



PORTFOLIO MANAGEMENT AND INVESTMENTS

***ANNUAL MANAGEMENT REPORT
INDEPENDENT AUDITOR'S REPORT
AND ANNUAL FINANCIAL REPORT***
December 31, 2014

Of JOINT STOCK COMPANY
"UBB ASSET MANAGEMENT"

JOINT-STOCK COMPANY "UBB ASSET MANAGEMENT"

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands lev unless otherwise stated

	<u>Clarifications</u>	<u>2014</u>	<u>2013</u>
Operating income	3	1,423	687
Interest income	4	22	28
Total revenue		1,445	715
Operating expenses	6	(224)	(148)
Personnel expenses	7	(518)	(373)
Expenses for amortization and depreciation		(10)	(11)
Other costs (including financial)	5, 6.3	(55)	(13)
Total expenses		(807)	(545)
Net profit for the period before taxes		638	170
Tax expenses	8	(49)	-
Net profit for the period after taxes		589	170
Earnings per share	9	0.84	0.24
Other comprehensive income		-	-
Comprehensive income for the period		589	170

This financial report was approved by the Board of Directors on February 19, 2015

Prepared by:
Stefan Stefanov
Chief Accountant

Katina Peycheva
Executive Director

Ivan Koutlov
Procurator

Application notes are an integral part of this financial report.

Silvia Peneva
Registered auditor
Date: March 20, 2015

JOINT-STOCK COMPANY "UBB ASSET MANAGEMENT"

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

In thousands lev unless otherwise stated

	Clarifications	2014	2013
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	10	1	-
Intangible assets	11	15	19
Total non-current assets		16	19
<i>Current assets</i>			
Cash and cash equivalents	12	1,196	582
Takings	13	189	78
Prepaid Expenses	14	4	2
Total current assets		1,389	662
Total assets		1,405	681
Liabilities and Equity			
<i>Equity capital</i>			
Fixed capital	15	700	700
Loss from previous years		(37)	(207)
Current result		589	170
Total equity		1,252	663
<i>Current liabilities</i>			
Liabilities to staff	16	11	5
Commercial liabilities	17	108	12
Tax liabilities	18	34	1
Total current liabilities		153	18
Total liabilities and equity		1,405	681
Foreign assets under management	19	72,012	39,224

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	Fixed capital	Losses from previous years	Financial result	Total
December 31, 2012	700	(138)	(69)	493
Carry forward losses from previous years	-	(69)	69	-
Profit for the period	-	-	170	170
December 31, 2013	700	(207)	170	663
Carry forward losses from previous years	-	170	(170)	-
Profit for the period	-	-	589	589
December 31, 2014	700	(37)	589	1,252

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	2014	2013
Cash flows from operating activity		
Money proceeds related to unit holders in CIS	45,590	16,803
Money payments related to unit holders in CIS	(45,501)	(16,803)
Money proceeds related to the management of CIS	1,323	649
Money proceeds related to the management of individual investment portfolios	26	11
Money payments related to the management of the CIS and individual portfolios	(278)	(158)
Money payments related to remuneration	(509)	(368)
Money proceeds of taxes on the Tariff	1	1
Bank fees	(2)	(1)
Paid income tax	(18)	-
Other payments	(7)	(7)
Net money flow from operating activities	625	127
Cash flows from investing activities		
Money payments related to non-current assets	(31)	-
Money proceeds related to interest	20	17
Net cash flow from investing activities	(11)	17
Net change in cash funds and cash equivalents	614	144
Cash funds and cash equivalents at the beginning of the period	582	438
Cash funds and cash equivalents at the end of the period (Note 12)	1,196	582

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JOINT STOCK COMPANY "UBB ASSET MANAGEMENT"
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

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1 Organization and activities

Management company (AMC) "UBB Asset Management" (the Company), Sofia was established in 2003 and is registered in the Commercial Register on company case № 4098 from 23.04.2004 of the Sofia City Court as a single-stock company. With the decision of 29.06.2006 of Sofia City Court, the Company was transformed into a joint stock company with the name "UBB Asset Management". The same Decision also increases the share capital of 300 000 lev to 330 000 lev, by issuing new 30 registered dematerialized ordinary shares with voting aloud, with a nominal value of 1000 lev each. By Decision № 9 from 25.07.2007 of the Sofia City Court the Company's capital of 330 000 lev is increased to 700 000 Levs.

Shareholders in the "UBB Asset Management" JSC are "United Bulgarian Bank" JSC holding 90.86% of the capital and NBG Asset Management, Greece, holding 9.14% of the capital. "UBB Asset Management" has no participations in subsidiary or associated companies.

"UBB Asset Management" JSC has its seat and registered Office in the city of Sofia, municipality Vazrazhdane, № 5 "Sveta Sofia" Street, mailing address: city of Sofia , bul. Todor Aleksandrov № 9, tel.: + 359 2 / 811 37 63, fax. +359 2/811 37 69, e-mail: ubbam@ubb.bg, Internet site (web-site): www.ubbam.bg.

The purposes of the Company are:

1. Management of the activity of collective investment schemes, including:

- a) investments management;
- b) administration of the units, including legal and accounting services related to asset management, requests for information to investors, valuation of assets and calculation of the price of the units, monitoring of compliance with legal requirements, keeping the book of unit-holders, in case of operation management of a collective investment scheme from another Member country, the distribution of dividends and other payments, issuance, sale and redemption of units, execution of contracts, record keeping;
- c) marketing services.

2. Management, in accordance with the contract concluded with the client portfolio, including the portfolio of a collective investment undertaking, involving financial instruments at its own discretion without special instructions by the client.

3. Providing investment advices on financial instruments.

4. Storage and administration of units of collective investment undertakings.

As of December 31, 2014 the Company manages these collective investment schemes:

- Mutual Fund "UBB Premium Equity" - License № 715-DF from 23.11.2005 of the Financial Supervision Commission;
- Mutual Fund "UBB Platinum Bonds" - License № 716-DF from 23.11.2005 of the Financial Supervision Commission;

JOINT STOCK COMPANY "UBB ASSET MANAGEMENT"
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1 Organisation and activities (continued)

- Mutual Fund "UBB Balanced Fund" - Decision № 747- ID from 13.10.2004 of the Financial Supervision Commission. The mutual fund has been established as an open type investment company with the name "UBB Balanced Fund" JSC, as by decision of the Financial Supervision Commission (FSC) № 711-DF from 24.09.2013 is inscribed "UBB Balanced Fund" as an issuer in the register and was written off as an issuer "UBB Balanced Fund" JSC from the register maintained by the FSC;
- Mutual Fund "UBB Patrimonium Land" - Decision № 1007-DF from 04.08.2008 of the Financial Supervision Commission;
- Mutual Fund "UBB Global Pharm Invest" - License № 306-DF from 14.05.2010 of the Financial Supervision Commission. The mutual fund has been established with the name "UBB Premium Euro Equity" by Decision of the Financial Supervision Commission № 1123-DF from 05.12.2012 was approved a change in the rules of the Fund, including its name - from "UBB Premium Euro Equity" to "UBB Global Pharm Invest";
- Mutual Fund "UBB Euro Money" - License № 305-DF from 14.05.2010 of the Financial Supervision Commission. The mutual fund has been established with the name "UBB Platinum Euro Bonds" as by Decision of the Financial Supervision Commission № 457-SF from 05.09.2014 has been approved a change in the rules of the Fund, including its name - from "UBB Platinum Euro bonds" to "UBB Euro Money";

As of December 31, 2014 the Company has concluded four contracts for management of individual investment portfolios (as of 31.12.2013: two signed contract).

The company has one tier system of management. The management bodies of "UBB Asset Management" JSC are the General Meeting of Shareholders and the Board of Directors.

During the reporting year there have been no changes of the structure of "UBB Asset Management" JSC.

The annual financial report is approved by the Board of Directors of "UBB Asset Management" JSC with protocol № 295 from 02.19.2015.

2 Significant elements of the accounting policy

2.1 Basis for preparation and presentation of financial reports

This financial report has been prepared in all significant aspects, in compliance with International Financial Reporting Standards (IFRS) and the interpretations issued by the Committee Interpretations (IFRIC) as adopted by the European Union (EU) and applicable in Republic of Bulgaria. IFRS adopted by the EU do not differ from IFRS as issued by the IASB, and are effective for reporting periods ending on December 31, 2014.

The financial report includes report of financial condition, report of comprehensive income, report of changes in equity, cash flow report and explanatory notes to them.

Accounting of "UBB Asset Management" in the role of the management company is kept separately from the accounts of the collective investment schemes it manages.

JOINT STOCK COMPANY “UBB ASSET MANAGEMENT”
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
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2. Significant elements of the accounting policy (continued)

2.2 Changes in IFRS

In the preparation of the current financial report, the Company has rendered the amendment of the existing standards issued by the International Accounting Standards Board and approved by the EU, which are became applicable to reporting periods beginning on or after January 1, 2014. The implementation of the revised standards and interpretations did not result in changes in the accounting policy of the Company during the reporting period.

Standards and interpretations effective during the current reporting period

The following standards, amendments to existing standards and interpretations, issued by the International Accounting Standards Board (IASB) and adopted by the EU have become applicable to current reporting period:

- IFRS 10 Consolidated Financial Reports , adopted by the EU on December 11, 2012 (Effective for annual periods beginning on or after January 1, 2014);
- IFRS 11 Joint Arrangements adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after January 1, 2014);
- IFRS 12 Disclosure of Interests in Other Entities , adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after January 1, 2014);
- IAS 27 (revised 2011) Separate Financial Reports , adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after January 1, 2014);
- IAS 28 (revised 2011) Investments in Associates and Joint Ventures , adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Reports, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities - transitional provisions adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Reports (revised 2011) Separate Financial Reports - Investment companies , adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 36 Impairment of Assets - Disclosure of the recoverable value of nonfinancial assets adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after January 1, 2014);
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - novation of derivatives and continuation of hedge accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after January 1, 2014).

The adoption of these amendments to existing standards did not result in changes in the accounting policy of the Company.

JOINT STOCK COMPANY “UBB ASSET MANAGEMENT”
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
In thousands lev unless otherwise stated

2. Significant elements of the accounting policy (continued)

2.2 Changes in IFRS (continued)

Standards and interpretations, issued by IASB and adopted by the EU that have not yet put into effect

The following IFRS standards, amendments of existing standards and interpretations, issued by the IASB, has been adopted by the EU by the date of approval of this financial report, but have not yet become effective:

- Amendments of various standards Improvements to IFRS (cycle 2010-2012) , resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily in order to remove inconsistencies and clarifying wording - adopted by the EU on December 17, 2014 (the amendments are applicable for annual periods beginning on or after February 1, 2015);
- Amendments of various standards Improvements to IFRS (cycle 2011-2013) , resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on December 18, 2014 (the amendments are applicable for annual periods beginning on or after January 1, 2015);
- Amendment of IAS 19 Employee Benefits - Defined benefit plans: Contributions from employees - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after February 1, 2015);
- IFRIC 21 Levies, adopted by the EU on June 13, 2014 (effective for annual periods beginning on or after June 17, 2014).

Standards and interpretations , issued by the IASB have not yet has been adopted by the EU

Currently, IFRS as adopted by the EU do not differ significantly from those adopted by the IASB, except for the following standards, amendments to existing standards and interpretations that have not yet been approved by the EU by the date of approval of this financial report:

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018);
- IFRS 14 Estimates for regulatory deferred accounts (effective for annual periods beginning on or after January 1, 2016);
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2017);
- Amendments of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures - sale or contribution of assets between the investor and his associate or joint venture (effective for annual periods beginning on or after January 1, 2016);
- Amendments of IFRS 10 Consolidated Financial Reports, IFRS 12 Disclosure of Interests in Other Entities and IFRS 28 Investments in associates and joint ventures: Implement the exception of consolidation (effective for annual periods beginning on or after January 1, 2016);
- Amendments of IFRS 11 Joint Arrangements - Accounting for acquisition of shares in joint venture (effective for annual periods beginning on or after January 1, 2016);

JOINT STOCK COMPANY "UBB ASSET MANAGEMENT"
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
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2. Significant elements of the accounting policy (continued)

2.2 Changes in IFRS (continued)

Standards and interpretations issued by the IASB have not yet been adopted by the EU (continued)

- Amendment of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of the eligible methods of depreciation (effective for annual periods beginning on or after January 1, 2016);
- Amendment of IAS 1 Presentation of Financial Statements - Initiative for Disclosure (effective for annual periods beginning on or after January 1, 2016);
- Amendment of IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: fruitable plants (effective for annual periods beginning on or after January 1, 2016);
- Amendment of IAS 27 Separate Financial Reports - Equity method in the separate financial statements (effective for annual periods beginning on or after January 1, 2016);
- Amendments of various standards Improvements to IFRSs (cycle 2012-2014) resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are applicable for annual periods beginning on or after January 1, 2016)

The Company expects that the adoption of these standards, amendments of the existing standards and interpretations will have no significant effect on the Company's financial report in the period of their initial application, except for the following standard which might have a significant effect on the report:

- IFRS 9 Financial Instruments, which uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on the way the company manages its financial instruments (business model) and the contractual cash flows of financial assets. The new standard also requires a single impairment method, replacing the various methods in IAS 39.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

The discretion of the Company, the application of hedge accounting for portfolios of financial assets and liabilities under IAS 39: Financial Instruments: Recognition and Measurement, will have no material effect on the financial statements, if applied to the reporting date.

2.3 Operating concern

The financial report of the Company have been prepared on the going concern principle.

2.3 Functional currency and presentation currency

The Company functional currency is the currency of the Republic of Bulgaria - lev ("Levs"). The financial report has been prepared and presented in thousands lev (thousand. Lev).

JOINT STOCK COMPANY "UBB ASSET MANAGEMENT"
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
In thousands lev unless otherwise stated

2. Significant elements of the accounting policy (continued)

2.5 Foreign currency

Transactions in foreign currencies, i.e. transactions denominated in currencies other than lev, which is the functional currency of the Company, are recorded at the exchange rate applicable on the date of the transaction. Gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the result for the period.

Monetary assets and liabilities denominated in foreign currencies are evaluated in lev on the official rates of exchange as follows:

Currency	31-12-2014	31-12-2013
EUR*	1.95583	1.95583
USD	1.60841	1.41902

** Fixed exchange rate in accordance with the Law on the Bulgarian National Bank*

2.6 Cash and cash equivalents

For the purposes of the financial statements, the Company accounts as cash available cash amounts and cash equivalent amounts in current accounts at banks or deposits with maturity up to twelve months.

2.7 Financial assets and liabilities

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39) all financial assets and liabilities, including derivative financial instruments must be recognized and valued in the balance sheet depending on the category to which they are classified.

The effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating the interest income / expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all received fees and other allowances or discounts) for the expected life of the financial instrument or, where appropriate, a shorter period to the carrying value.

Financial assets

Financial assets are classified in accordance with IAS 39 in four categories: financial assets at fair value through profit or loss investments held to maturity, loans and receivables and financial assets available for sale. Management determines the classification of its investments at their initial acquisition.

JOINT STOCK COMPANY "UBB ASSET MANAGEMENT"
STATEMENT OF COMPREHENSIVE INCOME
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2. Significant elements of the accounting policy (continued)

2.7 Financial assets and liabilities (continued)

In the management of its own funds, the Company maintains structure and composition of the portfolio, under the following limits:

Types of financial instruments	Limit of a relative share in the portfolio
Debt securities , admitted to or traded on regulated markets and debt securities recently issued in terms of whose issue is included a commitment admission, and within a period not exceeding one year from their issue, to be admitted to trading on an official market of stock exchange or on another regulated market;	Up to 100 %
Bank deposits repayable on demand or at right to be withdrawn at any time and date to maturity not exceeding 12 months;	Up to 100 %
Money market instruments , admitted to or traded on regulated markets;	Up to 100 %
Shares of collective investment schemes whose investment policy corresponds to the risk orientation and the management objectives of the funds of the Company	Up to 30 %
Share securities admitted to or traded on regulated markets;	Up to 20 %
Share securities recently issued in terms of whose issue is included a commitment an admission, and within a period , not exceeding one year from their issue, to be admitted to trading on official market of a stock exchange or another regulated market	Up to 10 %

As of December 31, 2014 and 2013. Management Company "UBB Asset Management" has not invested its own funds in financial instruments such as government securities, bonds, stocks, shares of collective investment schemes and other financial instruments other than bank deposits.

Financial liabilities

Financial liabilities that are not derivatives or not defined at their acquisition at fair value through profit or loss, are measured at amortized cost. They are initially recognized at "cost", i.e. the fair value of incoming cash flows upon occurrence of liability, decreased by transaction costs. Subsequently any difference between net proceeds and the redemption value is recognized in net income for the period using the effective interest rate for the term of the liability.

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FOR THE YEAR ENDED DECEMBER 31, 2014
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2. Significant elements of the accounting policy (continued)

2.7 Financial assets and liabilities (continued)

Offsetting Financial Assets and Financial Liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when the Company has a legal right to make such offset and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.8 Property, plant and equipment

Property, plant and equipment include tangible assets with a useful life time more than one year. They are initially recognized at cost, which includes the purchase price, including import duties and non-refundable purchase taxes, and any directly attributable expenses for rendering the asset to working condition for its intended use.

The subsequent costs, related to certain property, plant and equipment that has already been recognized are added to the carrying amount of the asset when it is likely that the company has economic benefits in excess of the originally assessed standard of performance of the existing asset.

After the initial recognition of an asset each individual item of property, plant and equipment accounts at cost, decreased with all depreciations and the accumulated impairment losses.

The Company's management reviews the carrying value of property, plant and equipment and determines their recoverable value. In the cases where the carrying amount of the asset is greater than its estimated recoverable amount, the asset is depreciated and the Company recognizes an impairment loss.

A given property, plant and equipment is derecognised from the balance sheet on disposal or when the asset is permanently withdrawn from use and are not expected any other economic benefits. Upon sale of fixed assets, the difference between the book value and the sale price of the asset is recognized in profit or loss in the current period.

Property, plant and equipment are depreciated using the straight-line method over their useful service life. The following annual rates in individual assets:

	Annual amortization rate
Computers and servers	30%
Peripheral devices for computers	20%
Cars	20%
Office furnishing and economic stock	15%

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2. Significant elements of the accounting policy (continued)

2.9. Immaterial assets

The immaterial assets consist of licenses, software and more. Initially intangible assets are recognized at cost less which includes the purchase price, including import duties and non-refundable purchase taxes, and any directly attributable expenses for rendering the asset to working condition for its intended use.

The subsequent costs on an intangible asset after its acquisition are directly expensed at the moment of its occurrence, except in the following cases:

- When costs are likely to help the asset to generate future economic benefits more than initially forecast;
- When these costs can be reliably measured and correlated to the asset.

If the specified conditions are met, the the subsequent expenses are added to the cost of an intangible asset.

The subsequent costs on an acknowledged intangible asset is recorded as an expense, if they are necessary to maintain originally intended standard state of the asset.

After the initial recognition intangible assets are carried at cost decreased by the accumulated amortization and any possible accumulated impairment losses.

The Company evaluates whether the useful life of an intangible asset is limited or unlimited and, if it is with limited duration, or the number of production or similar units, constituting that useful life.

An intangible asset is regarded as having an indefinite useful life when, based on an analysis of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Company.

The intangible assets with limited useful lives are amortized and intangible assets with unlimited useful life are not amortized.

The intangible assets that are subject of amortization are amortized using the straight-line method over their useful service life. Used are the following annual rates in individual assets:

	Annual amortization rate
Software and right to use software	20%
Other intangible fixed assets	15%

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2. Significant elements of the accounting policy (continued)

2.10. Commercial and other payables and credits

Commercial and other payables are financial liabilities arising from the direct receiving of goods, services, cash or cash equivalents from suppliers and creditors.

After the initial recognition loans and commercial obligations that have no fixed maturity are stated at their estimated acquisition value.

Credits and liabilities with fixed maturity are reported at their amortized cost.

2.11. Payables to employees and provisions for long-term employee benefits

Liabilities to employees include liabilities of the Company in the context of a past work by personell and the relevant insurance contributions as required by law. In accordance with IAS 19 Employee benefits are include calculated short-term employee benefits originating unused by personnel holidays and accrued on the basis of the current rates of insurance, insurance contributions on this income.

According to the requirements of the Labor Code the enterprises in the country are obliged upon termination of employment relationships with an employee who has reached retirement age will pay a lump sum for compensation from 2 to 6 monthly salaries depending on his length of service in the Company. The Company has estimated the eventual amount of the liability for such compensation, but because of its insignificant size, and low average age of the staff is not accrued a provision in this annual financial report.

2.12. Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized in the context of structural and legal obligations resulting from past events, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A legal obligation is an obligation that derives from:

- Contract (according to his explicit clauses and default);
- legislation; or
- another action of law.

A constructive obligation is an obligation that derives from the actions of the Company when:

- based on a trend of previous practice, published policies or a sufficiently specific current statement the company showed other countries that it is ready to accept certain responsibilities; and
- As a result, the Company creates in other parties a certain expectation that it will fulfill these responsibilities.

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2. Significant elements of the accounting policy (continued)

2.12.Provisions (continued)

A provision is recognized when:

- The Company has a present obligation (legal or constructive) as a result of past events;
- is likely for settling the obligation to be needed outflow of resources embodying economic benefits; and
- can be made a reliable estimate of the value of the debt.

If these conditions are not met, provision is not recognized.

Provisions are recognized at the best estimate of the Company's management at the end of the period of expenditure , required to settle the present obligation.

Recognised amounts of provisions are reviewed at each end of the reporting period and are recalculated to reflect the best current estimate.

At the reporting date the Company has a provision for unused paid holidays of the personnel.

2.13.Taxes

The Company accrues current taxes in accordance with Bulgarian laws. Income tax is calculated based on taxable profit for the period, determined in accordance with the rules established by the tax authorities under payable (recoverable) taxes.

The tax effect, related to transactions or other events , reported in the comprehensive income report are also recognized in the report of comprehensive income and the tax effects related to transactions and other events , recognized directly in the equity , are also taken directly to equity.

Deferred taxes liabilities are recognized for all temporary differences taxable, unless they arise from initial recognition of an asset or liability in a transaction, which at the time of the transaction affects neither accounting nor taxable profit (tax loss).

The deferred tax claims are recognized for all temporary differences, liable to deduction, to the extent that it is probable to be taxable profit , against which to be deductible deferred tax claims. This does not apply to cases when they arise from the initial recognition of an asset or liability in a transaction , which at the time of the transaction affects neither accounting nor taxable profit (tax loss).

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2. Significant elements of the accounting policy (continued)

2.13. Taxes (continued)

Deferred income taxes are recognized as income or expense and are included in the net profit for the period, unless the tax arises from a transaction or an event, recognized in the same or a different period, directly in equity. Deferred taxes are charged in or credited directly to equity when the tax relates to items that are credited or charged in the same or a different period, directly in the equity.

2.14. Prepaid expenses

Prepaid expenses include contracted and documented expenses, paid in the current year, some of which relate to future periods (insurance, subscriptions, etc.).

2.15. Equity capital

The Company reports its share capital by a nominal value of issued and registered shares. The shares are paid on time and size, in accordance with the legislation.

The subscribed capital of the Company is reflected in the financial report at historical cost at the date of registration.

The reserves are established and spent with a decision of the General Meeting of Shareholders.

The Company's equity is the residual value of the assets of the Company after deductibility of all of its liabilities.

2.16. Operating incomes

Revenue is measured at the fair value of the received or due to receivable payment or compensation. They are accrued when they arise, regardless of cash proceeds.

Revenues associated with transactions in providing of services are recognized when the outcome of the transaction can be estimated reliably.

The main incomes of the Company come by the management of collective investment schemes (CIS). These revenues are recognized on a monthly basis and are formed as a percentage of the average annual net asset value of each Fund, whose activity and / or portfolio "UBB Asset Management" manages.

The revenues from management of individual investment portfolios are calculated as a percentage of portfolios and are calculated monthly.

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2. Significant elements of the accounting policy (continued)

2.17. Financial incomes and expenses

The interest incomes and the interest costs for all interest bearing instruments are recognized in the result for the period , using the effective interest rate method.

2.18. Expenses

Expenses are recognized when there is a decrease in future economic benefits associated with reduction of an asset or an increase in the liability, which can not be estimated reliably. The eligibility of costs for the current period is carried out when being charged their corresponding revenue.

When economic benefits are expected to arise over several accounting periods and the relationship of the costs with revenue can be determined only generally or indirectly, the costs are recognized on the basis of procedures for systematic and rational allocation.

Expense is recognized immediately in the Comprehensive Income report when the expenditure does not create future economic benefits or when, and to the extent that future economic benefit does not qualify or ceases to meet the requirements for recognition of an asset in the report of the financial position.

Expenses are recognized on accrual accounting principle. They are assessed on the fair value of paid or upcoming payment amounts.

The main expenses of the company are for external services and related to remunerations.

2.19. Comparative information

The performance and classification of articles in the financial report are kept in the various reporting periods to ensure comparability of comparative information. The data for previous years are adjusted , where necessary for the purpose of comparability with the current year presentation.

In 2014 and 2013, The management has not made recalculations and changes in comparative information.

3. Operating income

	2014	2013
Incomes from management of investment companies	-	58
Incomes from fund management incl .:	1,396	618
- costs associated with issuing and redemption of units of CIS	152	35
Incomes from contracts for management of individual portfolios	26	10
Incomes from taxes collected under the Tariff	1	1
Total	<u>1,423</u>	<u>687</u>

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3. Operating income (continued)

The main incomes of the Company represent a management fee , charged to each managed mutual fund as follows:

In 2014:

- "UBB Premium Equity" - 2.90% of the average annual net asset value. (Valid throughout the entire 2013)
- "UBB Platinum Bonds" - 0.77% of the average annual net asset value. (Valid throughout the entire 2013)
- "UBB Balanced Fund" - 2.25% of the average annual net asset value. (Valid throughout the entire 2013)
- "UBB Patrimonium Land" - 2.90% of the average annual net asset value (valid throughout the entire 2013)
- "UBB Global Pharm Invest" - 3.00% of the average annual net asset value (valid throughout the entire 2013)
- "UBB Euro money" - 0.65 percent of the average annual net asset value

In 2014 was carried out the following change in the management fees as follows:

№	Fund	New management fee	Old management fee	Date of taking effect of the new management fee
1	MF UBB EURO MONEY	0.65%	1.25%	09.05.2014

Valid redemption fees in 2014 and entire 2013 are as follows:

Fund	Redemption fees	Period	Date of taking effect of the new costs of redemption
MF UBB PATRIMONIUM LAND	0.25%	held for up to 1 yr. and 6 months	18 months 29.03.2012
MF UBB PREMIUM EQUITY	0.40%	held for up to 1 yr. and 6 months	18 months 29.03.2012
MF UBB PLATINUM BONDS	0.50%	held for up to 5 months	5 months 29.03.2012
MF UBB BALANCED FUND	0.40%	held for up to 1 year	12 months 16.05.2012
MF UBB EURO MONEY	0.50%	held for up to 3 months	3 months 09.05.2014

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3. Operating income (continued)

The valid fees for issuance in 2014 and 2013 are as follows:

Fund	Fees for issuance
MF UBB GLOBAL PHARM INVEST	2%
MF UBB PLATINUM EURO BONDS*	1%

* By Decision № 457-DF from 09.05.2014 of the Financial Supervision Commission are approved a new name and rules of MF UBB PLATINUM EURO BONDS, according to which the charging of fees for the issuance of the Fund is ceased.

4. Interest incomes

	2014	2013
Bank deposit interests	17	26
Current accounts interests	5	2
Total	22	28

5. Other expenses (including financial)

	2014	2013
Finance expenses for bank transfers	(2)	(1)
Impairment expenses	(2)	-
Total	(4)	(1)

6. Operating expenses

6.1. Expenses for materials

	2014	2013
Fuel	(2)	(2)
Consumables	(2)	(1)
Office materials	(1)	(1)
Total	(5)	(4)

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6. Operating expenses (continued)

6.2. Expenses for external services

	2014	2013
Expenses related to the maintenance of software products	(24)	(31)
Rent, supplies and maintenance of accommodation	(40)	(48)
Central Depository fees	(33)	(25)
Expenses related to Agency contract	(68)	(26)
AFR certification	(4)	(5)
Marketing and advertising	(28)	-
Annual fee for general financial supervision to FSC	(3)	(3)
Expenses MV	(3)	(5)
Expenses on safe working conditions	-	-
Authorized translations of documents in foreign languages	(6)	(1)
Postal and communication expenses	(5)	-
Other external services	(5)	-
Total	<u>(219)</u>	<u>(144)</u>

6.3. Other non-financial expenses, including:

	2014	2013
Expenses for business trips	(7)	(7)
Ad hoc aid of the personnel	(1)	(1)
Representation expenses and taxes on them	(28)	(1)
Expenses for staff qualifications	(1)	-
Membership in the Bulgarian Association of Asset Management Companies	(2)	(2)
Partial tax credit on VAT	(12)	(1)
Total	<u>(51)</u>	<u>(12)</u>

7. Personnel expenses

As of December 31, 2014 the staff of the company is 16 people (31.12.2013: 16 people).

7.1. Salary expenses

	2014	2013
Salary expenses	(458)	(325)
Expenses for remunerations for unused holiday leaves	(5)	(3)
Total	<u>(463)</u>	<u>(328)</u>

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7. Salary expenses (continued)

7.2. Social insurance expenses

	2014	2013
Expenses for social insurance contributions of the personnel	(52)	(42)
Expenditures for additional health insurance	(2)	(2)
Social insurance expenses for unused holiday leaves	(1)	(1)
Total	<u>(55)</u>	<u>(45)</u>

8. Taxes

As of December 31, 2014 the relationship between the appearance of the tax in the Comprehensive Income report and the accounting profit is as follows:

	Year ended 31.12.2014
Profit before taxation	638
Applicable tax rate	10%
Tax according to tax rate	<u>(64)</u>
Effect of deduction of tax losses from previous periods	15
Unused tax losses	<u>-</u>
Incomes/expenses from/to a Tax	<u>(49)</u>
Effective tax rate	<u>8%</u>

The tax losses available for carry over to December 31, 2013 were amounting to 149 thousand. Lev and used in 2014. As of 31.12.2014 are not available unused tax losses for transferring in subsequent periods.

9. Earnings per share

Basic earnings per share

	2014	2013
Fixed capital	700	700
Uncovered loss from previous years at the beginning of the period	(207)	(138)
Financial result for the previous year	170	(69)
Basic earnings per share (lev per share) for the previous year (P.3: S.1)	<u>0.24</u>	<u>(0.10)</u>
Uncovered loss from previous years	(37)	(207)
Financial result	<u>588</u>	<u>170</u>

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Basic earnings per share (lev per share) (r.6: p.1)

0.84

0.24

10. Property, plants and equipment

	Office equipment	Computers, computer peripheral equipment	Transportation vehicles	Total
Reporting value				
January 1, 2013	15	61	24	100
December 31, 2013	15	61	24	100
Acquired	1	-	-	1
December 31, 2014	16	61	24	101
Accumulated amortization				
January 1, 2013	14	61	24	99
Accrued for the year	1	-	-	1
December 31, 2013	15	61	24	100
Accrued for the year	-	-	-	-
December 31, 2014	15	61	24	100
Net book value				
As of December 31, 2013	-	-	-	-
As of December 31, 2014	1	-	-	1

The book value of fully amortized assets as of 31.12.2014 is 100 thousand. Lev (31.12.2013 .: 100 thousand. Lev).

11. Immaterial assets

	Software and the rights to use software	Patents, licenses	Web page	Total
Reporting value				
January 1, 2013	59	1	16	76
Acquired	-	-	-	-
December 31, 2013	59	1	16	76
Acquired	-	-	6	6
December 31, 2014	59	1	22	82
Accumulated amortization				
January 1, 2013	42	1	4	47
Accrued for the year	8	-	2	10
December 31, 2013	50	1	6	57
Accrued for the year	6	-	3	9
December 31, 2014	56	1	9	66
Net book value				
As of December 31, 2013	9	-	10	19
As of December 31, 2014	3	-	12	15

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12. Cash and cash equivalents

	31.12.2014	31.12.2013
Cash amounts	-	1
Cash on current accounts	342	131
Cash amounts deposited with the Central Depository accounts	4	-
Cash amounts in term deposits with maturity up to 1 year	850	450
Total:	1,196	582

Deposited funds represent deposit in "Eurobank Bulgaria" JSC with maturity in June 2015 and "UBB" JSC with maturity July 2015.

The BGN Lev cash holdings are shown at their nominal value. Available cash in euros are given in the BNB exchange rate as at 31 December 2014. As of December 31, 2014 the Company has no assets denominated in currencies other than euro or lev.

13. Takings

	To 31.12.2014	To 31.12.2013
Receivables from management fees of collective investment schemes and fees for issuing and redemption of units	135	63
Claims of remuneration for management of individual investment portfolios - fiduciary management	9	3
Receivables on advance payments	30	-
Receivables from deposit interest rates	12	12
Other claims	3	-
Total	189	78

Receivables in BGN levs are valued at cost incurred. Management Company "UBB Asset Management" has no long-term receivables.

14. Prepaid expenses

Indicated in the statement of financial position prepaid expenses represent rescheduled expenses in 2014, associated with:

	To 31.12.2014	To 31.12.2013
Audit expenses	2	-
Annual software maintenance fee	2	2
Total	4	2

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15. Capital

The fixed capital of "UBB Asset Management" amounts to 700 thousand. Lev, divided into 700 pcs. dematerialized, registered, with voting aloud in GM shares, with a nominal value 1,000 lev, distributed as follows:

Name of the shareholder	To 31.12.2014	%	To 31.12.2013	%
United Bulgarian Bank JSC	636	90,86%	636	90,86%
NBG Asset Management	64	9,14%	64	9,14%
TOTAL SHARES	700	100%	700	100%

16. Liabilities to the personnel

	To 31.12.2014	To 31.12.2013
Liabilities to the personnel, including <i>for unused holiday leaves</i>	10 <i>10</i>	4 <i>4</i>
Payables to social insurance, including <i>for unused holiday leaves</i>	1 <i>1</i>	1 <i>1</i>
Total:	11	5

17. Commercial liabilities

	To 31.12.2014	To 31.12.2013
Obligations to suppliers	19	12
Liabilities related to unit holders of CIS	89	-
Total	108	12

18. Tax liabilities

	To 31.12.2014	To 31.12.2013
Tax on representation expenses	2	-
Tax profit	31	-
VAT for importation	1	1
Total	34	1

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19. Foreign assets under management

	To 31.12.2014	To 31.12.2013
Net assets of:		
MF "UBB Balanced Fund"	8,189	4,970
MF „UBB Premium Equity”	22,201	13,904
MF „UBB Platinum Bonds”	17,719	9,523
MF „UBB Patrimonium Land”	9,703	6,193
MF „UBB Global Pharm Invest”	6,335	1,437
MF „UBB Euro Money”	3,555	669
Net value of individual investment portfolios	4,310	2,528
Total	72,012	39,224

20. Related parties and related party transactions

Parties are considered to be related if one party has the ability to control or significantly influence over the other in making financial or operational decisions, or under joint control of a third party.

The main related parties with whom the "UBB Asset Management" carries out its activities are:

Name of the company	Type of coherence
MF "UBB Balanced Fund"	coherence through key management personnel
MF „UBB Premium Equity”	coherence through key management personnel
MF „UBB Platinum Bonds”	coherence through key management personnel
MF „UBB Patrimonium Land”	coherence through key management personnel
MF „UBB Global Pharm Invest”	coherence through key management personnel
MF „UBB Euro Money”	coherence through key management personnel
„UBB – AIG ZD” JSC	company under common control
NBG National Bank of Greece	company ultimate capital owner
„United Bulgarian Bank” JSC	parent company
NBG Asset Management	company under common control
Stilian Petkov Vatev	key management personnel
Spiros Stefanos Kapsokavadis	key management personnel
Ivan Borissov Koutlov	key management personnel
Katina Slavkova Peycheva	key management personnel

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20. Related parties and related party transactions (continued)

Balances on transactions with related parties and corresponding expenses and revenues as of 31 December 2014 and 2013 are as follows:

Transactions and balances	31.12.2014	31.12.2013
Incomes		
<i>MF "UBB Balanced Fund" - management fees and redemption fees</i>	162	103
<i>MF „UBB Premium Equity” - management fees and redemption fees</i>	664	344
<i>MF „UBB Platinum Bonds” - management fees and redemption fees</i>	121	56
<i>MF „UBB Patrimonium Land” - management fees and redemption fees</i>	222	139
<i>MF „UBB Global Pharm Invest” - management fees and redemption fees</i>	211	29
<i>MF „UBB Euro Money” - management fees and redemption fees</i>	16	5
<i>„United Bulgarian Bank” JSC</i>		
- Incomes from interest rates on demand deposits	5	2
- Incomes from interest rates on term deposits	8	14
Expenses		
<i>„United Bulgarian Bank” JSC</i>		
- consumables and maintenance of premises	(10)	(15)
- expenses associated with Agency contract	(68)	(26)
- signed contract with the Office of Labour Medicine of “UBB” JSC	-	-
Transactions with key management personnel		
- remunerations	(69)	(72)
Takings		
<i>MF "UBB Balanced Fund"</i>	14	9
<i>MF „UBB Premium Equity”</i>	51	30
<i>MF „UBB Platinum Bonds”</i>	11	6
<i>MF „UBB Patrimonium Land”</i>	21	13
<i>MF „UBB Global Pharm Invest”</i>	36	4
<i>MF „UBB Euro Money”</i>	2	1
<i>„United Bulgarian Bank” JSC</i>	8	-
Liabilities		
<i>MF "UBB Balanced Fund"</i>	6	-
<i>MF „UBB Premium Equity”</i>	7	-
<i>MF „UBB Platinum Bonds”</i>	27	-
<i>MF „UBB Patrimonium Land”</i>	30	-
<i>MF „UBB Global Pharm Invest”</i>	19	-
<i>„UBB” JSC - under contract for maintenance of premises</i>	-	1
<i>„UBB” JSC - remuneration under Agency Contract</i>	17	8

Members of the Board of Directors do not receive remuneration for 2014 and 2013.

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21. Risk management

The Company is exposed to the following risks related to its business: credit risk, market risk, liquidity risk, operational risk and regulatory risk.

21.1. Credit risk

Credit risk is the probability of loss due to the inability of a counterparty to meet its obligations on time. The Company believes that its exposure to credit risk is limited due to the quality of its financial assets - cash and cash equivalents, interest receivables and receivables from CIS.

As of December 31, 2014 the Company has no investments in corporate or government bonds.

Bank deposits of the Company are with maturity up to 1 year (31 December 2014: 849 thousand. Lev). The choice of bank of deposit is carried out, as the proposal comes from a portfolio manager and is approved based on an analysis of the Company's management.

The Company did not use derivatives to manage credit risk.

21.2. Market risk

The main components of market risk are interest rate risk, currency risk and price risk. Interest rate risk is the risk of reducing the value of an investment in a financial instrument due to changes in the level of interest rates affecting the value of this tool.

The following table presents the sensitivity of financial assets and liabilities to changes in interest rates at December 31, 2014:

31.12.2014	Interest-free	with floating interest %	with fixed interest %	Total
Current assets				
Takings	189	-	-	189
Cash amounts and cash equivalents	4	342	850	1,196
Currents liabilities				
Commerce liabilities	108	-	-	108
Exposure to short-term risk				
Total financial assets	193	342	850	1,385
Total financial liabilities	108	-	-	108
Total exposure to interest rate risk	85	342	850	1,277

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21. Risk management (continued)

21.2. Market risk (continued)

The following table presents the sensitivity of financial assets and liabilities to changes in interest rates to December 31, 2013:

31.12.2013 r.	Interest-free	with floating interest %	with fixed interest %	Total
Current assets				
Takings	78	-	-	78
Cash amounts and cash equivalents	1	131	450	582
Currents liabilities				
Commerce liabilities	12			12
Exposure to short-term risk				
Total financial assets	79	131	450	660
Total financial liabilities	12	-	-	12
Total exposure to interest rate risk	67	131	450	648

21.3. Currency and price risk

Currency risk is the risk of reducing the value of an investment in a financial instrument denominated in currencies other than lev and euro due to changes in the exchange rate between that currency and lev / euro. (As a result, existing in Bulgaria currency board arrangement, the Bulgarian lev is fixed to the euro.). As of December 31, 2014 the Company has no assets denominated in currencies other than euro or lev. Therefore the management of the Company believes that it is not exposed to significant currency risk.

Price risk is associated with changes in market prices of financial assets and liabilities where the Company may suffer a loss. The Company's management believes that due to the nature and quality of the assets and liabilities of the Company, it is not exposed to significant price risk.

21.4. Liquidity risk

Liquidity risk is danger of lack of sufficient cash resources at a time when the Company is to pay maturing obligations, that may arise from disparities in the frequency and amount of cash flows.

The Company strives to maintain a positive imbalance between incoming and outgoing cash flows.

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21. Risk management (continued)

21.4. Liquidity risk (continued)

Analysis of maturity groupings based on the remaining maturity of financial assets and liabilities of the Company as of December 31, 2014:

	Up to 3 months	from 3 to 12 months	from 1 to 3 years	from 3 to 5 years	over 5 years	Without maturity	Total
Cash amounts	4	-	-	-	-	342	346
Bank deposits	-	850	-	-	-	-	850
Commercial and other takings	30	15	-	-	-	144	189
Total financial assets	34	865	-	-	-	486	1,385
Commercial liabilities	19	-	-	-	-	89	108
Total financial liabilities	19	-	-	-	-	89	108
Discrepancy in the maturity structure	15	865	-	-	-	397	1,277

Analysis of maturity groupings based on the remaining maturity of financial assets and liabilities of the Company as of December 31, 2013:

	Up to 3 months	from 3 to 12 months	from 1 to 3 years	from 3 to 5 years	over 5 years	Without maturity	Total
Cash amounts	-	-	-	-	-	132	132
Bank deposits	200	250	-	-	-	-	450
Commercial and other takings	76	2	-	-	-	-	78
Total financial assets	276	252	-	-	-	132	660
Commercial liabilities	12	-	-	-	-	-	12
Total financial liabilities	12	-	-	-	-	-	12
Discrepancy in the maturity structure	264	252	-	-	-	132	648

21.5. Operational risk

Operational risk is the possibility of incurring losses, related to errors or flaws in the organization, inadequately trained staff, unfavorable external non-financial events, including legal risk.

Operational risks can be:

1. Internal - related to the work of the management company. Internal risks comprise, but are not limited to:
 - a. Risks related to personnel;
 - b. Risks related to the processes;
 - c. Risks related to the systems.

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21. Risk management (continued)

21.5. Operational risk (continued)

2. External - related to macroeconomic, political and other factors that have and / or may affect the business of the management company. The external risks comprise, but are not limited to:

- a. Risk environment;
- b. Risk of physical interference.

The Company's management controls the operational risk in accordance with developed and approved procedure for identifying, evaluating and controlling risks. Through 2014 and 2013 are not accounted losses due to operational events.

22. Capital management

The Company carries out its activity with its own funds. The capital structure includes funds to the owner in the form of registered fixed capital and accumulated reserves from operations.

23. Conditional assets and conditional liabilities

As of December 31, 2014 and 2013 the company has not issued guarantees to third parties.

24. Events following the reporting period

After the balance sheet date there have been no events of correction and/or uncorrected nature, which should be reported or made public in the present financial report.