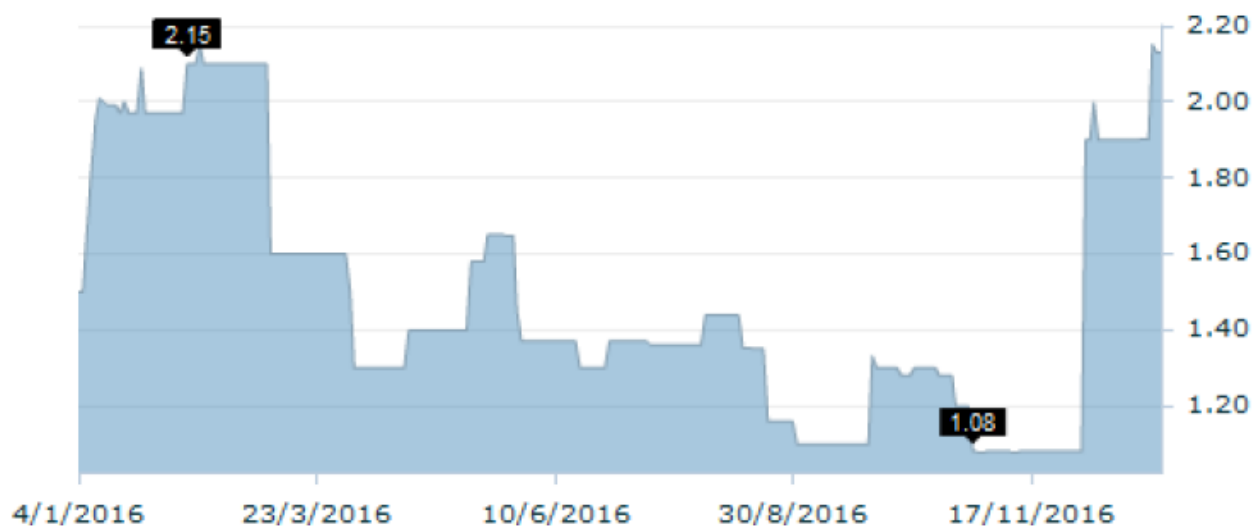
Date: --,--,--

Open: --,--,--

Close: --,--,--

Low: --,--,--

High: --,--,--



Source: WSE

The graph shows the price dynamics of EuroHold's shares on Warsaw Stock Exchange for the period 04.01.2016 – 30.12.2016.

- Initial price: BGN 0.65/1.50 PLN (04.01.2016)
- Last price: BGN 0.92 /2.13 PLN (30.12.2016)
- Maximum: BGN 0.93 /2.15 PLN (28.12.2016)

- Minimum: BGN 0.47 /1.08 PLN (28.10.2016)
- Value change: + BGN 0.27 /+0.63 PLN
- Relative change: +42%
- Average: BGN 0.79/1.82 PLN

XIV. IMPORTANT EVENTS AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENTS

As of the day of this report a capital increase of Eurohold Bulgaria AD by cash contributions in amount of BGN 34 000 000 has been performed, divided into 34 000 000 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one.

The Management Board of EUROHOLD BULGARIA AD is not aware of any other important or significant events that have occurred after the date of the reporting period.

DETAILS OF INVESTOR RELATIONS DIRECTOR**Milena Stoyanova Stoyanova**

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28 April 2017

EuroHold Bulgaria AD, Sofia



Assen Minchev
Executive member of the MB



Hristo Stoev
Procurator



Eurohold Bulgaria AD

**2016 Corporate Governance
Declaration**

This corporate governance declaration is based on the good governance principles and standards defined by the Bulgarian legislation in the provisions of the National Code of Corporate Governance, the Commerce Act, the Public Offering of Securities Act, the Accountancy Act, the Independent Financial Audit Act and other laws and legal regulations and internationally recognized standards.

I. Information under article 100n, paragraph 8, item 1 of the Public Offering of Securities Act

Eurohold Bulgaria AD has adopted and observes the National Code of Corporate Governance. Eurohold Bulgaria AD follows the recommendations of the National Code of Corporate Governance led by the best practices in the field of corporate governance. Good corporate governance is a set of relationships among the governing body of the company, its shareholders and all stakeholders – employees, commercial partners, creditors of the company, potential future investors and the general public. If the principles of good corporate governance are not applied or there is a danger of failure to observe them, the company is obliged to disclose such information in timely manner.

As a result of the consistent policy of the Managing Board of Eurohold Bulgaria AD in terms of the introduction, enhancement and improvement of the corporate governance, the company has established and implemented procedures that ensure the observance of all principles set out in the National Code of Good Governance. To this end, after the evaluation of the results achieved in this area, in 2011 the Managing Board adopted a resolution to affiliate the company to the National Code of Corporate Governance. By doing this, Eurohold Bulgaria AD has demonstrated its willingness to maintain and develop in future the procedures and corporate governance practices introduced during the last five years.

The established governance system guarantees the existence and the prosperity of the company as a strong framework within which the managing bodies work in the best interest of the company in compliance with the reasonable expectations of its shareholders and all stakeholders. Detailed information about the corporate policy of

Eurohold Bulgaria and the procedures for its implementation is contained in the Corporate Governance Program, the Articles of Association and the other constitutional deeds of the company.

The Managing Board of Eurohold Bulgaria AD makes best efforts to maximize the shareholders' benefit by ensuring their equal treatment, including the minority and the foreign shareholders.

The shares of Eurohold Bulgaria AD are registered for trade on the Bulgarian Stock Exchange – Sofia, and as of 15th of December 2011 they are traded at the Warsaw Stock Exchange too. All current shareholders and potential investors are able to freely make transactions for purchase and sale of the company's securities. The company has entered into an agreement with the Central Depository for keeping the book of shareholders, which reflects the current position and registers the changes occurred in the ownership.

The management of Eurohold Bulgaria AD guarantees the equal treatment of all shareholders, including minority and foreign shareholders. The management is obliged to protect their rights and to facilitate the exercising of such rights within the limits allowed by the applicable legislation and the provisions of the company's constitutional deeds. The management ensures timely information to all shareholders in terms of their rights.

The strategic objectives of the corporate governance are as follows:

- Equal treatment of all shareholders, ensuring the protection of their rights;
- Improvement of the level of awareness among the shareholders and transparency;
- Achievement of transparency and publicity of the processes for provision of information by the company;

- Ensuring a mechanism for good governance of the company by its managing bodies, and
- Opportunity for efficient supervision on the governance by the shareholders and the regulatory authorities.

The well-balanced interaction among shareholders, management and stakeholders is a result of the implementation of the corporate governance principles.

The corporate governance declaration of Eurohold Bulgaria AD is subject to the "observe or explain" principle.

II. Information under article 100n, paragraph 8, item 2 of the Public Offering of Securities Act

Eurohold Bulgaria AD has a two-tier management system. According to article 19 of the Articles of Association of Eurohold Bulgaria AD, the managing bodies of the company are General Meeting of Shareholders, Supervisory and Managing Board. The company also has a prokurist /administrator/.

The efficient interaction between the Managing and the Supervisory Board ensures high level of competence for governance of the company in the shareholders' interest, while taking in consideration the stakeholders.

The managing board comprises five natural persons, including a Chairman of the Managing Board who is also the representative of the company, an executive member of the Managing Board and three members of the board.

The Supervisory Board consists of four natural persons and one legal entity (represented on the grounds of article 234, paragraph 1 of the Commerce Act), including a Chairman of the Supervisory Board, a Deputy Chairman of the Supervisory Board, two independent members and one member of the Supervisory Board.

Eurohold Bulgaria AD can be represented only by one executive member of the Managing Board and the company's prokurist /administrator/ jointly.

The conditions for appointment and dismissal of the members of the managing and the supervisory board and of the prokurist

/administrator/ are provided for in the company's Articles of Association.

Eurohold Bulgaria has a remuneration policy developed by the supervisory board and approved by the general meeting of shareholders.

The policy for remuneration of the members of the supervisory and the managing board of Eurohold Bulgaria AD sets out the main rules for defining the remuneration of the persons who take the office of members of the supervisory and of the managing boards of the public company in relation to the performance of their powers when exercising managing and supervisory functions in the company. The remuneration of the members of the Managing and the Supervisory Board and the prokurist /administrator/ is fixed in a management contract. Currently, the remuneration is fixed and has no variable element. The amount of the remuneration is defined depending on specific principles outlined in the remuneration policy. By resolution of the general meeting and upon achieving specific financial results, the members of the managing and the supervisory board may receive additional incentives.

In compliance with the internationally adopted principles for corporate governance and the best practices for disclosure of information, the company has a Code of Ethics developed by the Managing Board and adopted by the Supervisory Board.

The Code of Ethics is adopted and observed by the members of the Supervisory and the Managing Board and in their work they observe the generally accepted principles for honesty, governance and professional competence. Internal Rules of Ethics are developed and followed for the standards of business behaviour of the managers within the holding structure and for prevention of abuse of in-house information. The observance of the Code of Ethics is aimed at the establishment of efficient and transparent corporate governance of the public and other subsidiaries within the structure of Eurohold Bulgaria AD in the interest of their shareholders.

On 26.05.2009 the General Meeting of Shareholders of Eurohold Bulgaria AD appoints an Audit Committee of the Company. It comprises three members with 3 years' term of office. By resolution of the

company's general meeting, the members of the Audit Committee has been appointed for another term of office of 5 years as from 26.05.2012.

In compliance with article 40I of the Independent Financial Audit Act (IFAA), the Audit Committee reports on annual basis to the General Meeting of Shareholders upon the adoption of the company's financial statements. The report of the Audit Committee is made and submitted to the shareholders together with all other materials relevant to the regular annual General Meeting of Shareholders of the company for adoption of the annual non-consolidated and consolidated Financial Statements.

Pursuant to the provisions of IFAA, the Audit Committee of Eurohold Buglaria AD has the following functions:

- Monitors the financial reporting processes in the company;
- Monitors the efficiency of the internal control system;
- Monitors the risk management system;
- Monitors the independent financial audit;
- Reviews the independence of the registered auditor of the company in compliance with the requirements of the law and the Code of Ethics of Chartered Accountants, including the provision of additional services by the registered auditor.

The aim of the Audit Committee is to support the company's management while fulfilling its obligations for the integrity of the separate and consolidated financial statements, the assessment of the efficiency of the internal financial control systems and the monitoring the efficiency of the internal and external auditors.

The good corporate governance program is adopted and implemented by Eurohold Bulgaria AD by observing the best practices in terms of the information disclosure. Such program sets out the main guidance and principles of the company's good corporate governance in compliance with the internationally recognized standards and in strict observance of the provisions of the Bulgarian laws and legal regulations.

The company observes the best practices in terms of information disclosure and each change in the information disclosure process required due to occurred specific

circumstances and reasons is subject to obligatory prior approval by the company's management. In 2016 there are no changes in the information disclosure process. Every material regular or incidental information is being disclosed immediately. The company has coordinated its business with the applicable national legislation and with the European legal framework that directly applies to the national legislation. The company's management is trying to get as close as possible to the good corporate practices and to this end it is committed to develop rules according to which the materiality of every piece of information and the necessity of its disclosure, respectively, are to be assessed.

The company has no written rules on the organization and conducting general meetings, however the company's management strictly observes the requirements and the provisions of the applicable legislation and the company's articles of association in terms of deadlines and content of the materials for the agenda of the General Meeting of Shareholders (GMS). The notice for GMS is made according to the legal requirements and in the greatest details possible. It contains all proposed resolutions for the purposes of making each shareholder aware thereof in advance, before its public announcement.

In their work, the members of the Managing and the Supervisory Board of Eurohold Bulgaria AD are led by the adopted rules and procedures for avoidance and disclosure of conflicts of interest in case of transactions with stakeholders, which are stipulated in the company's constitutional deeds. According to these rules and procedures, the Managing and the Supervisory Boards approve all transactions with related parties, which are implemented in a way ensuring diligent governance of the interests of the company and its shareholders.

The annual and interim statements are prepared under the supervision of the company's management, which directly monitors the accountancy and financial reporting systems. On monthly basis, the management of Eurohold Bulgaria AD receives management reports from all subsidiary sub-holdings for the development of the companies and the achieved financial results. The Managing Board prepares an annual director's report for its work, which is

adopted by the General Meeting of Shareholders.

Eurohold Bulgaria AD does not have developed written policy for social responsibility, however the company is committed and devoted to social support and care for the health of its employees.

III. Information under article 100n, paragraph 8, item 3 of the Public Offering of Securities Act

Eurohold Bulgaria AD has established and operating risk management and internal control system, which ensures efficient functioning of the accountancy and financial reporting and information disclosure systems. The internal control system is established and functions also with view of identifying the risks attributable to the Company's business and of enhancing their effective management.

The internal control and risk management are aimed at ensuring a reasonable level of surety in terms of achieving the strategic objectives of the holding relevant to the attainment of efficacy and efficiency of the operations, reliability of the financial reports, observance and implementation of the existing legal and regulatory frameworks. The internal control and risk management are implemented by the managing and supervisory bodies and by the heads of the holding's structural division and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and implements rules and procedures for effective functioning of the accountancy and financial reporting and information disclosure systems. These rules describe in details the different types of information created and disclosed by the company, the in-house document management processes, the different levels of access to the types of information among the responsible persons and the time periods for processing and management of the information flows.

The established risk management system ensures the efficient internal control upon the

creation and management of all in-house documents, including financial statements and other regulated information the Company is obliged to disclose in compliance with the legal provisions.

One of the main objectives of the introduced internal control and risk management system is to support the management and other stakeholders in assessing the reliability of the company's financial statements.

The annual separate financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to independent financial audit for the purposes of achieving objective external opinion about the way of their preparation and presentation. The company prepares and maintains its accountancy in compliance with the International Accounting Standards.

The risk management policy is implemented in an integrated manner and in compliance with all other policies and principles regulated in the in-house deeds of Eurohold Bulgaria AD.

Detailed description of the risks attributable to Eurohold Bulgaria AD' and its subsidiaries' business is given in section IV "Risk Factors" (page 11-23) of the registration document, being Part II of the Prospectus for Public Offering of Securities (issue of shares for capital increase) confirmed by the Financial Supervision Commission on 18 November 2016. The prospectus is available on the webpage of Eurohold Bulgaria AD www.eurohold.bg.

IV. Information under article 100n, paragraph 8, item 4 of the Public Offering of Securities Act

The members of the Supervisory and the Managing Board of Eurohold Bulgaria AD submit information under article 10, paragraph 1, letters "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids:

Paragraph 1, letter "c"	Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of article 85 of Directive 2001/34/EC.	Eurohold Bulgaria AD holds significant direct or indirect shareholdings, which are described in details in part II. BUSINESS REVIEW, Lines of Business of the Company's 2016 Director's Report
Paragraph 1, letter "d"	The holders of any securities with special control rights and a description of those rights	There are no shares that give special control rights.
Paragraph 1, letter "f"	Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;	There are no restrictions on the voting rights of the holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities.
Paragraph 1, letter "h"	The rules governing the appointment and replacement of board members and the amendment of the articles of association	The rules governing the appointment and replacement of members of the Managing Board and the Supervisory Board and the amendment of the articles of association are set out in the constitutional deeds of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.
Paragraph 1, letter "i"	The powers of the board members, and in particular the power to issue or buy back shares;	The powers of the members of the Managing Board and of the Supervisory Board are provided for in the articles of association of Eurohold Bulgaria AD and the adopted rules of procedure of the two bodies.

V. Information under article 100n, paragraph 8, item 5 of the Public Offering of Securities Act

The Managing Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and implement rules of procedure of the two bodies that define their powers and way of work for the purposes of ensuring efficient work within the frames of the two-tier management system of the company guaranteeing the management and the representation of the company according to the in-house constitutional deeds, the requirements of the law and the protection of shareholders' interests.

The Managing Board manages the company in compliance with the company's established goals and strategies and the

shareholders' interests. It monitors the company's results, informs the Supervisory Board on regular basis and in details about all issues relevant to the development of Eurohold Bulgaria AD, the functioning of the established risk management and internal control and audit systems. The Managing Board coordinates its actions with the Supervisory Board in terms of adopted objectives and strategies of the company, the transactions of material nature and all other operations and activities.

The Managing Board manages the company and works under the control of the General Meeting of Shareholders and the Supervisory Board. It resolves on all issues that are related to the implementation of the company's scope of business, except on the

issues, which by law or pursuant to the provisions of the articles of association, have been assigned for resolving exclusively to the General Meeting of Shareholders or to the Supervisory Board. The members of the Managing Board are appointed by the Supervisory Board for a period of 5 (five) years. The members of the Managing Board may be re-elected without restrictions.

The Managing Board may comprise from 3 (three) to 9 (nine) persons – capable natural persons or legal entities, while observing the requirements for the number and structure thereof in order to ensure the efficient business of the company. In case of a legal entity – member of the Managing Board, it nominates its representative to fulfil its obligations. Upon proposal for election of new members of the Managing Board the principles of compliance of candidate's competence with the nature of the company's business are observed. A person under article 234, paragraph 2 of the Commerce Act or article 116a, paragraph 1 of the Public Offering of Securities Act may not be a member of the Managing Board. The members of the Managing Board should also meet the following additional requirements, and namely: to have enough professional qualification and experience to manage the company's business; not to be sentenced for deliberate criminal offence of general nature; not to have been members of a Managing or supervisory body or general partners of a company against which an insolvency procedure has been initiated, or which has been wound-up due to insolvency during the last two years before the date of announcing the insolvency, provides unsatisfied creditors have remained; not to have been declared insolvent and not to be subject to insolvency procedure as a sole proprietor; not to be deprived of the right to take accountable offices.

The members of the Managing Board have equal obligations and rights, irrespective of the internal allocation of functions among the board members and the right to management and representation granted to some of them. The chairman of the Managing Board organizes the work of the board according to the requirements of the law, these articles of association and the resolutions of the General Meeting of Shareholders. The deputy chairman of the Managing Board substitutes

the chairman in fulfilling their obligation in case the chairman is permanently impeded to fulfil their obligations.

The General Meeting of Shareholders defines the remunerations of the members of the Managing Board as well as other property issues /additional incentives/ in relation to its work. Information about the remunerations and additional incentives received by the members of the Managing Board is disclosed on annual basis in the company's annual director's report.

The members of the Managing Board are obliged to fulfil their obligations with the care of good trader in a way they reasonably believe is in the interest of all shareholders and of the company, whereas using only information they reasonably believe to be authentic and complete, and to show loyalty to the company, whereas preferring the company's interest to their own interest and to avoid any direct or indirect conflicts between their own and the company's interest, and provided such conflicts occur – to disclose them in writing, in timely manner and in full before the respective body, and not to participate, and not to exert influence on the other board members upon adoption of resolutions in this cases, not to disclose non-public information about the company also upon ceasing to be members of the Managing Board until the public disclosure of the respective circumstances by the company.

The Managing Board is obliged to report on its expenses to the Supervisory Board and to the regular annual General Meeting of Shareholders, or in case of discussing its liability for the company's management.

The members of the Managing Board are jointly liable for the damages they have caused to the company by their fault. If it is established that a board member is not liable for the occurred damages, they will be released from liability. They are released from liability by the company's General Meeting of Shareholders on annual basis at the time of adoption of the company's annual financial statements; and otherwise as set out by the law, the articles of association and the resolutions of the General Meeting of Shareholders.

under article 100n, paragraph 8 in relation to article 7, paragraph 1 of POSA

The General Meeting of Shareholders may release a member of the Managing Board from liability during the regular annual meeting if there are available annual financial statements for the previous year and interim financial statements for the period from the beginning of the current year until the last date of the month preceding the month of announcing the notice for convocation of the General Meeting of Shareholders has been announced, such statements being certified by a registered auditor.

The members of the Managing Board give guarantee for their management in Bulgarian leva and in an amount fixed by the General Meeting but not less than their 3 (three) months' gross remuneration. The guarantee should be deposited in a bank on the territory of the country. Provided the General Meeting has not fixed the amount of this guarantee it will be equal to the 3 (three) months' gross remuneration for each of the board members. The guarantee is subject to immediate refund upon releasing the respective member from liability and from office for the period of their participation in the board.

The managing board:

1. organizes, manages and supervises the company's operations and ensures the management and safe keeping of its property;
2. manages and represents the company;
3. through its executive members, the managing board enters into contracts with the company's employees, amends and terminates the employment relationships therewith, imposes disciplinary penalties for any violations committed, grants bonuses, performs the rights and obligations of employer in relation to the persons recruited by the company;
4. reports upon each request of the supervisory board for the time from the previous report until the date of the meeting, but not less than once every 3 (three) months;
5. settles the company's relationships with the state and municipal budget;
6. controls the company's income and expense;
7. performs any legal actions aimed at ensuring the normal functioning of the company with view of the laws, these articles of association and the resolutions of the general meeting of shareholders;
8. convenes the general meetings of shareholders, drafts the agenda of the meetings and observes for the compliance with the statutory requirements for convocation of the general meeting of shareholders;

9. makes the required disclosures and publications relevant to the company's business before the respective state authorities and in mass media;
10. presents the annual financial statements, the director's report for the previous financial year, the report of the chartered accountant (registered auditor) before the Supervisory Board and makes proposals for allocation of profit;
11. in the cases as provided by the Public Offering of Securities Act and in other legal regulations, approves in advance the company's transactions with the participation of interested persons, except those that should be approved by the general meeting of shareholders or by the Supervisory Board;
12. in pursuance of the restrictions as provided for in the Public Offering of Securities Act and other legal regulations:
 - adopts resolutions for dissolution or transfer of company's enterprises or substantial parts thereof, for acquisition and alienation of shareholdings in other companies, for financing companies it has a shareholding in;
 - adopts resolutions for acquisition and disposal with any company's fixed assets and property rights thereof, for the use of loans, for granting collaterals and guarantees and for assuming guarantee, for entering into contracts, participation in auctions and contests;
 - adopts resolutions for establishment of mortgage and pledge on company's assets;
13. adopts resolutions for opening or closing of branches;
14. adopts intracompany constitutional and other deeds;
15. adopts resolutions for establishment of mortgage and pledge on company's assets;
16. prepares and presents programs and plans for the development of the company for adoption by the general meeting of the shareholders;
17. performs other tasks assigned thereto by the legal regulations, the present articles of association and the resolutions of the general meeting of shareholders.

The meetings of the managing board are convened by its chairman upon his own initiative or upon request of any of member of the board, at least once a month. Each member of the Managing Board may request the chairman of the board in writing to convene a meeting to discuss specific issues. The chairman of the Managing Board is obliged to convene such meeting within 3 (three) days after the date of request. If he fails to do so, the meeting may be convened

by any of the members of the Managing Board.

The Managing Board adopts resolutions if more than half of its members are attending the meeting personally or are represented by another member of the board. Each member may represent only one of the absent members. Representation is done with written power of attorney. By resolution of the Managing Board, its meetings may be attended by persons who are not members.

The Supervisory Board supervises the work of the Managing Board by giving the Managing Board directions in compliance with the company's established goals and strategies and the shareholders' interests. It may not take part in the company's management. The members of the Supervisory Board are appointed by the general meeting of shareholders for a period of 5 (five) years. The first Supervisory Board is appointed for a period of 3 (three) years. The members of the Supervisory Board may be re-elected without restrictions.

The Supervisory Board may consist of 3 (three) to 7 (seven) members – capable natural persons or legal entities. In the last case, the legal entity nominates its representative in relation to the fulfilment of its obligations (сѐдем). A person under article 234, paragraph 2 of the Commerce Act or under article 116a, paragraph 1 of the Public Offering of Securities Act may not be a member of the Supervisory Board.

The members of the supervisory board should meet the following additional requirements: not to be sentenced for deliberate criminal offence of general nature; not to be declared insolvent or subject to insolvency procedure as a sole proprietor and not to be deprived from the right to take accountable offices.

At least one third of the members of the Supervisory Board should be independent persons within the meaning of article 116a, paragraph 2 of the Public Offering of Securities Act.

The general meeting of shareholders determines the remuneration of the members of the supervisory board, as well as any other property matters relevant to its work. Information about the remunerations and additional incentives received by the

members of the Supervisory Board is disclosed on annual basis in the company's annual director's report.

The members of the Supervisory Board have equal rights and obligations regardless of the internal allocation of functions among the members of the board. The chairman of the Supervisory Board organises the work of the board in compliance with the statutory requirements, the requirements of these articles of association and the resolutions of the general meeting of shareholders. The deputy chairman of the supervisory board substitutes the chairman in fulfilling his obligations, provided the chairman is permanently impeded to fulfil his obligations.

The Supervisory Board has right to access to any information and documents relevant to the company's governance.

The members of the Supervisory Board are obliged to perform their obligations with the care of diligent trader in a way they reasonably consider being in the interest of all shareholders of the company, while using only information they reasonably consider reliable and full, to show loyalty to the company whereas preferring the company's interest to their own interest and avoiding any direct or indirect conflicts between their own interest and the interest of the company, and provided such conflicts occur възникнат – they accordingly and fully disclose them in writing before the respective body, and do not to participate, and exert influence on the other board members, upon adopting resolutions to this effect, they do not disclose any non-public information about the company even in case they cease being members of the Supervisory Board until the public disclosure of such information by the company.

The members of the Supervisory Board are jointly liable for any damages wilfully caused to the company. If it has been found that a member of the Supervisory Board is not guilty for the damages occurred, he will be released from liability. The general meeting of shareholders may release a member of the Supervisory Board from liability at a regular annual general meeting if there are available annual financial statements for the preceding year and interim financial statements for the period from the beginning of the current year until the last day of the month preceding the month of promulgation of the notice for

convocation of the general meeting of shareholders, such statements being certified by a registered auditor.

The members of the Supervisory Board grant a guarantee for their management in Bulgarian leva and within an amount fixed by the general meeting of shareholders, but not less than 3 (three) monthly gross salaries. The guarantee is deposited in a bank within the territory of the country. Provided the general meeting of shareholders fails to fix the amount of the guarantee, such guarantee is equal to 3 (three) monthly gross salaries for each of the members. The guarantee is returned immediately when the respective member is dismissed from office and released from liability for the duration of his participation in the board.

The Supervisory Board appoints and dismisses the members of the Managing Board; fixes the remuneration of the members of the Managing Board; supervises the work of the Managing Board, whereas requiring and hearing information and reports on each issue relevant to the company's business; gives guidance to the Managing Board upon the establishment of the system for risk management, internal control and financial audit and the financial information system, carries the relevant investigations with view of performing its obligations; approves the rules of procedure of the Managing Board; convenes general meeting of shareholder; adopts its rules of procedure; performs other tasks delegated thereto by the legal regulations, the company's articles of association and the resolutions of the general meeting of shareholders. The Supervisory Board may recruit experts to assist the fulfilment of its obligations.

The meetings of the Supervisory Board are convened by its chairman, at least once every 3 (months) months. Each member of the Supervisory Board may request the chairman in writing to convene a meeting to discuss specific matters. The chairman is obliged to convene such meeting within 3 (three) days after the date of such request. In case of failure to do so, the meeting may be convened by any of the members of the Supervisory Board.

The Supervisory Board adopts resolutions if more than half of its members are attending the meeting personally or are represented by another member of the board. Each member may represent only one of the absent members. Representation is done with written power of attorney. By resolution of the Supervisory Board, its meetings may be attended by persons who are not members.

The General Meeting of shareholders is a supreme managing body of the company and comprises all shareholders with a voting right. The general meeting of shareholders (GMS) is competent to adopt key resolutions for the holding's business, such as: adoption of resolution for amendment and supplement of the articles of association; transformation and dissolution of the company; increase and decrease of the capital; appointment of members of the Supervisory Board, etc.

The terms and conditions for convocation of the general meeting of shareholders are as follows:

Pursuant to article 21, paragraph 1 of the articles of association, the general meeting of shareholders is convened by the Managing Board 1 (once) a year for a regular session not later than the end of the first six months after closing the reporting year. The Managing and the Supervisory Board may request the convocation of an extraordinary meeting: upon their own discretion; when losses exceed $\frac{1}{4}$ (one fourth) of the capital and in other statutory cases.

According to the same article of the articles of association and pursuant to article 223, paragraph 1 of the Commerce Act, the general meeting of shareholders may be also convened upon request of shareholders who hold shares, being at least 5 percent of the capital of the Issuer, for more than three months, provided the managing board of the company fails to convene a general meeting of shareholders within one month, or if such general meeting is not held within three months from filing the request, the district court convenes GMS or empowers the shareholders, requesting such convocation, or a representative thereof, to convene the meeting.

Pursuant to article 118, paragraph 2 of POSA, the persons jointly or severally holding at least 5 percent of the capital of the Issuer (notwithstanding the time period of their holding, and without making such prior request to the Managing Board of the company) may ask the district court to convene a general meeting or to empower their representative to convene a general meeting with agenda defined thereby, and the court should adjudicate on the request immediately.

Shareholders who jointly or severally hold at least 5 percent of the Issuer's capital may request the inclusion of matters and to propose resolutions on matters that are already on the agenda of GMS by virtue of

the provisions of article 223a of the Commerce Act.

The general meeting of shareholders may be convened with a notice announced in the commercial register pursuant to the provisions of article 22 and article 23 of the articles of association of the Issuer. The company is obliged to publish the notice in the commercial register and to announce it by virtue of the terms and conditions of article 100t, paragraph 1 and paragraph 3 of POSA, at least 30 days before the date of opening of the General Meeting of Shareholders.

The convocation of the General Meeting of Shareholders, the powers of the General Meeting of Shareholders, the participation in the sessions of the General Meeting of Shareholders, the requirements for quorum to hold a General Meeting of Shareholders, the required majority for adoption of resolutions by the General Meeting of Shareholders, the bodies of the General Meeting of Shareholders, the records of the sessions of the General Meeting of Shareholders are set out in details in article 21 – article 32 of the Issuer's articles of association.

The provisions of the company's articles of association relevant to the Managing Board and the Supervisory Board are described in details in paragraph XXI. 3 herein below.

The shares of the company are of one class, and namely ordinary, registered, dematerialized. The nominal value per share is BGN 1.00 (one lev). Each share gives its holder the right to 1 (one) vote at GMS; right to dividend (part of the company's profit) and right to a liquidation quota. Furthermore, pursuant to article 11, paragraph 3 of the articles of association, each shareholder is entitled to acquire with privilege part of the new shares issued upon capital increase; to get acquainted with any written materials relevant to the agenda of the general meeting; to authorize another person to exercise his rights in relation to the company; to be elected in the managing bodies of the company and to exercise any other rights conferred by the Bulgarian legislation.

Pursuant to article 64, paragraph 1 of the company's articles of association, dividends are allocated and paid once a year upon meeting the following conditions only: completion of the respective financial year; availability of profit realized by the company for the respective year; remainder of the profit after the allocation of amounts required for the Reserve Fund and other funds

required by the law; resolution of the general meeting for allocation of profit, any part thereof respectively, and in particular for allocation of dividends and for fixing the amount thereof. Dividends are allocated among the shareholders in proportion to the shares they hold. Any person who is subscribed as a shareholder in the registers of Central Depository AD on the 14th day after the date of the general meeting approving the annual financial statements and adopting the resolution for allocation of profit is entitled to a dividend. The company is obliged to ensure that the dividend voted for at the general meeting will be paid to the shareholders within 3 months after such meeting. The costs for payment of dividends are borne by the company.

The Issuer's articles of association do not provide for any actions required for the change of the rights of the holders of shares other than those required by the law.

Shares of the company are traded and transferred in compliance with the provisions of the Financial Instruments Markets Act and its implementing rules, the Rules of Procedure of Bulgarian Stock Exchange – Sofia AD and the Rules of Central Depository AD, whereas the Issuer's articles of association do not provide for any restrictions in terms of the free transferability of its shares. The issue of and disposal with shares of the Issuer, such as dematerialized securities, are valid as from the registration thereof at Central Depository AD.

The company's articles of association do not contain provisions that establish a threshold above which the shareholding should be disclosed, as well as provisions that would result in delay, postponing or preventing a change in the Issuer's control. The obligation for disclosure of shareholding arises from the provisions of POSA. Pursuant to POSA each shareholder who acquires or transfers directly and/or by virtue of article 146 of POSA a voting right at the general meeting of the Issuer is obliged to inform the FSC, the public company and the regulated market when: as a result of such acquisition or transfer their voting right reaches, exceeds or decrease below 5 percent or a number divisible to 5 of the number of votes at the general meeting of the company; their voting right exceeds, reaches or decreases below the thresholds under item 1 as a result of events causing changes in the total number of voting rights on the basis of the information disclosed by virtue of article 112e of POSA. The terms and conditions and the time period for disclosure of the shareholding are governed by article 145 et al of POSA.

V. Information under article 100n, paragraph 8, item 6 of the Public Offering of Securities Act

Eurohold Bulgaria AD has not made and approved a policy of diversity in terms of its managing and supervisory bodies, but in

practice when selecting the members of the managing bodies, no restrictions in terms of age, sex, nationality and education apply. The main factors used are fitness and propriety, managing skills, competence, professional experience in the respective field of action, etc.

This corporate governance declaration of Eurohold Bulgaria AD is made and signed on 20.3.2017.

Managing Board:


.....
/Kiril Boshov – Chairman of the Managing Board/


.....
/Asen Minchev – Executive Member of the Managing Board/


.....
/Asen Asenov – Member of the Managing Board/


.....
/Dimitar K. Dimitrov – Member of the Managing Board/


.....
/Velislav Hristov – Member of the Managing Board/


.....
/Hristo Stoev – Prokurist /Administrator/



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Eurohold Bulgaria AD

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eurohold Bulgaria AD, which comprise of the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Eurohold Bulgaria AD as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Shareholders' equity at the Group level is below the stated share capital. An entity in segment „Insurance and Health Insurance“ (Euroins Romania Insurance - Reinsurance AD) has received an approval for successful completion of the procedure of financial recovery plan, imposed by a regulator.

The management has decided to disclose the effect of the restructuring of entities under common control till 30 June 2009 as goodwill (Note 33 "Goodwill"). Significant part of the goodwill arises from business combinations within the "Insurance and Health Insurance" segment. As disclosed in the key audit matter the inherent risk arising from the accounting estimates, which are identified as such and which by their nature are of high degree of uncertainties, is noted.

Our opinion is not qualified in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill from business combinations

Nature of the area of focus	Matters discussed with the audit committee
<p>Because of the specifics of the structure and the activity of the Group, the investments in subsidiaries are substantial for its activity.</p> <p>As at 2016 year end the Group recognizes goodwill at the acquisition of subsidiaries in previous periods including effects from the transformation of companies under common control until 30 June 2009. With regard to business combinations including entities under common control the Group has opted to apply by analogy the acquisition method under IFRS 3 - Business combinations.</p> <p>The goodwill recognized at the acquisition of subsidiary is reviewed on annual basis for existence of grounds for impairment and is accounted for at book value.</p> <p>In connection with the impairment test the Management of the Group has hired an external appraiser.</p> <p>The process of determination of the assumptions is connected with the future development of the subsidiaries, inclusive financial budgets, medium term and long term plans for development of the activities in the Group.</p> <p>The key assumptions used in the calculations are determined per each company that goodwill is derived from, treated as a separate cash generating unit and is in connection with its specific activity, business environment and risks. At the performance of the tests it is agreed that each separate entity is "cash generating unit", in the same manner the recoverable amount of the entity is determined.</p> <p>The results of the tests show that the recoverable amount of the goodwill exceeds the book value and there are no indications for impairment of the goodwill.</p> <p>For this reason, inclusive the accounting estimates which are identified as such of high degree of uncertainties we have determined this as a key audit matter.</p>	<p>Discussion included the expected projections and budgets used in the impairment tests. We have also discussed the probability to fulfil the budgeted targets as well as the threats inherent to the companies generating goodwill.</p>
<p>Procedures performed to support our discussions and conclusions:</p> <ul style="list-style-type: none"> • We have tracked the procedures on the analyses performed by the Group in connection with the fulfillment of budgets and the forecast ratios of the separate entities in comparison with the reporting period; • We have analyzed and assessed the adequacy and reasonableness of the budgets and forecasts prepared by the Group; • We have reviewed the main estimates and assumptions, calculations and results of the tests for impairment of the Management of the Group prepared with the assistance of an independent external appraiser; • We have tracked the completeness and the adequacy of the disclosures in the financial statements of the Group with regard to the valuation of goodwill. 	
<p>Relevant references in the annual financial statements</p> <ul style="list-style-type: none"> • Note 33 	

Assessment of the adequacy of the insurance reserves

Nature of the area of focus	Matters discussed with the audit committee
The amounts of the insurance reserves, inclusive the unearned premium reserves and the outstanding claims	The results from the procedures performed were noted and in addition the discussion included the

Nature of the area of focus	Matters discussed with the audit committee
<p>reserve and the other technical reserves are substantial for the activity of the Insurance Group.</p> <p>The process of determination of the assumptions related to the calculations of the estimates at the separate business units depending on the insurance contracts, their complexity, their volume or expected outcome of the insurance events is connected with a number of uncertainties, inclusive long time horizons.</p> <p>In the reporting period the methodology for the calculation of the reserve for incurred but not reported claims has been changed under the recommendation of the independent external expert who performed a balance sheet review of the subsidiaries as at 30 June 2016. As a result of this an effect of change in the accounting policy has been recognized.</p> <p>For this reason and as well as the fact that the valuation of the insurance reserves and the disclosures made in the financial statements of the Group involve numerous estimates, assumptions and specific calculations, inclusive participation of experts, we have determined this as a key audit matter.</p>	<p>effects resulting from the change in the accounting policy.</p>
<p>Procedures performed to support our discussions and conclusions:</p> <ul style="list-style-type: none"> • Review of the rules, the accounting policy and the procedures of the Group for forming reserves for compliance with the regulative requirements which were discussed with the Management of the Group. • Assessment of the types of reserves, the completeness of risks they cover, the base and the methods used for the calculation of the reserve. • At subgroup Insurance level the actuarial calculations were tracked and compared with the rules applied by the subgroup and for the purposes of this our experts (actuaries) were used. • The adequacy of the reserves was assessed by means of actuarial calculations. • The disclosures with regard to technical reserves made in the financial statements of the Subgroup is tracked for completeness. 	
<p>Relevant references in the annual financial statements</p> <ul style="list-style-type: none"> • Note 42 	

Subordinated liabilities

Nature of the area of focus	Matters discussed with the audit committee
<p>The Group presented in the Financial Statements as at 31.12.2016 subordinated liabilities in amount of BGN 77,253 after changing the loans contract terms which as at 31.12.2015 are presented as long term liabilities.</p>	<p>Discussed recommendations for improving disclosures in the financial statements in accordance with applicable standards - key conditions, maturity and others.</p>
<p>Procedures performed to support our discussions and conclusions:</p> <ul style="list-style-type: none"> -We reviewed the concluded annexes during the year that confirm the accuracy of the presentation of subordinated liabilities - We did substantive procedures to obtain reasonable assurance regarding the existence, accuracy and presentation of subordinated liabilities. 	
<p>Relevant references in the annual financial statements</p> <ul style="list-style-type: none"> • Note 34 	

Current liabilities exceed current assets



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 Bulgaria

Nature of the area of focus	Matters discussed with the audit committee
Current liabilities exceed current assets as at 31.12.2016 by 50,713 thousand BGN.	We have discussed the actions undertaken by the management to restore the ratio between the current assets and current liabilities. The management has emphasized the possibilities for the involvement of external equity resources by public offering of bonds on the international capital market and by increase of the share capital.
Procedures performed to support our discussions and conclusions: - Reviewed the maturity structure of assets and liabilities	
Relevant references in the annual financial statements • Note 2.22 • Note 36 • Note 48	

Revenue recognised

Nature of the area of focus	Matters discussed with the audit committee
The Group has recognised gains from sale of investments which result from contracts with settlement clauses under condition. The settlement of this condition is a result of the occurrence of definite events which are actions by the owner of the instrument and are outside the control of Eurohold Bulgaria AD.	We have discussed the conditions and documents were provided which were the basis for recognition of the settlement right of the conditional remuneration.
Procedures performed to support our discussions and conclusions: - Performed substantive tests to obtain reasonable assurance on the accuracy and validity of the revenue recognised	
Relevant references in the annual financial statements • Note 10	

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the disclosure of other information. The other information, which we have obtained prior the date of our auditor's report, comprises the management report and the corporate governance statement, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Financial Statements and Auditor's Report Thereon* section, in relation to the management report and the corporate governance statement, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA), issued on 29 November 2016/approved by its Management Board on 29 November 2016. These procedures refer to testing the existence, form and content of this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Art. 100m, paragraph 8(3) and (4) of the POSA) applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the consolidated management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.
- c) The corporate governance statement referring to the financial year for which the financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.

Opinion in connection with Art. 100(m), paragraph 10 in conjunction with Art. 100 m, paragraph 8(3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about entity's activities and the environment in which it operates, in our opinion, the description of the main characteristics of entity's internal control and risk management systems relevant to the financial reporting process, which is part of the management report (as a component of the corporate governance statement) and the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.

Additional Reporting on the Audit of the Financial Statements in connection with Art. 100(m), paragraph 4(3) of the Public Offering of Securities Act

Statement in connection with Art. 100(m), paragraph 4(3)(b) of the Public Offering of Securities Act

The information about related party transactions is disclosed in Note 47 to the consolidated financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying consolidated financial statements for the year ended 31 December 2016, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on related party transactions were addressed by us in the context of forming our opinion on the consolidated financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

Statement in connection with Art. 100(m), paragraph 4(3)(c) of the Public Offering of Securities Act

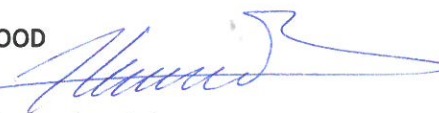
Our responsibilities for the audit of the consolidated financial statements as a whole, described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report include an evaluation as to whether the consolidated financial statements present the significant transactions and events in a manner that achieves fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the financial statements for the year ended 31 December 2016, no facts, circumstances or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IFRSs as adopted by the European Union. The results of our audit procedures on Company's transactions and events significant for the financial statements were addressed by us in the context of forming our opinion on the financial statements as a whole and not for the purpose of expressing a separate opinion on those significant transactions.

Sofia, 5 May 2017

BDO Bulgaria OOD


Stoyanka Apostolova

CPA, Registered auditor


Nedyalko Apostolov,
Manager



Eurohold Bulgaria AD
Consolidated statement of profit or loss
For the year ended December 31, 2016

In thousand BGN

	Notes	2016	2015
			Restated*
Revenues from operating activities			
Insurance revenue	3	843 652	724 995
Car sales revenue	5	166 768	151 930
Leasing revenue	6	21 524	21 942
Revenue from asset management and brokerage	8	10 263	13 705
Revenue from the activities of the parent company	10	16 398	5 234
		1 058 605	917 806
Expenses for operating activities			
Insurance expenses	4	(799 671)	(788 542)
Cost of cars and spare parts sold		(147 117)	(131 612)
Leasing financial expenses	7	(4 849)	(5 497)
Financial expenses for asset management and brokerage	9	(9 534)	(12 350)
Financial expenses for the activities of the parent company	11	(898)	-
		(962 069)	(938 001)
Gross Profit		96 536	(20 195)
Other income/expenses	12	(4 712)	(3 381)
Other operating expenses	13	(56 916)	(56 536)
EBITDA		34 908	(80 112)
Financial expenses	14	(15 068)	(10 270)
Financial revenue	15	183	399
Foreign exchange gains/losses	18	(18)	(10)
EBTDA		20 005	(89 993)
Depreciation and amortization	16	(6 663)	(7 343)
EBT		13 342	(97 336)
Taxes	17	(3 118)	16 215
Net income/loss for the period		10 224	(81 121)
Attributable to:			
Equity holders of the parent		8 474	(64 558)
Non-controlling interests		1 750	(16 563)

* Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 46

Prepared by:

/I. Hristov/

Signed on behalf of BoD:

/A. Minchev/

Procurement:

/H.Stoev/

28.4.2017

Read through and verified for identity:
 BDO Bulgaria OOD

Stoyanka Apostolova
 CPA, Registered Auditor
 5.5.2017



Nedyalko Apostolov
 Manager


Eurohold Bulgaria AD
Consolidated Statement of Other Comprehensive Income
For the year ended December 31, 2016

<i>In thousand BGN</i>	<i>Notes</i>	<i>2016</i>	<i>2015</i>
Profit/loss for the year	44	10 224	(81 121)
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		(170)	73
Income tax effect		-	-
		(170)	73
Exchange differences on translating foreign operations		(619)	(5)
Income tax effect		-	-
		(619)	(5)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(789)	68
<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		(789)	68
Total comprehensive income for the period, net of tax		9 435	(81 053)
Attributable to:			
Equity holders of the parent		7 757	(64 491)
Non-controlling interests		1 678	(16 562)
		9 435	(81 053)

Prepared by:


 /I. Hristov/

Signed on behalf of BoD:


 /A. Minchev/

Procurement:


 /H. Stoev/

28.4.2017

 Read through and verified for identity:
 BDO Bulgaria OOD


 Stoyanka Apostolova
 CPA, Registered Auditor
 5.5.2017


 Nedyalko Apostolov
 Manager

Eurohold Bulgaria AD
Consolidated Statement of Financial Position
As at December 31, 2016

<i>In thousand BGN</i>	<i>Notes</i>	31.12.2016	31.12.2015 Restated*	1.1.2015 Restated*
ASSETS				
Cash and cash equivalents	19	100 948	71 552	68 119
Deposits at banks	20	27 662	15 652	12 204
		128 610	87 204	80 323
Receivables				
Insurance receivables	21	78 549	89 245	75 223
Trade and other receivables	22	21 572	21 767	19 522
Other receivables	23	340 865	313 063	195 286
		440 986	424 075	290 031
Other assets				
Property, plant and equipment	24, 24.2-5	34 515	29 056	25 252
Intangible assets	26	1 739	2 678	2 530
Inventory	27	40 212	34 449	23 411
Financial assets	28	174 097	103 752	88 759
Other assets	29	18 517	20 353	3 162
		269 080	190 288	143 114
Investments				
Land and buildings	24, 24.1	16 207	13 169	9 346
Investment property	25	13 215	11 396	12 200
Investments in subsidiaries and associates	30	171	136	6 193
Other financial investments	31	2 159	2 772	724
Non-current receivables	32	74 087	70 810	75 035
		105 839	98 283	103 498
Goodwill	33	189 999	189 989	190 791
TOTAL ASSETS		1 134 514	989 839	807 757

* Certain amounts shown here do not correspond to the 2015 and 2014 financial statements and reflect adjustments made, refer to Note 46

Eurohold Bulgaria AD
Consolidated Statement of Financial Position (continued)
As at December 31, 2016

In thousand BGN	Notes	31.12.2016	31.12.2015 Restated*	1.1.2015 Restated*
EQUITY AND LIABILITIES				
Equity				
Issued capital	43	124 399	127 237	127 321
Premium reserves from the issue of securities		38 714	38 714	38 714
General reserves		8 640	8 640	8 640
Revaluation reserves		(1 346)	(37)	636
Special reserves		(55 108)	(52 560)	(53 795)
Retained earnings		(44 659)	27 651	44 185
Current period result	44	8 474	(64 558)	(15 402)
Equity attributable to equity holders of the parent		79 114	85 087	150 299
Non-controlling interests	45	36 145	24 075	37 626
Total equity		115 259	109 162	187 925
Subordinated debts	34	77 253	19 558	19 558
LIABILITIES				
Bank and non- bank loans	35	107 439	111 684	128 631
Obligations on bond issues	36	119 516	33 207	16 467
Non-current liabilities	37	32 937	34 981	18 859
Current liabilities	38	30 186	23 754	29 587
Trade and other payables	39	67 404	83 295	44 845
Payables to reinsurers	40	75 532	82 558	18 500
Deferred tax liabilities	41	168	244	202
		433 182	369 723	257 091
Insurance reserves	42	508 820	491 396	343 183
		508 820	491 396	343 183
Total liabilities and subordinated debts		1 019 255	880 677	619 832
TOTAL EQUITY AND LIABILITIES		1 134 514	989 839	807 757

* Certain amounts shown here do not correspond to the 2015 and 2014 financial statements and reflect adjustments made, refer to Note 46

Prepared by:

/I. Hristov/

28.4.2017

Signed on behalf of BoD:

/A. Minchev/

Procurator:

/H.Stoev/

Read through and verified for identity:
 BDO Bulgaria OOD

Stoyanka Apostolova
 CPA, Registered Auditor
 5.5.2017



Nedyalko Apostolov
 Manager

Eurohold Bulgaria AD
Consolidated Cash Flow Statement
For the year ended December 31, 2016

<i>In thousand BGN</i>	<i>Notes</i>	2016	2015
Cash flow from operating activities			
Net income/(loss) for the period before taxation:		13 342	(97 336)
Adjustments for:			
Depreciation	16	6 663	7 343
Foreign exchange gain/loss		(84)	(43)
Dividend income		(84)	(419)
Change in insurance reserves		(4)	40 601
Increase in impairment loss		16 088	11 566
Revaluation of investments		437	7 469
Profit from the purchase of investments in subsidiaries		(5 117)	-
(Profit)/loss from the sale of investments		(19 194)	(13 456)
(Profit) from transfer of property, plant and equipment		(183)	(13)
Net investment income (interest income and expenses)		9 339	1 530
Other non-cash adjustments		(4 046)	2 771
Operating profit before change in working capital		17 157	(39 987)
Change in trade and other receivables		(102 543)	(148 260)
Change in inventory		5 763	11 038
Change in trade and other payables and other adjustments		69 041	147 018
Cash generated from operations		(10 582)	(30 191)
Interest paid/received		5 893	5 906
Income taxes paid		(1 324)	(500)
Net cash flow from operating activities		(6 013)	(24 785)
Investing activities			
Purchase of property, plant and equipment		(3 181)	(7 926)
Proceeds from the disposal of property, plant and equipment		4 644	1 464
Loans granted		(10 720)	49 254
Repayment of loans, including financial leases		7 921	(65 987)
Interest received on loans granted		(1 175)	845
Purchase of investments		(272 461)	(111 266)
Sale of investments		177 194	92 083
Dividends received		450	910
Effect of exchange rate changes		(75)	540
Other proceeds/ payments from investing activities		7 480	(8)
Net cash flow from investing activities		(89 923)	(40 091)

Eurohold Bulgaria AD
Consolidated Cash Flow Statement (continued)
For the year ended December 31, 2016

<i>In thousand BGN</i>	<i>Notes</i>	2016	2015
Cash flow from financing activities			
Proceeds from loans		261 308	190 740
Repayment of loans		(127 443)	(118 112)
Repayment of financial leases		(3 247)	(2 539)
Payment of interest, taxes, commissions on investment loans		(5 972)	(5 537)
Dividends paid		(571)	(544)
Other proceeds/ payments from financing activities		1 257	4 301
Net cash flow from financing activities		125 332	68 309
Net cash flows			
Cash and cash equivalents at the beginning of the period	19	71 552	68 119
Cash and cash equivalents at the end of the period	19	100 948	71 552

Prepared by:



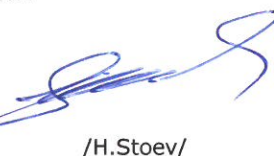
28.4.2017

Signed on behalf of BoD:



/A. Minchev/


Procurator:



/H. Stoev/

Read through and verified for identity:
 BDO Bulgaria OOD


 Stoyanka Apostolova
 CPA, Registered Auditor
 5.5.2017


 Nedyalko Apostolov
 Manager

Eurohold Bulgaria AD
Consolidated Statement of Changes in Equity
For the year ended December 31, 2016

<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 2015	127 321	38 714	8 640	(53 078)	49 758	171 355	47 525	218 880
Restatement effect (Note 46)	-	-	-	(81)	(20 975)	(21 056)	(9 899)	(30 955)
Balance as at 1 January 2015 (restated*)	127 321	38 714	8 640	(53 159)	28 783	150 299	37 626	187 925
Dividends	-	-	-	-	(583)	(583)	-	(583)
Consolidation procedures effects	(84)	-	-	-	-	(84)	-	(84)
Other changes	-	-	-	495	(549)	(54)	3 011	2 957
Net income for the period (restated*)	-	-	-	-	(64 558)	(64 558)	(16 563)	(81 121)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	13	-	13	(18)	(5)
Change in the fair value of financial assets	-	-	-	54	-	54	19	73
Total other comprehensive income	-	-	-	67	-	67	1	68
Total comprehensive income	-	-	-	67	(64 558)	(64 491)	(16 562)	(81 053)
Balance as at 31 December 2015 (restated*)	127 237	38 714	8 640	(52 597)	(36 907)	85 087	24 075	109 162
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	-	-	-	-	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 instruments	-	-	-	(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 of 31 December 2016	124 399	38 714	8 640	(56 454)	(36 185)	79 114	36 145	115 259

* Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 46

Prepared by:

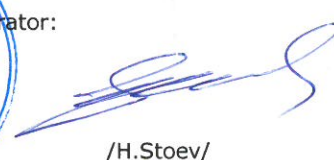

 /I. Hristov/

28.4.2017


Signed on behalf of BoD:


 /A. Minchev/

Procurement:


 /H. Stoev/

Read through and verified for identity:
 BDO Bulgaria OOD


 Stoyanka Apostolova
 CPA, Registered Auditor
 5.5.2017




 Nedyalko Apostolov
 Manager

Consolidated statement of profit or loss by Business Segments For the year ended December 31, 2016

In thousand BGN

		2016	2016	2016	2016	2016	2016	2016
	No- tes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage- ment and brokerage	Parent company	Elimination
Revenues from operating activities								
Insurance revenue	3	843 652	844 408	-	-	-	-	(756)
Car sales revenue	5	166 768	-	177 060	-	-	-	(10 292)
Leasing revenue	6	21 524	-	-	22 937	-	-	(1 413)
Revenue from asset management and brokerage	8	10 263	-	-	-	11 351	-	(1 088)
Revenue from the activities of the parent company	10	16 398	-	-	-	-	16 877	(479)
		1 058 605	844 408	177 060	22 937	11 351	16 877	(14 028)
Expenses for operating activities								
Insurance expenses	4	(799 671)	(807 612)	-	-	-	-	7 941
Cost of cars and spare parts sold		(147 117)	-	(147 207)	-	-	-	90
Leasing financial expenses	7	(4 849)	-	-	(5 062)	-	-	213
Financial expenses for asset management and brokerage	9	(9 534)	-	-	-	(9 536)	-	2
Financial expenses for the activities of the parent company	11	(898)	-	-	-	-	(898)	-
		(962 069)	(807 612)	(147 207)	(5 062)	(9 536)	(898)	8 246
Gross Profit		96 536	36 796	29 853	17 875	1 815	15 979	(5 782)
Other income/expenses	12	(4 712)	-	30	(8 252)	8	-	3 502
Other operating expenses	13	(56 916)	(20 069)	(25 939)	(7 482)	(1 481)	(3 529)	1 584
EBITDA		34 908	16 727	3 944	2 141	342	12 450	(696)
Financial expenses	14	(15 068)	(3 574)	(2 182)	-	-	(10 103)	791
Financial revenue	15	183	-	261	-	-	-	(78)
Foreign exchange gains/losses	18	(18)	-	-	-	-	(30)	12
EBTDA		20 005	13 153	2 023	2 141	342	2 317	29
Depreciation and amortization	16	(6 663)	(1 403)	(2 525)	(2 679)	(48)	(8)	-
EBT		13 342	11 750	(502)	(538)	294	2 309	29
Taxes	17	(3 118)	(2 806)	(340)	57	(29)	-	-
Net income/loss for the period		10 224	8 944	(842)	(481)	265	2 309	29

Consolidated statement of profit or loss by Business Segments For the year ended December 31, 2015

In thousand BGN

		2015*	2015*	2015	2015	2015	2015	2015
	No- tes	Consolidated	Insurance business	Automotive	Leasing business	Asset manage- ment and brokerage	Parent company	Elimination
Revenues from operating activities								
Insurance revenue	3	724 995	725 623	-	-	-	-	(628)
Car sales revenue	5	151 930	-	162 289	-	-	-	(10 359)
Leasing revenue	6	21 942	-	-	23 553	-	-	(1 611)
Revenue from asset management and brokerage	8	13 705	-	-	-	14 129	-	(424)
Revenue from the activities of the parent company	10	5 234	-	-	-	-	7 678	(2 444)
		917 806	725 623	162 289	23 553	14 129	7 678	(15 466)
Expenses for operating activities								
Insurance expenses	4	(788 542)	(796 996)	-	-	-	-	8 454
Cost of cars and spare parts sold		(131 612)	-	(131 618)	-	-	-	6
Leasing financial expenses	7	(5 497)	-	-	(5 771)	-	-	274
Financial expenses for asset management and brokerage	9	(12 350)	-	-	-	(12 352)	-	2
Financial expenses for the activities of the parent company	11	-	-	-	-	-	-	-
		(938 001)	(796 996)	(131 618)	(5 771)	(12 352)	-	8 736
Gross Profit		(20 195)	(71 373)	30 671	17 782	1 777	7 678	(6 730)
Other income/expenses	12	(3 381)	-	-	(5 668)	14	-	2 273
Other operating expenses	13	(56 536)	(21 652)	(25 791)	(8 233)	(1 462)	(1 159)	1 761
EBITDA		(80 112)	(93 025)	4 880	3 881	329	6 519	(2 696)
Financial expenses	14	(10 270)	(4 598)	(2 143)	-	-	(6 090)	2 561
Financial revenue	15	399	-	835	-	-	-	(436)
Foreign exchange gains/losses	18	(10)	-	-	-	-	(10)	-
EBTDA		(89 993)	(97 623)	3 572	3 881	329	419	(571)
Depreciation and amortization	16	(7 343)	(1 471)	(2 540)	(3 275)	(45)	(12)	-
EBT		(97 336)	(99 094)	1 032	606	284	407	(571)
Taxes	17	16 215	16 424	(133)	(37)	(39)	-	-
Net income/loss for the period		(81 121)	(82 670)	899	569	245	407	(571)

*Restated

Notes to the Consolidated Financial Statement for 2016

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 five 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	80.92%
Euroins Romania Insurance AD	98.50%
Euroins Insurance AD Macedonia	93.36%
Euroins Health Insurance EAD	100.00%
Euroins Life Insurance EAD	100.00%
Insurance Company EIG Re AD	100.00%
Euroins Ukraine AD	99.29%

*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%

*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 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 annual consolidated financial statement is drafted in compliance with the historic cost principle, excluding those financial instruments and financial liabilities, which are measured at fair value. The report are drafted in accordance with the principle of going concern, which assumes that the company will continue to operate in the near future.

New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2016:

Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (issued on 21 November 2013), effective 1 July 2015, endorsed by the EU on 17 December 2015, published in the Official Journal on 9 January 2016, EU effective date 1 February 2016.

The amendment clarifies paragraph 93 of IAS 19 Employee Benefits which refers to the accounting for employee contributions set out in the formal terms of a defined benefit plan by providing guidance on the accounting of employee contributions in respect of service.

Annual Improvements to IFRSs 2010 - 2012 (issued on 12 December 2013), effective 1 July 2015, endorsed by the EU on 17 December 2015, published in the Official Journal on 9 January 2016; EU effective date 1 February 2016

The amendment to IFRS 2 Share-based Payment amends the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition” (which were previously part of the definition of “vesting condition”).

The amendments to IFRS 3 Business combinations are with regard to: Accounting for contingent consideration in a business combination – it is clarified that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date; Aggregation of operating segments - requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments.

The amendment to IFRS 8 Operating segments clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

The amendment to IFRS 13 Fair Value Measurement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

The amendment to IAS 16 Property, Plant and Equipment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The amendment to IAS 24 Related Party Disclosures clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The amendment to IAS 38 Intangible Assets clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2015), effective 1 January 2016, endorsed by the EU on 23 November 2016, published in the Official Journal on 24 November 2016. The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2015), effective 1 January 2016, endorsed by the EU on 24 November 2016, published in the Official Journal on 25 November 2016. The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2015), effective 1 January 2016, endorsed by the EU on 2 December 2016, published in the Official Journal on 3 December 2016. The amendments clarify that a revenue-based method is not considered to be an appropriate manifestation of consumption.

Annual improvements to IFRSs 2012-2015 (issued on 25 September 2015), effective 1 January 2016, endorsed by the EU on 15 December 2016, published in the Official Journal on 16 December 2016

The amendment of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations adds specific guidance cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendment of IFRS 7 Financial Instruments: Disclosures adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The consequential amendment to IFRS 1 clarifies the applicability

of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendment of IAS 19 Employee

benefits clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment of IAS 34 Interim

Financial Reporting clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

Amendments to IAS 1: Disclosure

Initiative (issued on 18 December 2015), effective 1 January 2016, endorsed by the EU on 18 December 2016, published in the Official Journal on 19 December 2016. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2015), effective 1 January 2016, endorsed by the EU on 18 December 2016, published in the Official Journal on 23 December 2016. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (issued on 18 December 2015), effective 1 January 2016, endorsed by the EU on 22 September 2016, published in the Official Journal on 23 September 2016. The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

IFRS 9 Financial Instruments (issued on 24 July 2015), effective 1 January 2018, endorsed by the EU on 22 November 2016, published in the Official Journal on 29 November 2016. The final version of IFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This final version of IFRS 9 adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test. This final version also adds limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9.

IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2015) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2016), effective 1 January 2018, endorsed by the EU on 22 September 2016, published in the Official Journal on 29 October 2016.

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Documents issued by the IASB / IFRIC not yet endorsed by the EU

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date are already issued by the International Accounting Standards Board have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing these financial statements.

IFRS 16 Leases (issued on 13 January 2016), effective 1 January 2019. The standard specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 14 Regulatory Deferral Accounts

(issued on 30 January 2015), effective 1 January 2016. IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. The EC has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(issued on 11 September 2015), IASB Effective Date has been deferred indefinitely. The amendments address a conflict between the requirements of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses

(issued on 19 January 2016), effective 1 January 2017. The amendments clarify the following aspects: unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to

a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; an entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments to IAS 7: Disclosure Initiative

(issued on 29 January 2016), effective 1 January 2017.

The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The following changes in liabilities arising from financing activities should be disclosed (to the extent necessary): changes from financing cash flows; changes arising from obtaining or losing control of subsidiaries or other businesses; the effect of changes in foreign exchange rates; changes in fair values; and other changes. These changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Clarifications to IFRS 15: Revenue from Contracts with Customers

(issued on 12 April 2016), effective 1 January 2018. The amendments in the Clarifications to IFRS 15 'Revenue from Contracts with Customers' address three of the five topics identified (identifying performance obligations, principal versus agent considerations, and licensing) and provide some transition relief for modified contracts and completed contracts. IFRS 15 requires an entity to identify performance obligations on the basis of distinct promised goods or services. When another party is involved in providing goods or services to a customer (principal versus agent considerations), IFRS 15 requires an entity to

determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. When an entity grants a license to a customer that is distinct from other promised goods or services, the entity has to determine whether the license is transferred at a point in time or over time on the basis of whether the contract requires the entity to undertake activities that significantly affect the intellectual property to which the customer has rights. For transition relief IASB has provided two additional practical expedients (both optional): An entity need not restate contracts that are completed contracts at the beginning of the earliest period presented (for entities that using the full retrospective method only); for contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract but shall instead reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented (also for entities recognising the cumulative effect of initially applying the standard at the date of initial application).

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016), effective 1 January 2018. IASB has added guidance with regard to cash-settled share-based payment transactions that include a performance condition that introduces accounting requirements for these share-based payments that follows the same approach as used for equity-settled share-based payments. The Board has introduced an exception into the standard so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. IASB has introduced the following clarifications where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions: on such modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date; any difference between the

carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4

Insurance Contracts (issued on 12 September 2016), effective 1 January 2018. The IASB issued amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (this is the so-called overlay approach); an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (this is the so-called deferral approach). An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016), effective 1 January 2018. An

amendment has been made with regard to transfers of investment property to state that an entity shall transfer a property to or from investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets or ceases to meet the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The standard gives a list of evidence which is designated as non-exhaustive list of examples instead of the previous exhaustive list.

Annual improvements to IFRS Standards 2015-2016 Cycle (issued on 8 December 2016), effective 1 January 2018/1 January 2017

The amendment in IFRS 1 First-time

adoption of International Financial Reporting Standards deleted the short-term exemptions because they have served their initial intended purpose. The amendment in IFRS 12 Disclosure of Interests in Other Entities clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The amendments in IAS 28 Investments in Associates and Joint Ventures

clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

(issued on 8 December 2016), effective 1 January 2018. The interpretation clarifies the accounting for transactions that include the receipt of payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

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. In 2016, The Group has identified errors from previous years, which were corrected in the respective year. In addition, in 2016 the Group has made changes in its accounting policy in the Insurance segment. The changes were related to the technical reserves reporting and as a result the comparative information has been recalculated. Detailed information about the effect of the changes has been shown in Note 46.

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 31.12.2016. 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 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 granted to subsidiaries
- 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.

Change in accounting policy

In 2016 the Insurance segment has changed its accounting policy related to the calculation of the technical reserves on insurance contracts by applying new methodology for determining technical reserves at Group level. The methodology is based on specific assumptions and accounting assessments.

The new Group reserving methodology is connected with the new regime for determining the capital requirements of insurers – Solvency II, which was enforced on 1.1.2016, as well as connected with the recommendations, made by External Independent Auditors in the review of the

Balance Sheets as at 30.6.2016. The modification aims at a unified approach for the calculation of the IBNR (incurred but not reported) reserve in MTPL line of business for all companies in the Insurance segment.

The methodology 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.

In previous reporting periods the Insurance segment has been calculating its technical reserves on insurance contracts as per the specific statutory requirements towards the subsidiaries in accordance with the jurisdiction, in which they operate.

As a result of the change in the accounting policy, the Group has performed a recalculation of the comparative information as presented in Note 46.

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:

Consolidated assets and liabilities by remaining period

31.12.2016 <i>In thousand BGN</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Without maturity	Total
ASSETS							
Cash and cash equivalents	100 948	-	-	-	-	-	100 948
Deposits	-	-	27 662	-	-	-	27 662
Insurance receivables	27 205	29 461	21 883	-	-	-	78 549
Trade and other receivables	9 958	6 115	5 499	-	-	-	21 572
Other receivables	114	999	335 986	3 766	-	-	340 865
Property, plant and equipment	-	-	-	5 690	15 362	13 463	34 515
Intangible assets	-	-	-	43	1 696	-	1 739
Inventory	21 771	1 663	16 778	-	-	-	40 212
Financial assets	500	901	22 987	34 349	30 570	84 790	174 097
Other assets	-	-	3 251	14 953	313	-	18 517
Land and buildings	-	-	-	-	-	16 207	16 207
Investment property	-	-	-	-	13 215	-	13 215
Investments in subsidiaries and associates	-	-	-	-	-	171	171
Other financial investments	-	-	-	1 987	-	172	2 159
Non-current receivables	-	-	-	23 750	50 337	-	74 087
Goodwill	-	-	-	-	-	189 999	189 999
TOTAL ASSETS	160 496	39 139	434 046	84 538	111 493	304 802	1 134 514
Liabilities							
Subordinated debts	-	-	-	19 558	-	57 695	77 253
Bank and non-bank loans	556	11 351	24 477	71 015	40	-	107 439
Obligations on bond issues	237	-	6 517	112 762	-	-	119 516
Non-current liabilities	-	-	-	32 937	-	-	32 937
Current liabilities	3 959	182	26 045	-	-	-	30 186
Trade and other payables	18 047	12 384	36 297	676	-	-	67 404
Payables to reinsurers	-	-	75 532	-	-	-	75 532
Deferred tax liabilities	-	-	-	168	-	-	168
Insurance reserves	-	-	468 810	34 704	5 306	-	508 820
TOTAL LIABILITIES	22 799	23 917	637 678	271 820	5 346	57 695	1 019 255
Net difference	137 697	15 222	(203 632)	(187 282)	106 147	247 107	115 259
Cumulative difference	137 697	152 919	(50 713)	(237 995)	(131 848)	115 259	-

Consolidated assets and liabilities by remaining period

31.12.2015 <i>In thousand BGN</i>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Without maturity	Total
ASSETS							
Cash and cash equivalents	71 552	-	-	-	-	-	71 552
Deposits	-	-	15 652	-	-	-	15 652
Insurance receivables	39 524	25 821	23 900	-	-	-	89 245
Trade and other receivables	11 716	7 111	2 940	-	-	-	21 767
Other receivables	196	486	310 207	2 174	-	-	313 063
Property, plant and equipment	-	-	-	6 414	7 895	14 747	29 056
Intangible assets	-	-	-	69	2 609	-	2 678
Inventory	18 458	843	14 796	-	-	352	34 449
Financial assets	599	521	2 661	8 268	4 693	87 010	103 752
Other assets	-	-	2 862	17 491	-	-	20 353
Land and buildings	-	-	-	-	-	13 169	13 169
Investment property	-	-	-	-	11 396	-	11 396
Investments in subsidiaries and associates	-	-	-	-	-	136	136
Other financial investments	-	890	470	1 240	-	172	2 772
Non-current receivables	-	-	-	18 671	52 139	-	70 810
Goodwill	-	-	-	-	-	189 989	189 989
TOTAL ASSETS	142 045	35 672	373 488	54 327	78 732	305 575	989 839
Liabilities							
Subordinated debts	-	-	-	-	19 558	-	19 558
Bank and non-bank loans	569	998	2 786	107 324	7	-	111 684
Obligations on bond issues	209	-	-	31 304	1 694	-	33 207
Non-current liabilities	-	-	-	34 981	-	-	34 981
Current liabilities	3 442	-	20 312	-	-	-	23 754
Trade and other payables	15 100	13 926	36 485	17 784	-	-	83 295
Payables to reinsurers	-	-	82 558	-	-	-	82 558
Deferred tax liabilities	-	-	-	244	-	-	244
Insurance reserves	-	-	469 748	17 081	4 567	-	491 396
TOTAL LIABILITIES	19 320	14 924	611 889	208 718	6 268	-	861 119
Net difference	122 725	20 748	(238 402)	(154 390)	52 906	305 575	109 162
Cumulative difference	122 725	143 473	(94 929)	(249 319)	(196 413)	109 162	-

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

	2016 BGN '000	2015 BGN '000 Restated*
Gross premiums written from insurance	525 425	448 570
Gross premiums written from health insurance	152	1 557
Gross premiums written from life insurance	1 703	2 201
Received recoveries from reinsurers	135 483	126 113
Positive change in the gross provision for unearned premiums and unexpired risk reserve	5 332	2 000
Positive change in reinsurers' share in unearned premium reserve	15 365	20 721
Reinsurers' share in the change in the other reserves	7 087	86 910
Positive change in other technical reserves	20 811	-
Recourse income	5 131	9 638
Fees and commissions income	66 142	5 614
Investment income	16 725	18 383
Income from purchase of investments in subsidiaries	5 117	-
Other revenue	39 179	3 288
	843 652	724 995

*See note 46

4. Expenses from insurance business

	2016 BGN '000	2015 BGN '000 Restated*
Current year paid claims, claims handling and prevention expenses	(313 044)	(302 187)
Change in the outstanding claims provision	(21 061)	(31 170)
Share of reinsurers in the change of the unearned premium reserve	(2 482)	-
Change in other reserves	(5 380)	(121 291)
Change in the reinsurers' share in the other reserves	(17 063)	-
Premiums ceded to reinsurers	(231 937)	(184 741)
Acquisition expenses	(127 391)	(112 374)
Investment expenses	(9 903)	(10 601)
Goodwill write-off	-	(802)
Other expenses	(71 410)	(25 376)
	(799 671)	(788 542)

*See note 46

5. Revenues from car sales and after sales

	2016 BGN '000	2015 BGN '000
Revenue from sale of cars and spare parts	160 050	143 656
Revenue from after sales and rent-a-car services	6 718	6 720
Revenue from sale of investments	-	1 554
	166 768	151 930

6. Revenue from financial and operating leases

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Revenue from services	16 789	16 118
Interest income	4 717	5 793
Gains from sale of financial instruments	13	9
Foreign exchange gains	5	22
	21 524	21 942

7. Financial expenses from leasing services

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Interest expenses	(3 856)	(4 907)
Foreign exchange losses	(41)	(41)
Other expenses	(952)	(549)
	(4 849)	(5 497)

8. Revenue from asset management and brokerage

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Interest income	399	1 978
Dividend income	84	419
Gains from sale of financial instruments	3 827	5 159
Foreign exchange gains	5 333	5 318
Other revenue	620	831
	10 263	13 705

9. Finance expenses from asset management and brokerage

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Interest expenses	(106)	(1 566)
Negative result from sales of financial instruments	(4 087)	(5 400)
Foreign exchange losses	(5 231)	(5 265)
Other expenses	(110)	(119)
	(9 534)	(12 350)

10. Revenue of the parent company

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Gains from sale of financial instruments	15 455	-
Interest revenue	899	695
Other revenue	44	4 539
	16 398	5 234

11. Financial expenses of the parent company

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Negative result from sales of financial instruments	(898)	-
	(898)	-

12. Other revenue/expenses

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Other income/expenses	(4 712)	(3 381)
	(4 712)	(3 381)

12.1. Other expenses

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Leasing services	(4 748)	(3 395)
	(4 748)	(3 395)

12.2. Other revenue

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Automotive business	30	-
Asset management and brokerage services	6	14
	36	14

13. Other operating expenses

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Expenses on materials	(2 789)	(2 964)
Expenses on hired services	(18 585)	(23 137)
Employee benefits expense	(26 545)	(24 512)
Other expenses	(8 997)	(5 923)
	(56 916)	(56 536)

13.1 Expenses on materials

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(429)	(458)
Automotive business	(2 101)	(2 164)
Leasing services	(214)	(302)
Asset management and brokerage services	(40)	(36)
Parent company	(5)	(4)
	(2 789)	(2 964)

13.2 Expenses on hired services

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(4 219)	(8 708)
Automotive business	(8 745)	(9 054)
Leasing services	(3 644)	(4 091)
Asset management and brokerage services	(605)	(481)
Parent company	(1 372)	(803)
	(18 585)	(23 137)

13.3 Employee benefits expense

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(11 368)	(10 106)
Automotive business	(12 065)	(11 458)
Leasing services	(2 152)	(2 037)
Asset management and brokerage services	(625)	(629)
Parent company	(335)	(282)
	(26 545)	(24 512)

13.4 Other expenses

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(4 053)	(2 380)
Automotive business	(2 562)	(2 747)
Leasing services	(363)	(443)
Asset management and brokerage services	(204)	(289)
Parent company	(1 815)	(64)
	(8 997)	(5 923)

14. Financial expenses

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Interest expenses	(14 647)	(9 624)
Other financial expenses	(421)	(646)
	(15 068)	(10 270)

14.1 Financial expenses by segments

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(3 530)	(3 056)
Automotive business	(1 582)	(1 405)
Parent company	(9 535)	(5 163)
	(14 647)	(9 624)

14.2 Other financial expenses by segments

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Automotive business	(421)	(518)
Parent company	-	(128)
	(421)	(646)

15. Financial revenue

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Interest income	183	399
	183	399

15.1 Financial revenue by segments

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Automotive business	183	399
	183	399

16. Depreciation

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(1 403)	(1 471)
Automotive business	(2 525)	(2 540)
Leasing services	(2 679)	(3 275)
Asset management and brokerage services	(48)	(45)
Parent company	(8)	(12)
	(6 663)	(7 343)

17. Tax

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Income tax expense	(586)	(234)
Deferred tax	(2 532)	16 449
	(3 118)	16 215

17.1. Tax by segments

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Insurance business	(2 806)	16 424
Automotive business	(340)	(133)
Leasing services	57	(37)
Asset management and brokerage services	(29)	(39)
Parent company	-	-
	(3 118)	16 215

18. Foreign exchange gains/losses (net)

	2016 <i>BGN '000</i>	2015 <i>BGN '000</i>
Parent company	(18)	(10)
	(18)	(10)

19. Cash and cash equivalents

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Cash on hand	3 437	3 028
Cash at bank	96 758	67 787
Restricted cash	602	542
Cash equivalents	151	195
	100 948	71 552

20. Deposits at banks with maturity 3 to 12 months

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	27 662	15 652
	27 662	15 652

21. Receivables from insurance and health insurance business

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Receivables from direct insurance	66 486	77 544
Receivables from recourse/subrogation	12 063	11 701
	78 549	89 245

*See note 46

22. Trade and other receivables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Trade receivables	21 058	19 784
Advances received	358	906
Other	156	1 077
	21 572	21 767

22.1. Trade receivables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business*	1 163	1 047
Automotive business	10 402	9 920
Leasing services	9 471	8 795
Asset management and brokerage services	18	18
Parent company	4	4
	21 058	19 784

23. Other receivables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Insurance business	322 327	304 797
Automotive business	4 347	2 755
Leasing services	1 293	964
Parent company	8 746	339
Receivables under court procedures	2 970	3 262
Tax receivables	1 182	946
	340 865	313 063

*See note 46

23.1. Tax receivables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	97	118
Automotive business	180	405
Leasing services	893	367
Parent company	12	56
	1 182	946

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 2016	5 406	9 168	7 421	42 455	4 636	1 702	1 676	72 464
Acquisition of a subsidiary	-	3 703	71	4 979	4	-	66	8 823
Additions	84	656	835	11 125	1 181	4 136	31	18 048
Disposals	-	(57)	(265)	(14 707)	(118)	(1 121)	(60)	(16 328)
Other changes	(4)	-	(136)	(108)	102	-	-	(146)
Disposals on sale of subsidiaries	-	-	-	-	-	-	-	-
At 31 December 2016	5 486	13 470	7 926	43 744	5 805	4 717	1 713	82 861
Depreciation								
At 1 January 2016	-	1 405	5 856	18 029	3 986	5	958	30 239
Acquisition of a subsidiary	-	1 081	61	1 021	4	-	59	2 226
Additions	-	263	584	4 798	273	-	105	6 023
Disposals	-	-	(100)	(6 080)	(116)	-	(53)	(6 349)
Other changes	-	-	-	-	-	-	-	-
Disposals on sale of subsidiaries	-	-	-	-	-	-	-	-
At 31 December 2016	-	2 749	6 401	17 768	4 147	5	1 069	32 139
Net book value:								
At 1 January 2016	5 406	7 763	1 565	24 426	650	1 697	718	42 225
At 31 December 2016	5 486	10 721	1 525	25 976	1 658	4 712	644	50 722

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

24.1. Land and buildings

	31.12.2016 BGN '000	31.12.2015 BGN '000
Insurance business	9 187	6 604
Automotive business	7 020	6 565
	16 207	13 169

24.2. Machinery and equipment

	31.12.2016 BGN '000	31.12.2015 BGN '000
Insurance business	275	599
Automotive business	1 204	957
Leasing services	46	9
	1 525	1 565

24.3. Vehicles

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	1 299	1 507
Automotive business	6 584	7 438
Leasing services	18 007	15 432
Asset management and brokerage services	68	47
Parent company	18	2
	25 976	24 426

24.4. Furniture and fittings and Other assets

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	260	234
Automotive business	1 992	1 048
Leasing services	36	72
Asset management and brokerage services	11	10
Parent company	3	4
	2 302	1 368

24.5. Assets under construction

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Automotive business	4 712	1 697
	4 712	1 697

25. Investment property

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Net book value at 1 January	11 396	12 200
Additions	-	406
Disposals	-	-
Revaluation	1 840	(1 189)
Other changes	-	-
Depreciation	(21)	(21)
Disposals on sale of subsidiaries	-	-
Net book value as at the period end	13 215	11 396

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 2016	7 106	155	1 436	8 697
Acquisition of a subsidiary	59	-	22	81
Additions	358	-	28	386
Disposals	(1 428)	-	(3)	(1 431)
Disposals on sale of subsidiaries	-	-	-	-
At 31 December 2016	6 095	155	1 483	7 733
Depreciation				
At 1 January 2016	5 183	154	682	6 019
Acquisition of a subsidiary	58	-	-	58
Additions	534	-	85	619
Disposals	(699)	-	(3)	(702)
Disposals on sale of subsidiaries	-	-	-	-
At 31 December 2016	5 076	154	764	5 994
Net book value:				
At 1 January 2016	1 923	1	754	2 678
At 31 December 2016	1 019	1	719	1 739

27. Inventories

	31.12.2016	31.12.2015
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	206	239
Automotive business	35 739	31 688
Leasing services	4 267	2 522
	40 212	34 449

28. Financial assets

	31.12.2016	31.12.2015
	<i>BGN '000</i>	<i>BGN '000</i>
Financial assets held for trading	157 899	89 966
Available for sale financial assets	15 698	13 756
Other financial assets	500	30
	174 097	103 752

28.1. Financial assets held for trading

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	146 795	78 645
Asset management and brokerage services	11 104	11 321
	157 899	89 966

28.2. Available for sale financial assets

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	15 698	13 756
	15 698	13 756

28.3. Other financial assets

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	500	30
	500	30

29. Other assets

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Prepaid expenses	3 607	2 881
Deferred tax asset	14 910	17 472
	18 517	20 353

29.1 Deferred tax asset

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business*	14 353	16 809
Automotive business	461	607
Leasing services	96	56
	14 910	17 472

30. Investments in subsidiaries and associates

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Investments of the parent company	1	1
Investments of the subsidiaries	170	135
	171	136

31. Other financial investments

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Held to maturity financial assets	-	2 600
Other	2 159	172
	2 159	2 772

31.1. Held to maturity financial assets

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	-	2 600
	-	2 600

31.2. Other

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	1 987	-
Parent company	172	172
	2 159	172

32. Non-current receivables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Finance lease receivables	40 558	42 385
Parent company	9 779	9 782
Subsidiaries	23 750	18 643
	74 087	70 810

33. Goodwill

	31.12.2016 <i>BGN '000</i>	31.12.2015 <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 AD	1 803	1 803
Eurolease Rent-a-Car EOOD	1 312	1 312
Sofia Motors EOOD	10	-
Euro-Finance AD	2 620	2 620
	189 999	189 989

34. Subordinated debts

	31.12.2016	31.12.2015**
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance and health insurance - issued	19 558	19 558
Insurance and health insurance - other	4 000	-
Parent company - other	53 695	-
	77 253	19 558

**Changes in presentation. See Note 46

35. Borrowings

	31.12.2016	31.12.2015
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business	9 166	6 119
Automotive business	21 156	21 623
Leasing services	33 529	38 887
Parent company	43 588	45 055
	107 439	111 684

35.1. Borrowings –long term

	31.12.2016	31.12.2015
	<i>BGN '000</i>	<i>BGN '000</i>
Insurance business, including:	6 209	5 999
<i>Bank loans</i>	-	-
<i>Loans from non-bank financial institutions</i>	6 209	5 999
Automotive business, including:	7 154	5 288
<i>Bank loans</i>	7 154	5 288
<i>Loans from non-bank financial institutions</i>	-	-
Leasing services, including:	33 049	38 887
<i>Bank loans</i>	33 049	38 887
<i>Loans from non-bank financial institutions</i>	-	-
Parent company, including:	24 643	43 099
<i>Bank loans</i>	24 643	29 337
<i>Loans from non-bank financial institutions</i>	-	13 762
	71 055	93 273

35.2. Borrowings –short term

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business, including:	2 957	120
<i>Bank loans</i>	2 957	120
<i>Loans from non-bank financial institutions</i>	-	-
Automotive business, including:	14 002	16 335
<i>Bank loans</i>	11 629	14 295
<i>Loans from non-bank financial institutions</i>	2 373	2 040
Automotive business, including:	480	-
<i>Bank loans</i>	480	-
<i>Loans from non-bank financial institutions</i>	-	-
Parent company, including:	18 945	1 956
<i>Bank loans</i>	4 694	-
<i>Loans from non-bank financial institutions</i>	14 251	1 956
	36 384	18 411

36. Bond obligations

	31.12.2016 <i>BGN '000</i>	31.12.2015** <i>BGN '000</i>
Auto Union AD for the purpose of automotive business	6 585	6 763
Eurolease Auto EAD – for the purpose of leasing services	23 880	26 444
Parent company	89 051	-
	119 516	33 207

**Changes in presentation. See Note 46

36.1 Bond obligations – long term

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Auto Union AD for the purpose of automotive business	-	6 554
Eurolease Auto EAD – for the purpose of leasing services	23 880	26 444
Parent company	88 882	-
	112 762	32 998

36.2 Bond obligations – short term

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Auto Union AD for the purpose of automotive business	6 585	209
Parent company	169	-
	6 754	209

37. Non-current liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Other non-current liabilities	17 736	23 508
Finance lease liabilities	15 201	11 467
Deferred revenue	-	6
	32 937	34 981

37.1. Other non-current liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	137	110
Automotive business	6 898	7 605
Leasing services	451	6
Parent company	10 250	15 787
	17 736	23 508

37.2. Deferred revenue

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Automotive business	-	6
	-	6

38. Current liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Payables to employees	3 374	3 126
Social-security liabilities	1 163	1 556
Tax liabilities	5 576	5 131
Other current liabilities	19 427	13 676
Deferred revenue	432	247
Provisions	214	18
	30 186	23 754

38.1. Payables to employees

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	2 186	2 019
Automotive business	988	958
Leasing services	163	125
Parent company	37	24
	3 374	3 126

38.2. Social-security liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	766	1 059
Automotive business	286	425
Leasing services	102	69
Parent company	9	3
	1 163	1 556

38.3. Tax liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	1 811	1 403
Automotive business	2 604	2 565
Leasing services	791	866
Asset management and brokerage services	33	6
Parent company	337	291
	5 576	5 131

38.4. Other current liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	14 348	5 509
Automotive business	2 747	4 362
Leasing services	886	760
Asset management and brokerage services	596	1 043
Parent company	850	2 002
	19 427	13 676

38.5. Deferred revenue

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Automotive business	432	247
	432	247

39. Trade and other payables

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Automotive business	36 613	37 443
Leasing services	4 131	3 854
Asset management and brokerage services	4	2
Parent company	26 656	41 996
	67 404	83 295

40. Payables to reinsurers

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Insurance business	75 532	82 558
	75 532	82 558

*See Note 46

41. Deferred tax liabilities

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	-	72
Automotive business	102	79
Leasing services	66	93
	168	244

42. Reserves for insurance contracts

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Unearned premium reserve, gross amount	150 683	117 309
<i>Share of reinsurers in unearned premium reserve</i>	<i>(90 933)</i>	<i>(69 847)</i>
Unexpired risks reserve, gross amount	459	12 397
<i>Share of reinsurers in outstanding claims reserve</i>	<i>(23)</i>	<i>(6 189)</i>
Reserve for incurred but not reported claims, gross amount	149 772	167 629
<i>Share of reinsurers in reserve for incurred but not reported claims</i>	<i>(86 830)</i>	<i>(99 145)</i>
Reserve for reported but not settled claims, gross amount	199 131	186 525
<i>Share of reinsurers in reserve for reported but unsettled claims</i>	<i>(117 079)</i>	<i>(104 098)</i>
Other technical reserve	8 775	7 536
	508 820	491 396

*See Note 46

43. Share capital

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Issued shares	127 345	127 345
Shares held from subsidiaries	(2 946)	(108)
Share capital	124 399	127 237
Number of shares	127 345 000	127 345 000

44. Retained earnings

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Current result attributable to the shareholders	8 474	(64 558)
Current result attributable to the minority interests	1 750	(16 563)
	10 224	(81 121)

*See Note 46

44.1. Retained earnings by segments

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i>
Insurance business	8 944	(82 670)
Automotive business	(842)	899
Leasing services	(481)	569
Asset management and brokerage services	265	245
Parent company	2 309	407
(Revenue)/loss belonging to non-controlling interest	(1 750)	16 563
Intercompany eliminations of dividends and other	29	(571)
	8 474	(64 558)

45. Non-controlling interests

	31.12.2016 <i>BGN '000</i>	31.12.2015 <i>BGN '000</i> <i>Restated*</i>
Non-controlling interest related to current result	1 750	(16 563)
Non-controlling interest related to equity	34 395	40 638
	36 145	24 075

*See Note 46

46. Reclassifications and effects from changes in the accounting policy

In the current period, the accounting policy related to accounting for impairment of receivables (a) and the formation of technical provisions (b) has been changed.

At the end of 2016 an adjustment was made to the value of the contingency reserve (IBNR reserve) formed on 31 December 2015 and 31 December 2014. As a result of the recalculation of the amount this reserve for previous periods changed and the result for formation of a reserve for unexpired risks, which in turn led to the necessity of recalculation of the unexpired risks reserve.

The change in the methodology for calculating the IBNR Reserve was made on the recommendation of the independent external expert performing the audit of the balance sheet of Insurance company Euroins AD as at June 30, 2016 as part of the review of the insurers and reinsurers balance sheets carried out in 2016 pursuant to paragraph 10 (1) and (2) of the Law on Restoration and Restructuring of Credit Institutions and Investment Intermediaries.

During the current period, reclassifications have been made to the presentation (c)

The effect of recalculations of the comparative information is as follows:

Consolidated Statement of Financial Position

In thousand BGN	1.1.2015 Before restatement	Restatement		1.1.2015 Restated
Insurance receivables	76 413	(1 190)	(a)	75 223
Trade and other receivables	19 820	(298)	(a)	19 522
Other receivables	169 312	25 974	(a,b)	195 286
TOTAL ASSETS		24 486		
Reserve of subsequent valuation of assets and liabilities	717	(81)	(a,b)	636
Retained earnings	65 160	(20 975)	(a,b)	44 185
Non-controlling interests	47 525	(9 899)	(a,b)	37 626
Subordinated debts	-	19 558	(c)	19 558
Bond liabilities	36 025	(19 558)	(c)	16 467
Insurance reserves	287 742	55 441	(b)	343 183
TOTAL EQUITY AND LIABILITIES		24 486		

46. Reclassifications and effects from changes in the accounting policy (continued)**Consolidated statement of profit or loss**

In thousand BGN	2015 <i>Before restatement</i>	<i>Restatement</i>	2015 <i>Restated</i>
Insurance revenue	736 898	(11 903) (a,b)	724 995
Car sales revenue	151 930	-	151 930
Leasing revenue*	21 942	-	21 942
Revenue from asset management and brokerage	13 705	-	13 705
Revenue from the activities of the parent company	5 234	-	5 234
	929 709	(11 903)	917 806
Insurance expenses	(818 527)	29 985 (a,b)	(788 542)
Cost of cars and spare parts sold	(131 612)	-	(131 612)
Leasing financial expenses	(5 497)	-	(5 497)
Financial expenses for asset management and brokerage	(12 350)	-	(12 350)
Financial expenses for the activities of the parent company	-	-	-
	(967 986)	29 985	(938 001)
Gross Profit	(38 277)	18 082	(20 195)
Other income/expenses	(3 381)	-	(3 381)
Other operating expenses	(56 536)	-	(56 536)
EBITDA	(98 194)	18 082	(80 112)
Financial expenses	(10 270)	-	(10 270)
Financial revenue	399	-	399
Foreign exchange gains/losses	(10)	-	(10)
EBTDA	(108 075)	18 082	(89 993)
Depreciation and amortization	(7 343)	-	(7 343)
EBT	(115 418)	18 082	(97 336)
Taxes	16 215	-	16 215
Net income/loss for the period	(99 203)	18 082	(81 121)
Attributable to:			
Equity holders of the parent	(77 345)	12 787	(64 558)
Non-controlling interests	(21 858)	5 295	(16 563)

46. Reclassifications and effects from changes in the accounting policy (continued)**Consolidated Statement of Financial Position**

<i>In thousand BGN</i>	31.12.2015 Before restatement	<i>Restatement</i>	31.12.2015 Restated
ASSETS			
Cash and cash equivalents	71 552	-	71 552
Deposits at banks**	15 652	-	15 652
	87 204	-	87 204
Receivables			
Insurance receivables	91 178	(1 933) (a)	89 245
Trade and other receivables	23 041	(1 274)	21 767
Other receivables	299 441	13 622 (d)	313 063
	413 660	10 415	424 075
Other assets	190 288	-	190 288
Investments	98 283	-	98 283
Goodwill	189 989	-	189 989
TOTAL ASSETS	979 424	10 415	989 839

46. Reclassifications and effects from changes in the accounting policy (continued)**Consolidated Statement of Financial Position (continued)**

<i>In thousand BGN</i>	31.12.2015 Before restatement	<i>Restatement</i>	31.12.2015 Restated
EQUITY AND LIABILITIES			
Equity			
Issued capital	127 237	-	127 237
Premium reserves from the issue of securities	38 714	-	38 714
General reserves	8 640	-	8 640
Revaluation reserves	(37)	-	(37)
Special reserves	(54 163)	1 603 (a,b)	(52 560)
Retained earnings	48 626	(20 975) (a,b)	27 651
Current period result	(77 345)	12 787 (a,b)	(64 558)
Equity attributable to equity holders of the parent	91 672	(6 585)	85 087
Non-controlling interests	27 550	(3 475)	24 075
Total equity	119 222	(10 060)	109 162
Subordinated debts	-	19 558 (c)	19 558
LIABILITIES			
Bank and non- bank loans	111 684	-	111 684
Obligations on bond issues	52 765	(19 558) (c)	33 207
Non-current liabilities	34 981	-	34 981
Current liabilities	23 754	-	23 754
Trade and other payables	83 295	-	83 295
Payables to reinsurers	82 550	8 (b)	82 558
Deferred tax liabilities	244	-	244
	389 273	(19 550)	369 723
Insurance reserves	470 929	20 467 (b)	491 396
	470 929	20 467	491 396
Total liabilities and subordinated debts	860 202	20 475	880 677
TOTAL EQUITY AND LIABILITIES	979 424	10 415	989 839

47. Related party disclosure

	31.12.2016 BGN'000	31.12.2015 BGN'000
Payables of the Group to parent company	8 377	39
Receivables of the Group from parent company	43 102	19 238

48. Events after the reporting period

As of the day of this report a capital increase of Eurohold Bulgaria AD by cash contributions in amount of BGN 34 000 000 has been performed, divided into 34 000 000 ordinary, registered, non-privileged, dematerialized shares with one voting right at the General Meeting of the Shareholders, with dividend rights and liquidation quota, with a nominal value of BGN 1 each one.

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.



Assen Minchev
Executive member of the MB




Hristo Stoev
Procurator

Eurohold Bulgaria AD,

28 April 2017

DECLARATION
in accordance with article 100n, paragraph 4, item 4 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. Hristo Stoev – Procurator of Eurohold Bulgaria AD
4. Ivan Hristov – Chief accountant of Eurohold Bulgaria AD (complier of the financial statements)

hereby DECLARE that to our best knowledge:

1. The annual consolidated financial statements for 2016, 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 annual consolidated management report for 2016 includes a fair review of the development and performance of Eurohold Bulgaria as well as description of major risks and uncertainties facing the company.

Declarers:

1. Kiril Boshov



2. Assen Minchev



3. Hristo Stoev



4. Ivan Hristov

