



**INVESTOR  
COMPENSATION  
FUND**



**ANNUAL REPORT**  
2015



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## ABBREVIATIONS:

**ABB** – Association of Banks in Bulgaria;

**AMC** – Asset Management Companies;

**BAAMC** – Bulgarian Association of Asset Management Companies;

**BALII** – Bulgarian Association of Licensed Investment Intermediaries;

**BDIF** - Bulgarian Deposit Insurance Fund;

**BNAO** – Bulgarian National Audit Office;

**BNB** – Bulgarian National Bank;

**BSE** – Bulgarian Stock Exchange;

**B-II** – Banks-Investment Intermediaries;

**CA**- Current Account;

**CCB (b)** - Corporate Commercial Bank (in bankruptcy);

**EFDI** – European Forum of Deposit Insurers;

**EU** – European Union;

**FSC** – Financial Supervision Commission;

**FI** – Financial Instruments;

**GS** – Government Securities;

**IADI** – International Association of Deposit Insurers;

**ICF** – Investor Compensation Fund;

**II** – Investment Intermediaries;

**IFRF** – Investment Firms Resolution Fund;

**LMFI** – Law on Markets in Financial Instruments;

**LPOS** – Law on Public Offering of Securities;

**MB**- Management Board;

**MFs** – Monetary Funds;

**ROOICF** – Regulation of Operation and Organization of Investor Compensation Fund;





**Management Board:**

Chair of the management board: Teodora Yakimova – Drenska

Deputy Chair: Diyana Miteva – Boncheva

**Members:** Irina Martzeva

Mihaela Koleva

Pavlina Anachkova - Kantareva

**Management Board (until July 2015):**

Chair of the management board: Mileti Mladenov

Deputy Chair: Teodora Yakimova-Drenska

**Members:** Irina Martzeva

Atanas Boychev

Pavlina Anachkova – Kantareva

**Headquarters:** 1000 Sofia, 31 Tsar Ivan Shishman Str., Floor 2

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## Mission of the Investor Compensation Fund

The Fund contributes to the stability and confidence in the capital market, by providing compensation to the investors' claims.

## Mandate

The Investor Compensation Fund is an independent legal entity, established in 2005 due to transposing Directive 97/9/EU into the Law on Public Offering of Securities.

Pursuant to the Law on Public Offering of Securities, ICF provides compensation to the clients of investment intermediaries, determines and collects initial and annual contributions from all participants and invests collected resources in government securities, short-term bank deposits and deposits in BNB.





## 1. Key moments in the activity of the Fund in 2015

In May 2015 the Investor Compensation Fund (ICF) celebrated 10 years since its establishment. Since 2005, the capital market has undergone many changes. The global financial crisis led to a drastic decline in the prices of financial instruments. That also influenced the capital market in Bulgaria, resulting in significant decrease in stock exchange and market capitalization, which are currently far from the highest levels registered before the crisis.

In this environment, a part of the investment intermediaries (II) left the market by voluntarily returning their license. In some cases, the license was revoked by the regulator due to established legal violations.

The past year was also marked by the tendencies in the post-crisis period, as the market capitalisation and the SOFIX Index continued their negative performance with a decrease of approximately 12% on annual basis. The other stock indexes also ended the year with a decrease.

In the past year there have been no cases of compensation payments despite activation of the scheme. After the revocation of II Status Invest AD's license, the Fund had to provide compensation to the clients of the intermediary. In this respect and in compliance with legal requirements,

in early 2015, the Fund's Management Board (MB) selected a servicing bank which had to provide compensation payments to the clients of II Status Invest AD. The compensation limit, provided by the Fund, is 90% of the total amount of clients' assets, but no more than 40 000 BGN. By the end of 2015, only one compensation claim was submitted to the Fund, which the MB considered to be groundless.

Given that, in 2015 the activity of the Fund was mainly focused on the collection of the contributions due by participants within the legal deadlines; management of the ICF's resources; collection and analysis of the information on clients' assets, managed by the scheme participants; ICF's exposure assessment; international activity, etc.

The Fund is managed by a MB which discusses and takes decisions on all matters within its competence.

The chair of the MB organizes, manages and controls the operational activities of the Fund. The Fund's activity is performed by administration which, as of December, 31<sup>st</sup> 2015, consists of four employees. (The organizational structure of the Fund is given in Appendix 1).

At the end of 2015, for a seventh consecutive year, the MB of the Fund determined a lower level of the annual contribution for 2016 than the maximum

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possible one. Thereby, in 2016 participants are going to pay a contribution at the rate of 0.05% of the protected financial instruments (where the maximum level is 0.1%) and 0.5% of monetary funds, calculated on average monthly basis for 2015. The decision of the MB to keep the annual contribution rate for 2016 at a lower level than the maximum one is due to the state of the capital market in the country, which influences the activity of investment intermediaries, and the ICF as well.

In 2015 Directive 2014/59/EU was transposed into the Bulgarian legislation, through the adoption of a new Law on the recovery and resolution of credit institutions and investment firms. The new law provides new features and responsibilities for the ICF. In accordance with the provisions of that law, an Investment Firms Resolution Fund (IFRF) should be established and it is foreseen to be a part of the ICF administration (Appendix 2).

In 2015 the ICF continued to cooperate successfully with national institutions and organizations such as FSC, BNB, ABB, BALII,

BAAMC and others.

The Fund celebrated its anniversary by changing its corporate identity and commissioning its new website, designed to provide easier access to the most necessary information about its activities and its aims. The new logo of the Fund was also registered. An anniversary brochure was issued and it was sent to all participants in the scheme, as well as to our foreign partners.

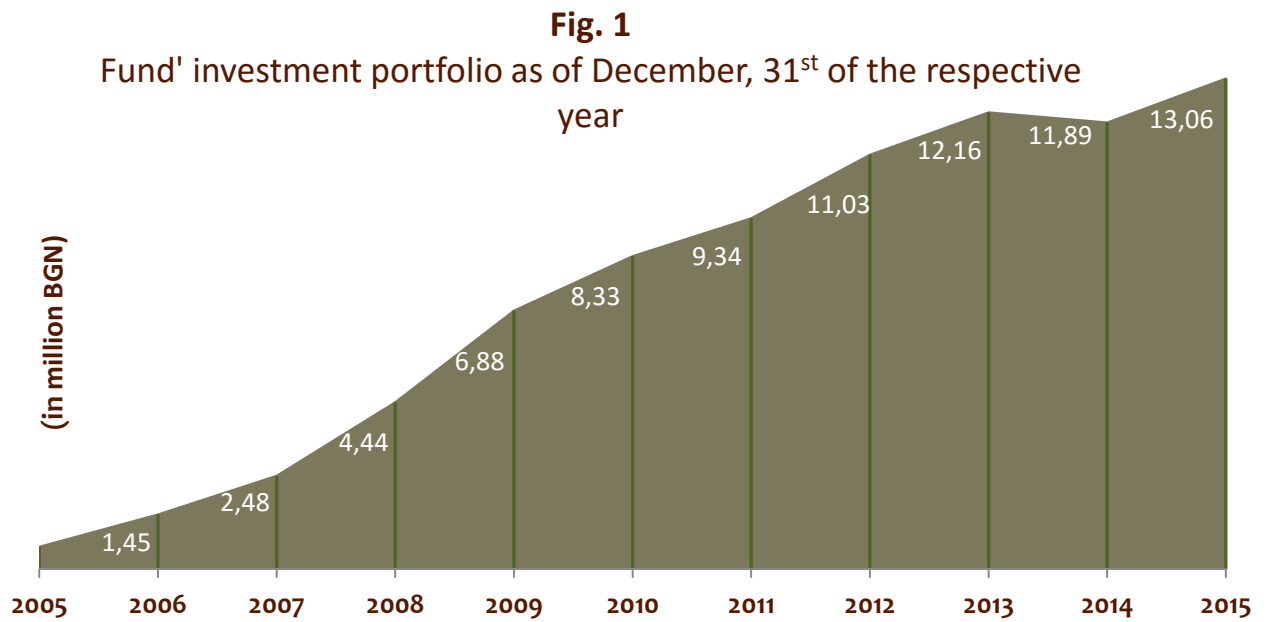
## 2. Resources

The Fund's resources are accumulated mainly of annual and initial contributions from the participants, as well as of investment's revenues. The accumulation, investment and spending of the Fund's resources is in accordance with the provisions of LPOS, ROOICF and Fund's internal rules where the Bulgarian National Audit Office (BNAO) and the FSC supervise those activities.

Figure 1 shows the investment portfolio of the Fund since its establishment as of December 31<sup>st</sup> of the respective year.







Source: ICF

As of December, 31<sup>st</sup> 2015 the investment portfolio of the Fund amounted to 13.06 million BGN<sup>1</sup>, i.e. with 1.17 million BGN more compared to December, 31<sup>st</sup> 2014.

In 2014, the ICF's resources decreased by 270 thousands BGN compared to the end of 2013.

The reason for that decrease is the reclassification of monetary funds blocked in Corporate Commercial Bank (in bankruptcy) as cash deposits were transferred in receivables.<sup>2</sup>

The budget of the Fund for 2015, approved by a decision of the FSC, amounted to 380 thousand BGN. The administrative expenses of the Fund for 2015 were 361 thousand BGN, i. e. there was a saving of 5%.

The financial result of the Fund for 2015 is a loss of 934 thousand BGN<sup>3</sup> as the cause of the reported loss is an impairment of principals in CCB (b) and interest receivable write off conducted in accordance with International Accounting Standard 39, para. 58 and 62.

<sup>1</sup> The Fund's investment portfolio includes monetary funds and revaluated GS, without accrued interest.

<sup>2</sup> In the financial statement of the Fund for 2014, CCB (b) deposits are shown as monetary funds and monetary equivalent.

<sup>3</sup> The financial result for the year is calculated on the basis of the financial revenues increased (decreased) by the profit (loss) from revaluation of the GS and decreased by the administrative and financial expenses of the Fund for the current year and the loss from the impairment of deposits in CCB (b).



## 2.1 Contributions

All participants in the Fund, who declared clients' assets eligible to compensation, are obliged to pay annual contributions. They are transferred in four equal instalments. The amount of the annual contribution is determined each year by Fund's MB and for 2015 it was as follows:

- ◆ 0,5% of the average monthly amount of the protected MF's for 2014 and

- ◆ 0,05% of the average monthly amount of the rest of the clients' assets, eligible to compensation in 2014.

The revenues from the participants' contributions in 2015 are at the amount of 967 thousand BGN<sup>4</sup>, incl. 5 000 BGN from initial contributions. The initial contributions are lump-sum payments when a new member joins the scheme and their amount depends on participant's license.<sup>5</sup>

On Figure 2 the annual contribution of banks - investment intermediaries (B-II) and II are given, determined for each year. It is based on the average monthly amount of the financial instruments (FI) and monetary funds (MFs), reported by the participants for the previous year.

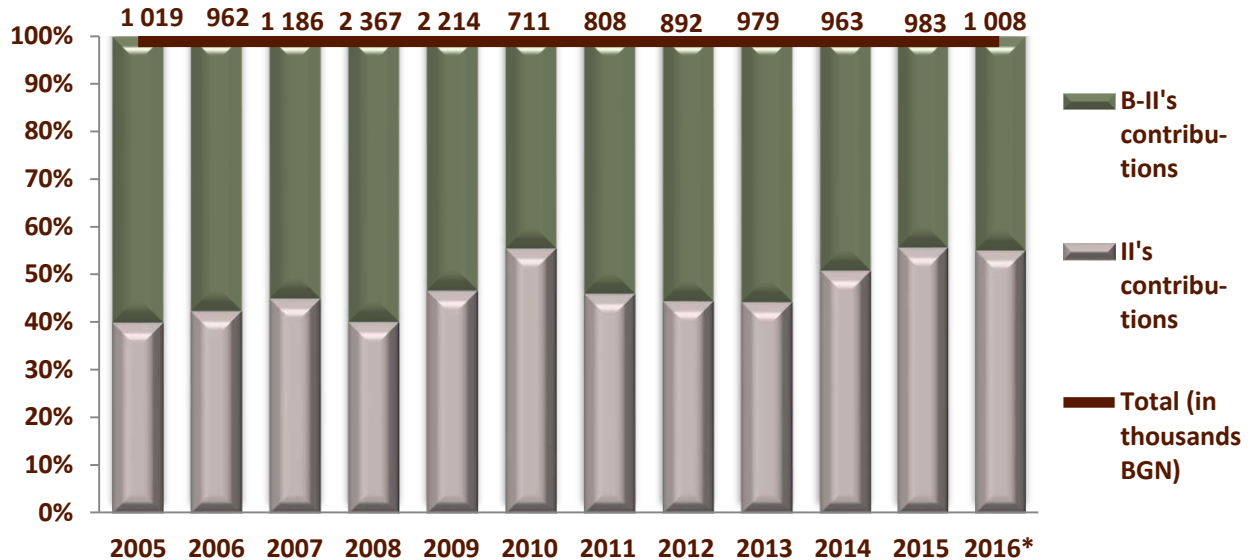
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<sup>4</sup> In 2015 one fourth of the annual contributions due for 2014 was paid until 30.01.2015 and three fourth for the annual contributions due for 2015.

<sup>5</sup> II with a limited license do not participate in the Fund. Asset management companies (AMC) do not make initial contributions.

Fig. 2

Distribution of the revenues from contributions of II and B-II



\*The data for 2016 is preliminary

Source: ICF

The total amount of the annual contribution of II and B-II for 2015 is 983 thousand BGN, compared to 963 thousand BGN in 2014, i. e. there is a slight increase of approximately 2%.<sup>6</sup> The increase is due to the slight growth of the basis on which contributions are calculated.

As shown on Figure 2, in 2015 the contributions paid by the II are higher (56% of the total amount of the contributions for 2015) than the contributions paid by the B-II.

However, the share of the B-II in the annual contribution payment is significant, as their number is twice smaller than the one of the II.

The calculated contribution for 2016 is 1 008 thousand BGN<sup>7</sup>, i. e. the revenues from contributions are expected to be with approximately 25 thousand BGN higher in 2016 than 2015.<sup>8</sup>

<sup>6</sup> In 2015 one fourth of the annual contributions due for 2014 was paid until 30.01.2015 and three fourth of the annual contribution due for 2015, which explains the different amount to the real contribution payments, received in the Fund.

<sup>7</sup> The amount doesn't include the annual contribution of AMC, which is 33 thousand BGN for 2016.

<sup>8</sup> In 2016 only three fourth of the annual contributions due for 2016 are paid and the fourth one is paid in the beginning of 2017.



## 2.2 Investments

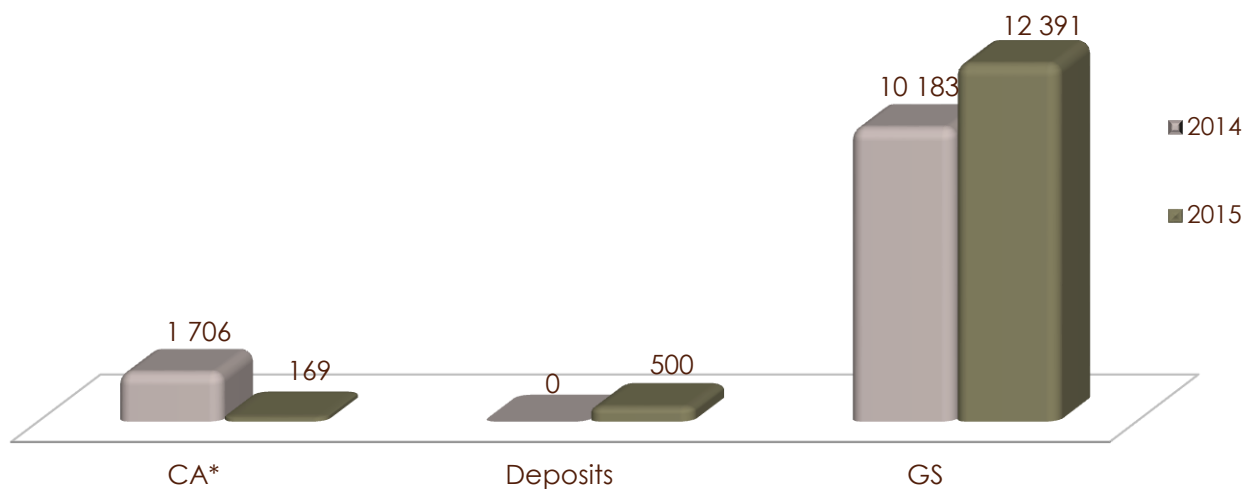
In accordance with the provisions of LPOS and the "Investment Policy", adopted by the MB, the accumulated resources by the Fund can be invested in financial instruments issued or guaranteed by the state, short-term deposits in commercial banks and deposits in BNB.

Principles of security and liquidity are of leading importance in taking investment decisions.

Figure 3 shows the structure of the investment portfolio of the Fund, as of the end of 2014 and 2015.

Fig. 3

Structure of the investment portfolio in thousands BGN



\*CA – in cash and in current accounts

Source: ICF

There is an increase in the share of the Fund's investments in GS from 10 183 thousand BGN, as of December, 31<sup>st</sup> 2014, to 12 391 thousand BGN, as of December, 31<sup>st</sup> 2015. That increase is mainly due to funds in CAs that decreased by 1 537

thousand BGN compared to the end of 2014. Compared to 2014 when the Fund had no investments in deposits, as of December, 31<sup>st</sup> 2015, 500 thousand BGN of the resources were held in short-term bank deposits.



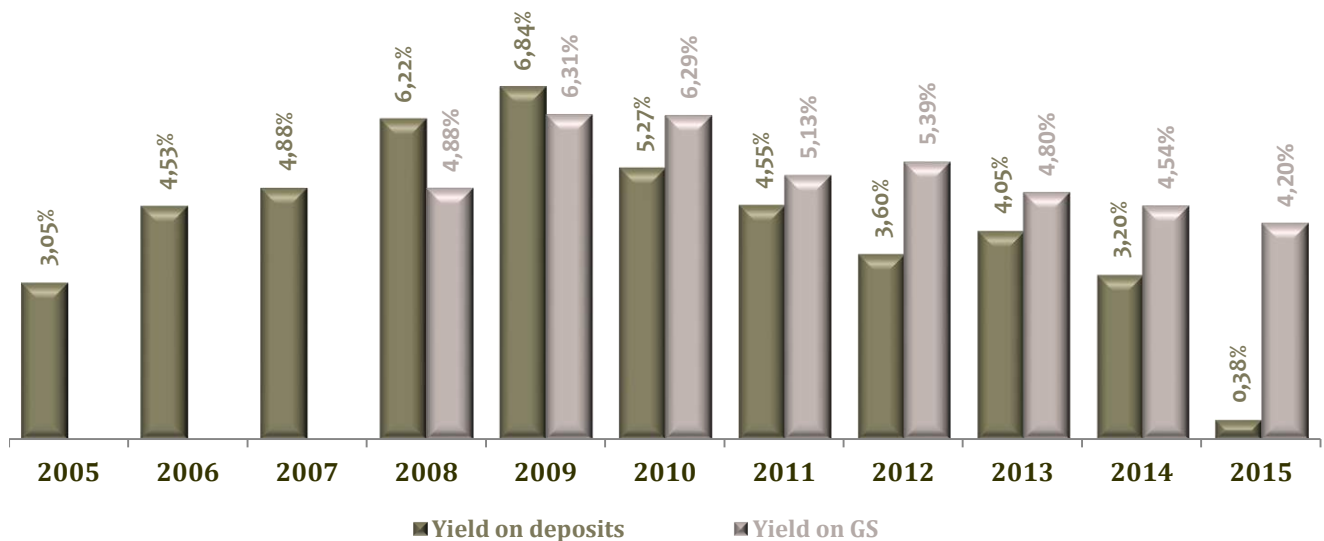
The Fund's net investment revenues in 2015 are 570 thousand BGN compared to 446 thousand BGN in 2014. That includes deposit interests, coupons of GS, profit (loss) from GS revaluation and other financial

revenues/expenses. The main reason for that increase was the reported profit from revaluation of GS due to increase in prices of GS.

Figure 4 shows the accomplished average yield from deposit interests and GS for the period 2005 - 2015.

Fig. 4

Average yield of investments



In 2015, the average yield of deposit interest was 0.38% and from GS's coupons - 4.20%.<sup>9</sup> The decrease of the coupon yield in comparison with 2014 is due to the increase of the investments in GS in 2015. The

average yield of deposits, decreased significantly, which was due to the decrease in interest rates on deposits in 2015.

<sup>9</sup> The average yield on investment is calculated as a ratio of the sum of the yield gained from investments during the year (respectively the yield from interest on deposits and coupons on GS) and the average weighted amount of the portfolio in deposits and GS. The revenues from GS revaluation are not included.



The maturity structure of GS and deposits, as of December, 31<sup>st</sup> 2015 and as of December, 31<sup>st</sup> 2014, is given on Figure 5.

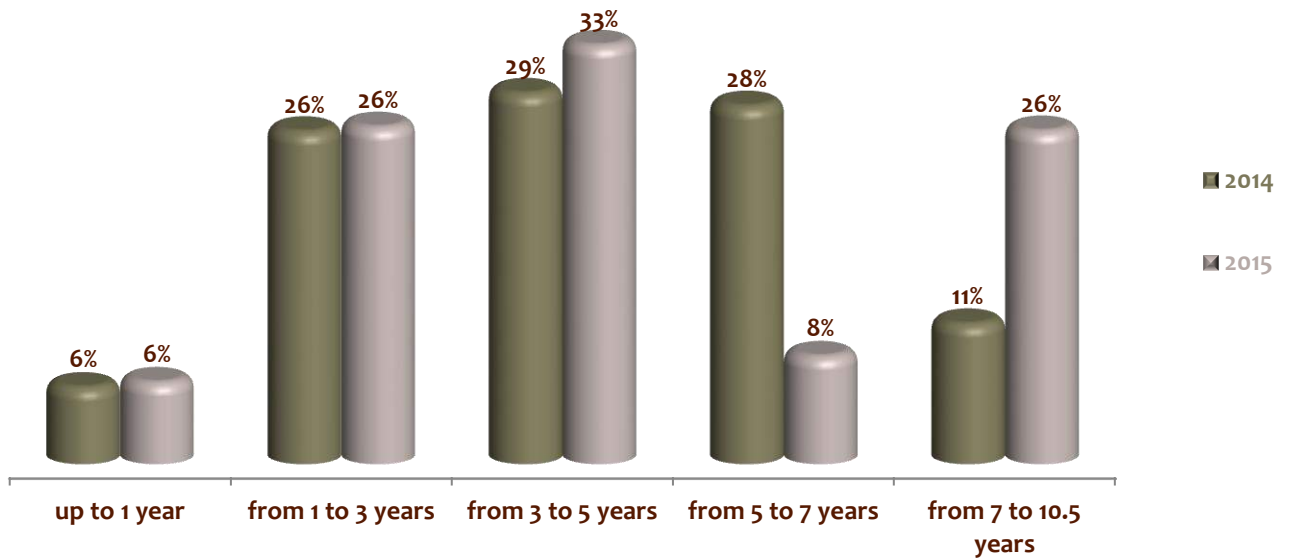
There is a significant increase in the share of investments with a maturity from 7 to 10.5 years (from 11% as of December, 31<sup>st</sup> 2014 to 26% in the end of 2015), which is due to the decrease in the share of

investments with a maturity from 5 to 7 years (from 28% as of December, 31<sup>st</sup> 2014 to 8% in end of 2015).

The rest of the maturity groups have approximately equal shares in both years, as there is a slight increase in the investments with a maturity from 3 to 5 years (from 29% in 2014 to 33% in 2015).

Fig. 5

Maturity structure of GS and deposits



Modified duration and average maturity of the investments in GS, according to their

maturity structure, as of December, 31<sup>st</sup> 2015, are presented on Figure 6.

Fig. 6

Modified duration and average maturity of GS



The average weighted modified duration of the portfolio of GS, as of December, 31<sup>st</sup> 2015 was 4.18 years compared to 3.75 years, as of December, 31<sup>st</sup> 2014. The average residual maturity of the investments in GS was 4.6 years compared to 4.27 years,

as of December, 31<sup>st</sup> 2014.<sup>10</sup> In January 2016 one GS issue is expected to mature and for that reason the modified duration and the residual maturity up to 1 year are equal - 0.01 years.

<sup>10</sup> The average weighted maturity of the GS portfolio is calculated as a sum of all investment maturities, weighted by the share of each investment in the total amount of resources invested in GS, as of December, 31<sup>st</sup> 2015.



### 3. Participants

As of the end of 2015, the Fund's participants are 91 in total, of which 40 investment intermediaries, 21 banks – investment intermediaries and 30 asset management companies (AMC). Because only 5 of the AMC report activity of individual portfolio management, the number of active participants in the Fund by the end of 2015 is 66. (A list of Fund's participants is given in Appendix 3).

Four investment intermediaries in total dropped out of the investor compensation scheme during the last year- two with a full license and two with a partial license. One of the licenses was revoked by the FSC due to administrative infringements. Two of the investment intermediaries voluntarily returned their license. The license of II Status Invest AD was revoked by the FSC due to a significant deterioration in the financial

state.

In 2015 the FSC issued partial licenses to two new II, that joined the scheme and, as of the end of 2015, they manage clients' assets.

Figure 7 shows the number of participants in the Fund for the period 2009 - 2015. There has been a steady decline in the number of II over the years, as of the end of 2015 they are only 40 compared to 61 in 2009. The number of banks and AMC over the years remained almost constant, except for 2014 when 3 banks dropped of the scheme - one bank was excluded from the scheme because its headquarter was moved in Ireland, two other banks merged, and the license of the third one was revoked.

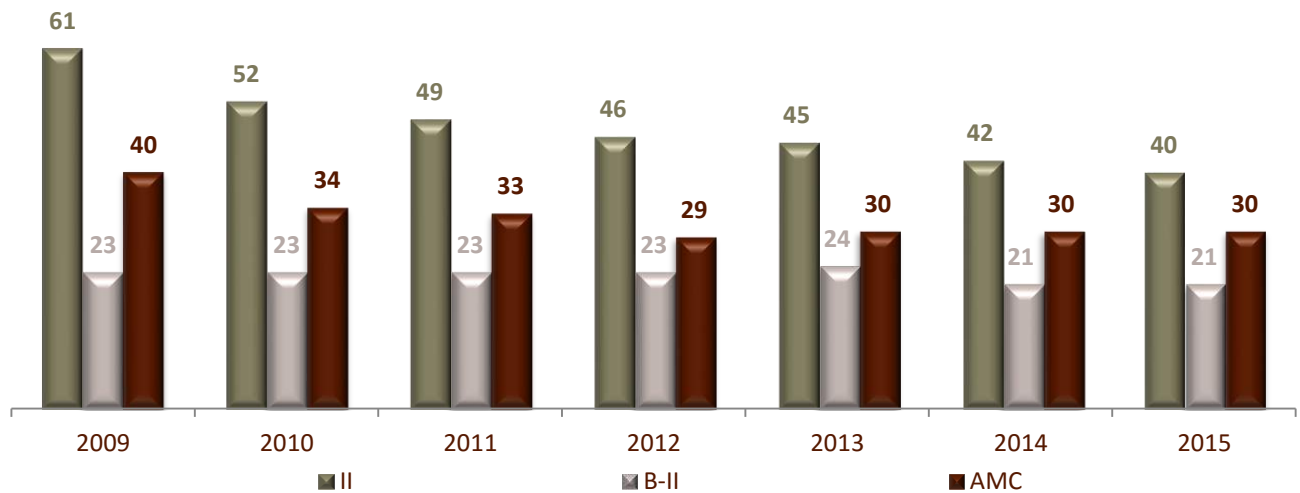
The largest decline in the number of participants in the Fund was in 2010, when 9 II and 6 AMC returned their licenses.





**Fig. 7**

**Number of participants in the investor compensation scheme**



As of the end of 2015 two Bulgarian II have branches abroad<sup>11</sup>, compared to three, as of December, 31<sup>st</sup> 2014.

The countries where those two II have branches are Romania and Poland. The number of Bulgarian II working on the principle of „free providing of service“ within the EU was 15, i.e. two more compared to the same period in 2014.

Investment intermediaries from EU member states can also provide investment services on the territory of the country either through a branch or through free providing of services. As of December 31<sup>st</sup> 2015, their number is over 1600, 3 of which have established a branch.<sup>12</sup>

<sup>11</sup> According to a list of investment intermediaries that have the right to provide investment services on the territory of other EU member-states, published on the internet website of the FSC.

<sup>12</sup> According to FSC's data.

## 4. Clients' assets managed by the participants

According to Art. 77n, para. 12 of LPOS participants are required to submit monthly information for their clients' assets that are held, administered and managed. This information includes data for both the Fund protected clients' assets and the unprotected assets'.

According to the data provided by the participants in the Fund, the total amount of clients' assets eligible to compensation, as

of the end of 2015, is 1.43 billion BGN and the amount of unprotected assets is 20.2 billion BGN.

Table 1 presents data for protected and unprotected FI and MFs of clients by groups of participants (II, B-II and AMC), as of December, 31<sup>st</sup> of the respective year.

**Table 1** Clients' assets, managed by participants, as of December, 31<sup>st</sup> of the respective year

By groups:	Protected clients' assets as of 31.12.2015	Protected clients' assets as of 31.12.2014	Change on an annual basis	Unprotected clients' assets as of 31.12.2015	Unprotected clients' assets as of 31.12.2014	Change on an annual basis
	(1)	(2)	$[3=(1-2)/2]$	(4)	(5)	$[6=(4-5)/5]$
FI - B-II	890 920 398	950 232 820	-6%	16 719 535 431	12 821 061 915	30%
FI-II	433 159 164	518 387 331	-16%	3 426 511 269	3 507 038 036	-2%
MFs-II	61 812 953	66 703 454	-7%	34 741 322	26 062 211	33%
FI-AMC	48 268 395	42 319 463	14%	9 144 783	4 514 806	103%
MFs - AMC	634 238	1 754 302	-64%	1 737 084	516 120	237%
<b>TOTAL:</b>	<b>1 434 795 147</b>	<b>1 579 397 371</b>	<b>-9%</b>	<b>20 191 669 889</b>	<b>16 359 193 088</b>	<b>23%</b>

Source: ICF

As of December, 31<sup>st</sup> 2015 protected clients' assets decreased by 9% compared to December, 31<sup>st</sup> 2014. There is a decrease of protected clients' assets in all groups of participants, except the AMC where the FI are with 14% more. Investment intermediaries reported the largest decrease

of the FI - 16% less on annual basis. The greatest decrease of MFs was reported by the AMC<sup>13</sup> - 64% less compared to December 31<sup>st</sup> 2014. In absolute value this decrease is insignificant (approximately 1 million BGN). MFs, reported by the II are with 7% less, which is around 5 million BGN.



Unprotected clients' assets increased by 23% compared to, December 31<sup>st</sup> 2014. All participants reported an increase of the non-eligible to compensation clients' assets. An exception are II where the FI are with 2% less.

B-II continued to hold the majority of clients' assets - 17.61<sup>14</sup> billion BGN, of which 890 million BGN are protected by the Fund and 16.72 billion BGN are unprotected.

The share of the protected FI in the total amount of eligible and non-eligible to compensation FI by B-II is 5 %. It is with 2% less compared to 2014. The reason for that is the reported decrease in the amount of protected FI.

II hold FI (protected and unprotected) in a total amount of 3.86 billion BGN and MFs at amount of 96.5 million BGN. Thus the total clients' assets held by II are 3.96 billion BGN. The share of the protected assets in the total amount of the clients' assets in II is 13 %, i.e. from 3.96 billion BGN clients' assets, held by the II, only 13 % are eligible to compensation by the ICF.

The total amount of clients' assets, held by AMC is 59.8 million BGN, of which approximately 57 million BGN are FI and about 2.4 million BGN are MFs. The share of the protected by the Fund clients' assets in the total amount of the clients' assets in AMC is the highest – 82 %.

According to Art. 77t, para. 1 of LPOS, when the Fund's resources exceed 5% of the total amount of clients' assets in all intermediaries, the contributions from the participants should be ceased. As of December, 31<sup>st</sup> 2015, 5% of the clients' assets are 71.7 million BGN (5% of 1.43 billion BGN), and the collected contributions are 13.061 million BGN (0.9% of the protected assets).

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<sup>13</sup> Only 5 AMC reported protected clients' assets.

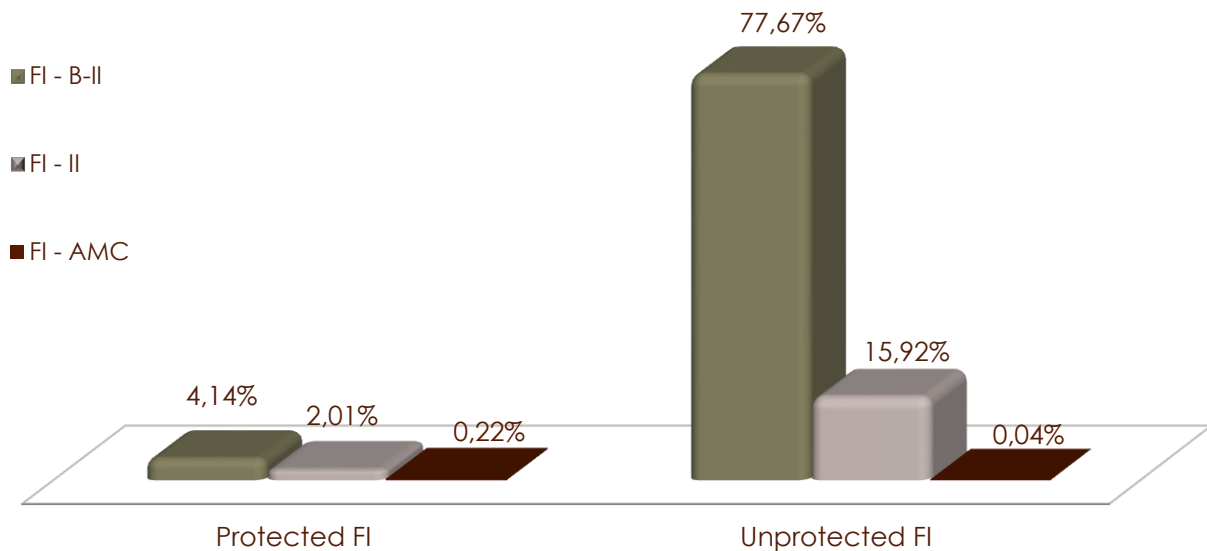
<sup>14</sup> Banks do not report MFs to the Fund, as they are counted as deposits and thus are part of the scope of the DIF.

Fig. 8 shows the distribution of eligible and not eligible to compensation FI, by groups of intermediaries. The total amount of all FI (protected and unprotected) is 21.5 billion BGN. The share of the protected FI in the total amount of protected and unprotected FI continued to decrease and,

as of December, 31<sup>st</sup> 2015, it is only 6.4%. Compared to the end of 2014 it was 8.5% and in the end of 2013 - 13%. That is due mainly to the increase in the amount of the FI, not eligible to compensation, but also due to the decrease in the amount of FI, eligible to compensation.

**Fig. 8**

Distribution of FI by groups of intermediaries, as of December, 31<sup>st</sup> 2015



The biggest share of protected FI is held by B-II - 4.14% of all FI, compared to 5.33%, as of December, 31<sup>st</sup> 2014. At the same time, they continued to hold the biggest share of unprotected FI - 77.67%, as of December, 31<sup>st</sup> 2014 it was 71.85%. Protected FI held by II are 2.01% of all FI and the unprotected are 15.92%. AMC held only

0.22% of the protected and 0.04% of the unprotected FI.

Table 2 provides information about the protected by the Fund FI for some specific periods. Three values of protected FI are given on the table.



As of December, 31<sup>st</sup> 2015 the total amount of protected FI, declared by participants (1.37 billion BGN) is well below the highest one reported in February 2014 - 2.62 billion BGN. This amount has decreased because some of the participants that left the scheme declared large amount

of protected FI.

The lowest value was declared in February 2009 – 918 million BGN.

In 2015, the lowest value of protected FI was declared in November - 1,34 billion BGN and the highest amount is recorded in March - 1.51 billion BGN.

**Table 2** Protected clients' assets

Clients' FI	Date	Highest value	Lowest	Current value
	February, 2014	2 624 521 486		
	February, 2009		917 667 292	
	December, 2015			1 372 347 957
% of the highest value		100%	-65%	-48%

The average monthly amount of protected clients' assets by years and by groups of participants is presented on Figure 9.<sup>15</sup> The average monthly amounts of FI and MFs are basis for calculation of the annual contribution of Fund's participants. In 2015 the average monthly amount of FI held by B-II is 904 million BGN, or approximately 34 million BGN more than 2014.

The average monthly amount of FI held by II amounted to 467 million BGN compared to 475 million BGN a year earlier.

In 2015, the average monthly amount of MFs held by II is 64.5 million BGN - this is the highest value recorded since the establishment of the Fund.

<sup>15</sup> In the amount of the average monthly values the FI declared by participants with revoked license during the year are not included.

The calculations for AMC are not included on the figure, because of the small amount of the assets managed by them. In 2015 there is an increase in the average monthly amount of protected FI held by AMC - from 33.7 million BGN in 2014 to 47.1 million BGN in 2015. The average monthly

amount of MFs is very close to the one calculated for 2014 - 1.98 million BGN.

In 2015, the average monthly amount of protected FI held by all participants is 1.41 billion BGN and the average monthly amount of MFs is 66.49 million BGN.

**Fig. 9**

**Monthly average amount for protected clients' assets**

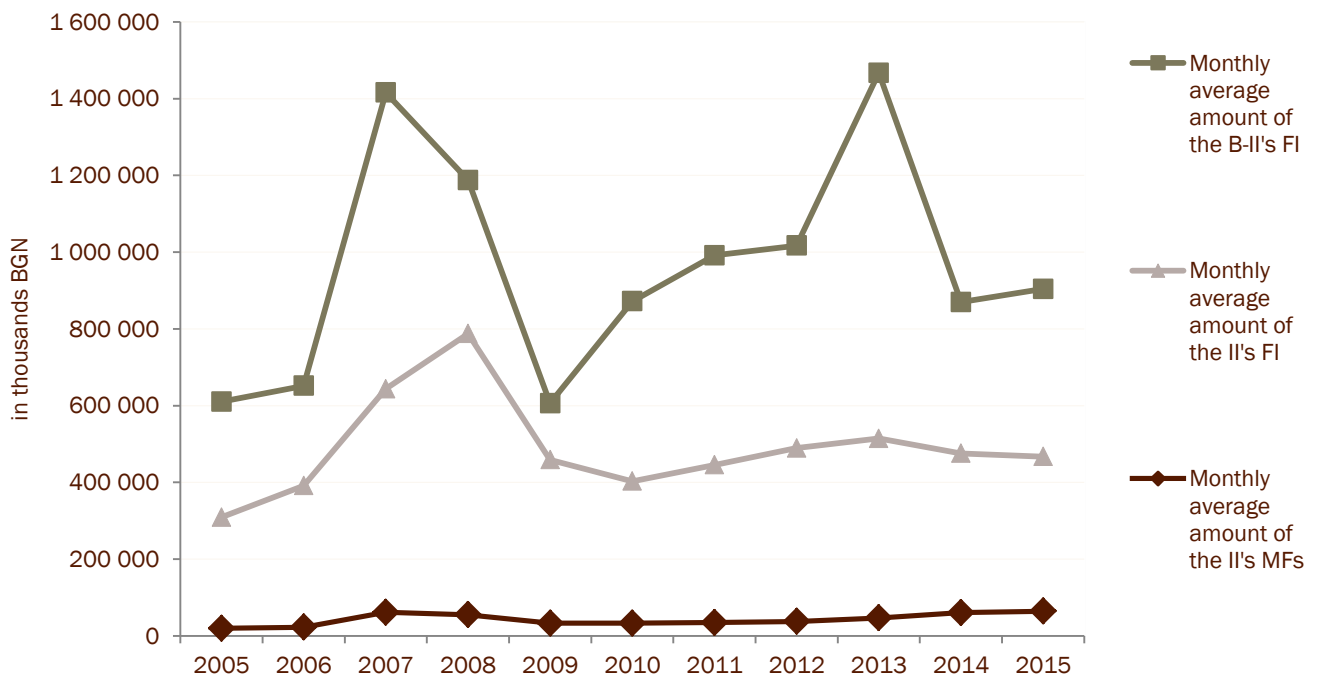




Table 3 presents the protected clients' assets, the stock exchange capitalization and GDP, as of December, 31<sup>st</sup> of the respective year.

In 2015, there was a minimal increase in the share of protected clients' assets in the amount of stock exchange capitalization – from 16% as of December, 31<sup>st</sup> 2014 to

17% as of December, 31<sup>st</sup> 2015. The increase was mainly due to the decrease in the stock exchange capitalization of the BSE. The ratio of stock exchange capitalization to GDP decreases by 2 percentage points annually. On the one hand, that decrease was due to the increased in GDP and, on the other hand, due to the decrease in stock exchange capitalization.

**Table 3** Clients' assets, stock exchange capitalization and GDP, as of December, 31<sup>st</sup>

	2008	2009	2010	2011	2012	2013	2014	2015
Clients' assets, eligible to compensation (million BGN)	1 314	1 259	1 322	1 612	2 091	2 325	1 579	1 435
Stock exchange capitalization (million BGN)	12 461	11 796	10 754	12 436	9 828	9 961	9 756	8 587
Ratio clients' assets/stock exchange capitalization	11,00%	11,00%	12,00%	12,96%	21,28%	23%	16%	17%
GDP (million BGN)	69 295	68 322	70 474	75 265	77 323	79 454	78 722	84 236
Ratio stock exchange capitalization/GDP	18,00%	17,00%	15,00%	16,52%	12,71%	12,5%	12,4%	10,2%

Source: website of BSE, ICF

## 5. Exposure to the participants

On semi-annual basis the Fund's participants submit information on the number of clients, distributed by groups of clients' assets. The eventual Fund's exposure to the clients of each participant is calculated on the basis of that information.

The calculation of the eventual exposure, which the Fund could pay to the clients of each participant, makes it possible to assess to what extent the resources in the Fund would be enough to pay those claims.

Fig. 10 shows the number of investors, eligible to compensation, as of December, 31<sup>st</sup>, distributed by groups of II from 2006 to 2015.

The number of clients in all participants, as of December, 31<sup>st</sup> 2015, is 66 611, i. e. with 945 clients less than the previous year.

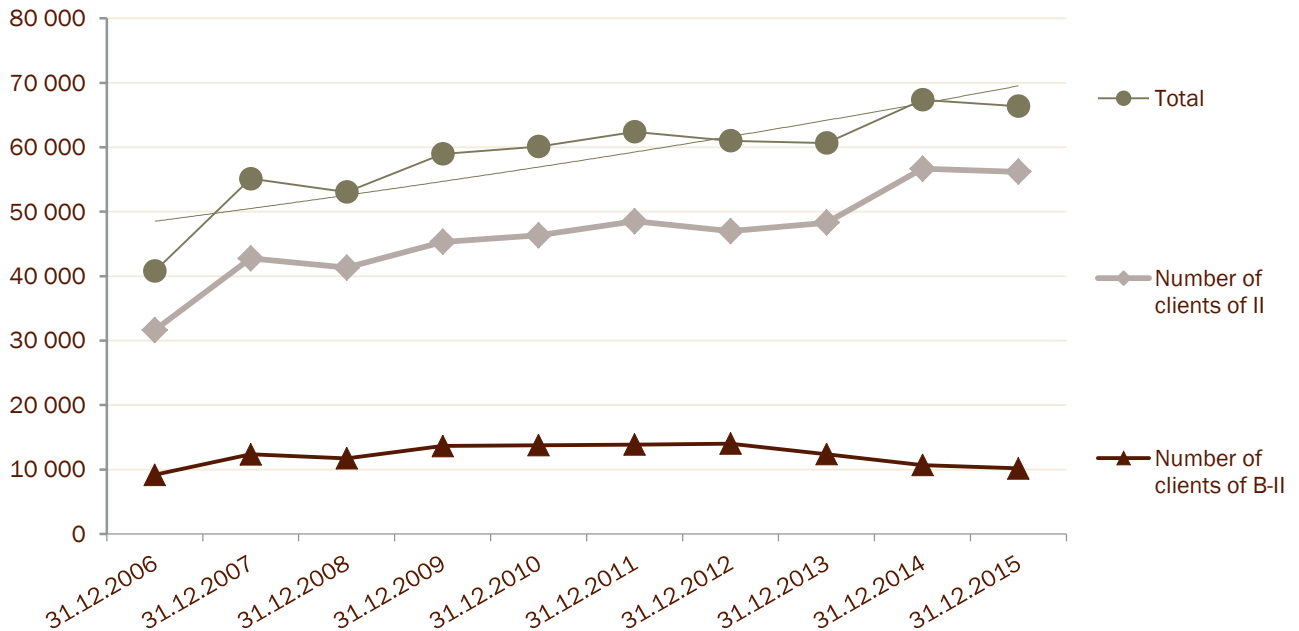
The number of clients in B-II is 10 183, or with 518 less in comparison to December, 31<sup>st</sup> 2014. The number of clients in II

decreased by 491 on an annual basis. Compared to B-II, II have about 6 times more protected clients (56 175). Nevertheless, the protected clients' assets, managed by II are 495 million BGN compared to 891 million BGN for B-II.

The number of clients in AMC is the smallest one - 253 (64 more clients on an annual basis) and for that reason they are not added on Fig. 9.

**Fig. 10**

**Number of clients by groups of intermediaries**





Despite the decreased number of protected clients, as well as the clients' assets, eligible to compensation, the Fund's calculated maximum compensation<sup>16</sup> for the clients of all groups of II amounts to 230.96 million BGN compared to 228.56 million BGN, as of the end of 2014. That is due to the decreased number of clients with assets up to 500 BGN and also due to the increased number of clients with higher amount of assets.

Due to the higher number of clients (56

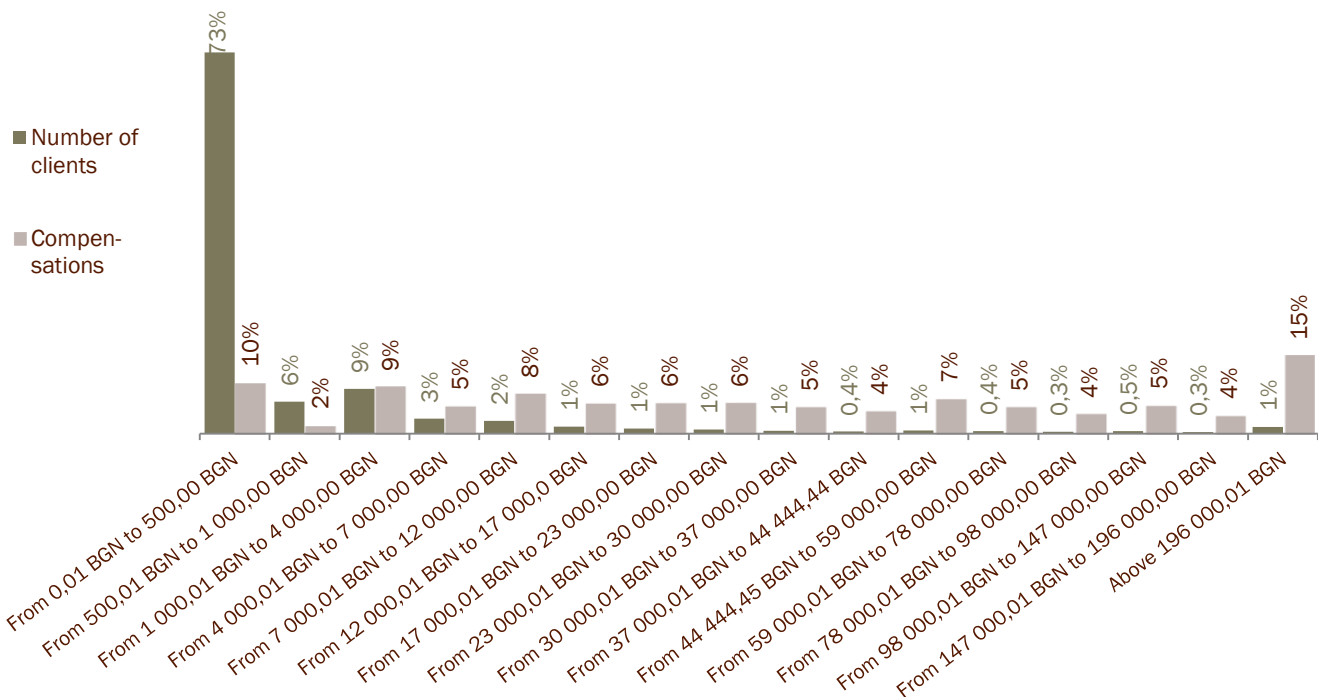
175) the Fund's exposure to II is also the highest one - 163.84 million BGN, of which 140 million BGN is the Fund's exposure to clients of II with a full license.

The calculated compensation for the clients of B-II is approximately 61.57 million BGN and for the AMCs' clients - 5.5 million BGN.

The distribution of the number of protected clients, as well as the calculated maximum compensation by groups of clients' assets, is presented on Figure 11.

**Fig. 11**

**Distribution of maximum compensation and number of clients, by groups of clients' assets**



<sup>16</sup> The maximum compensation to the clients of one investment intermediary is calculated as 90% of the amount of clients' assets but not more than 40 000 BGN per investor. The calculations are based on the information provided by intermediaries as of

December, 31<sup>st</sup> 2015. Due to the assumption that clients hold assets at the amount equal to the amount in the upper range where they fall, thus the estimated compensation payment is increased.



The highest number of investors (73%) belongs in the first interval, with the amount of assets up to 500 BGN, but the compensation calculated for them is only 10% of all compensations or 22 million BGN. The Fund's biggest exposure is to clients with assets at amount over 196 thousand BGN – the compensation calculated for them is 15% of the total compensations or in absolute value this is 33 million BGN. Those clients are only 1.3% of the total number of

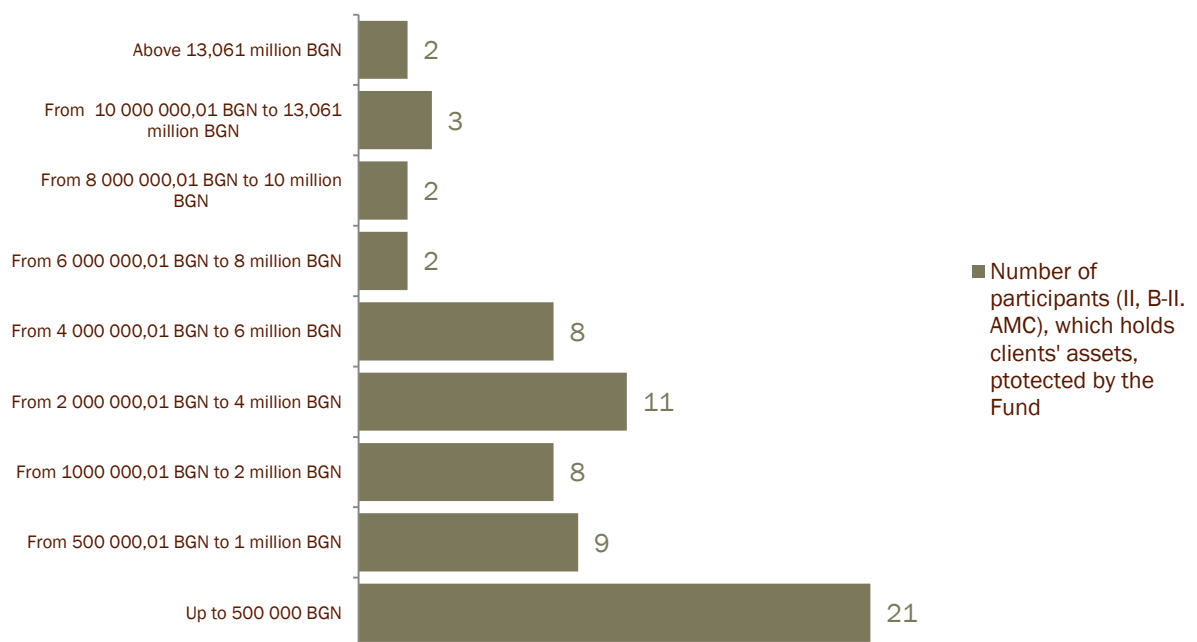
the protected investors.

As of December, 31<sup>st</sup> 2015, the amount of calculated maximum compensation is 230.96 million BGN and the accumulated resources are 13.061 million BGN, i.e. the Fund has resources equal to 5.7% of the calculated compensation for all participants.

Figure 12 presents the distribution of participants according to compensation payments and by ranges up to the available resources in the Fund (13.061 million BGN).

**Fig. 12**

**Number of participants depending on the Fund's exposure to their clients**



As of December, 31<sup>st</sup> 2015, the total number of active participants in the Fund is 66. 5 AMC are included on the figure.

The biggest number of intermediaries is in the range with compensations up to 500 thousand BGN - their number is 21, of which 13 II, 5 B-II and 3 AMC. They are followed by



the range with compensation up to 4 million BGN - 11 participants, of which 6 II and 5 B-II. For 2 participants the Fund's resources would be insufficient in case of a failure. In those cases the Fund could be forced to collect additional resources for covering the shortage. In the same time the Fund's resources would be enough for compensation payments to the clients of several intermediaries all at once, to which the Fund's exposure is smaller.

Appendix 4 shows the distribution of the number of clients eligible to compensation by groups of client assets for II and B-II.

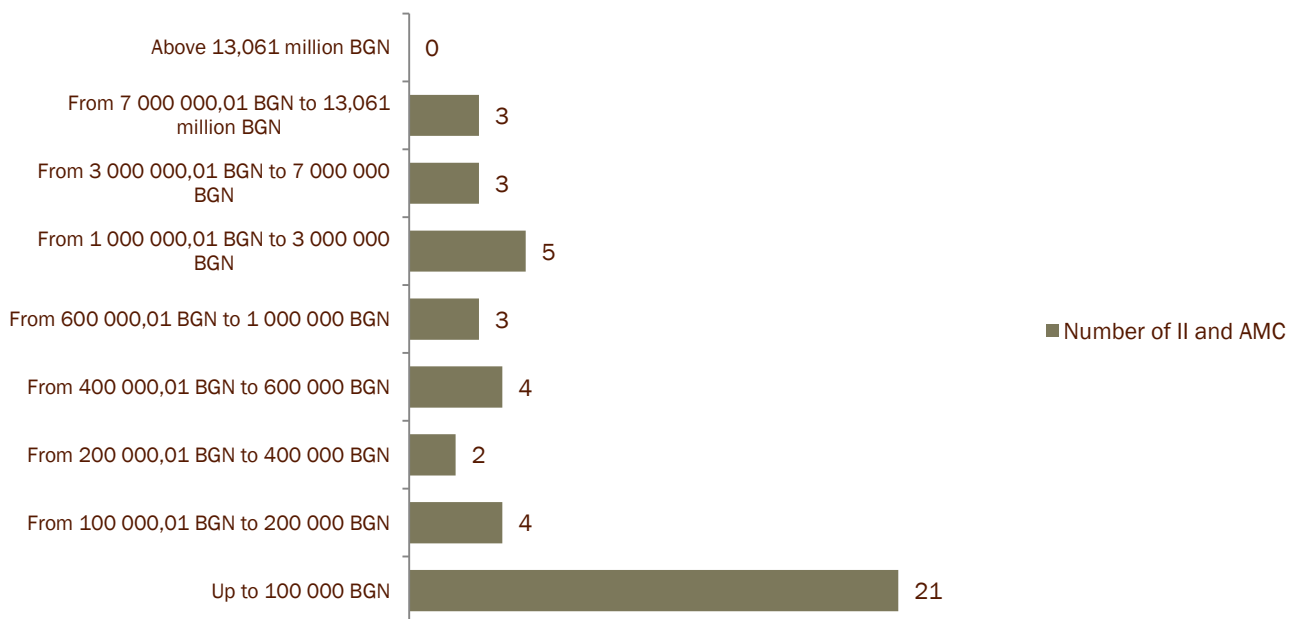
The MFs held by the participants are

reviewed separately below because they are considered riskier compared to FI and therefore the compensation payment for MFs is more likely.

On Figure 13 the distribution of II and AMC is presented according to the protected MFs hold by them. The figure shows that the biggest number of participants (21) hold clients' MFs up to 100 thousand BGN. An equal number of participants (three) hold clients' MFs in the ranges up to 1 million BGN, up to 7 million BGN and up to 13.061 million BGN. There isn't any participant whose MFs are more than the Fund' accumulated resources.

**Fig. 13**

**Amount of MFs for II and AMC as of December, 31<sup>st</sup> 2015**





## 6. International Activity

In 2015 the Fund continued to develop active international activity. The Fund's representatives participated in international meetings, seminars and working groups related with the Fund' membership in the European Forum of Deposit Insurers (EFDI). The international activity of the Fund was also related to the cooperation with other EU investor compensation schemes.

In June 2015 in London Fund's representatives participated in an international seminar and a meeting of the EU investor compensation schemes working group. Issues related mainly to the investor compensation schemes directive, were discussed, as well as issues related to reforms in EFDI, aimed at changing the investor compensation schemes status. That reform will give the schemes the right to vote in EFDI.

In September 2015 the EFDI Annual Meeting and General Conference were held

in Dubrovnik. During the meeting issues related mainly to the adopted in 2015 Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59 / EU), its transposition into national laws and challenges to the EU member states, were discussed.

Directive 2014/59 / EU was transposed into the Bulgarian legislation in August 2015 through the adoption of a new Law on recovery and resolution of credit institutions and investment firms.

Participation of the Fund's representatives in international meetings and conferences contributes for improving its activity. These meetings are essential for the development and improvement of international cooperation among the investor compensation schemes.





**INVESTOR  
COMPENSATION  
FUND**

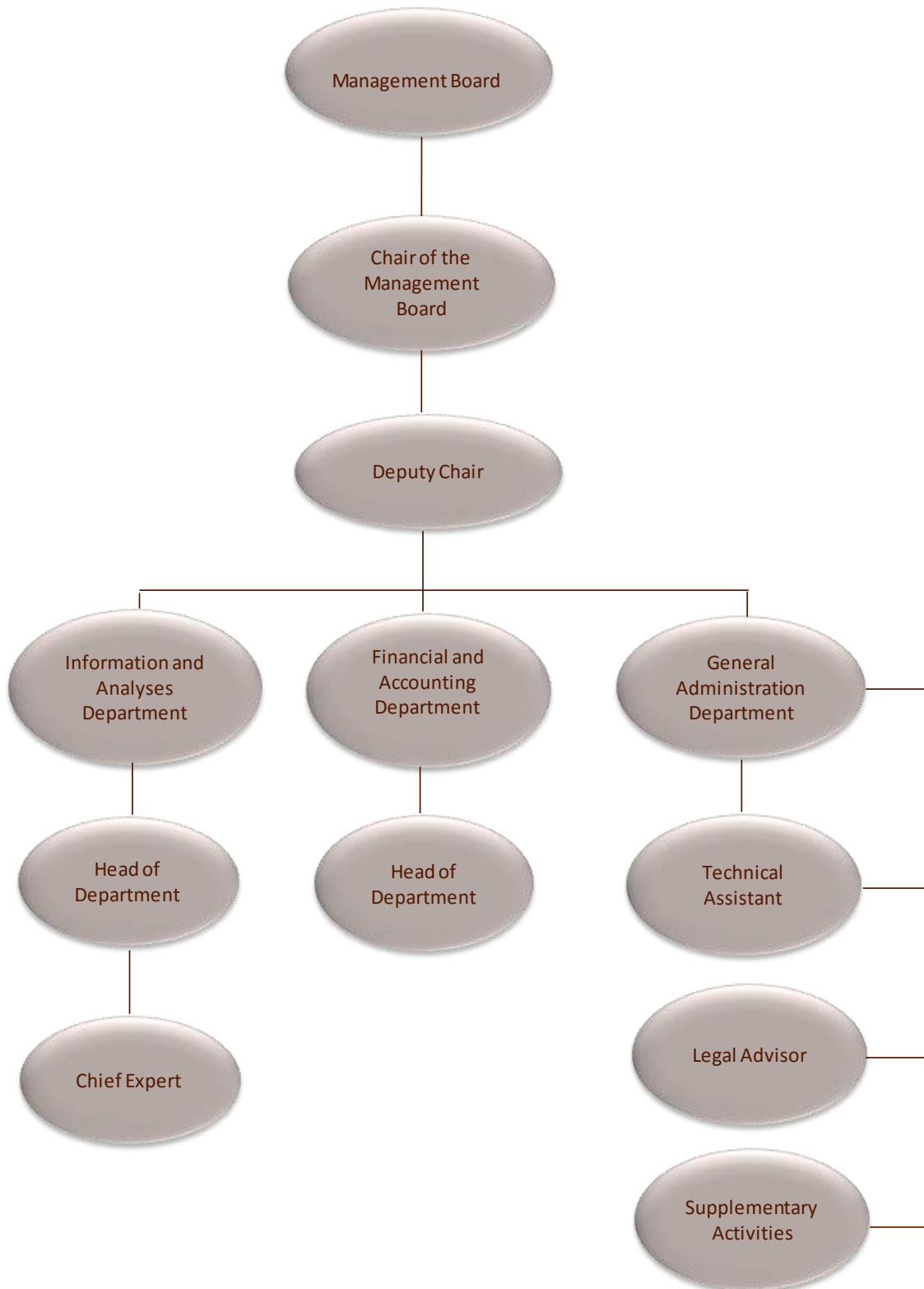


# **APPENDICES**

## 2015



## ORGANIZATIONAL STRUCTURE





## Key aspects of the new Law on the Recovery and Resolution of Credit Institutions and Investment firms, adopted on July 30<sup>th</sup>, 2015

On July 30<sup>th</sup>, 2015, the Law on the Recovery and Resolution of Credit Institutions and Investment Firms was adopted. It transposes into Bulgarian legislation Directive 2014/59/ EU from 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms. The directive is one of the measures taken after the financial crisis to establish an European framework for banking crises management on an early stage in order to avoid the spread of the financial problems in one credit institution to other banks and also to avoid as much as possible the use of public resources to support insolvent banks and investment firms. Investor compensation schemes play a key role in the new legislation, which expands the scope of their activities and functions.

### GENERAL GUIDELINES OF THE NEW PROVISIONS

The new Law implements in the Bulgarian legislation all the rules and procedures on the recovery and resolution of banks and investment firms. The BNB will be the resolution authority for banks and the

FSC will be the resolution authority for investment firms.

The Law establishes rules, procedures and requirements for planning and preparation of recovery and resolution. According to that Law banks and investment firms have to prepare and update recovery plans that include measures and procedures for early interventions in case of deteriorated financial state.

The preventive resolution measures are aimed at minimizing costs for taxpayers as well as to ensure the continuity of the essential services of the problematic institution.

Furthermore, the Law regulates the intra-group resolution and financial support. The Law sets out early intervention rules when a bank or an investment firm infringes or is likely to infringe in the near future the capital requirements and/or the liquidity requirements. Some measures include the appointment of a temporary administrator as a necessary action to improve the financial state of the institution or to deal with the infringements of the Law.





In accordance with the provisions of the Directive, when a bank's / firm's insolvency would have a significant negative effect on the financial stability, resolution rules and procedures as an alternative to insolvency proceedings have to be applied.

The Law establishes four resolution tools: 1) Sale of business; 2) Bridge institution; 3) Asset separation tool; 4) Bail-in tool. Two additional resolution tools are also prescribed in the Law – public equity support tool and temporary public ownership tool.

#### **ICF RESPONSIBILITIES ACCORDING TO THE NEW LAW**

In accordance with the provisions of that Law an Investment Firm Resolution Fund (IFRF) should be established as a part of the ICF administration. The IFRF will be managed by the ICF' MB. The Law provides a number of resolution responsibilities for the IFRF. That Fund will start operating on January 1<sup>st</sup>, 2017. The costs for the management of that Fund will be part of the total administrative costs of ICF and they will be funded in accordance with procedure set out in LPOS. The MB of the ICF should also prepare separate financial statements of the IFRF.

FSC will take decisions on the use of IFRF' resources and the MB of ICF will be responsible for the implementation of those

decisions.

#### **IFRF MANAGEMENT**

The MB of the ICF would be responsible for the collection of annual and extraordinary contributions, taking loans and other forms of support as well as loans granting under the provisions of the Law. The MB will also be responsible for the investment of the IFRF' resources.

Principles and instruments in which the IFRF could invest its accumulated resources are prescribed in details in the provisions of the Law.

By December 31<sup>st</sup>, 2024 the IFRF should reach the target level of one percent of the eligible to compensation clients' MFs in II and branches of third countries.

The total amount of the annual contribution due by scheme's participants will be calculated by the FSC by March, 31<sup>st</sup> of the current year. The FSC will calculate the individual annual contributions for investments firms, by May, 1<sup>st</sup> of the current year. The contributions have to be paid within 30 days from the date of the notification.







In case of insufficient resources in IFRF, FSC can determine and raise extraordinary contributions from investment firms.

Apart from raising resources for funding the application of resolution tools, the Law provides higher participation of the ICF in the resolution. For example, in regards to the "bridge institution" tool, ICF has to establish a bridge investment firm or a bridge financial holding company whose capital will be financed by IFRF. Also, in regards to the "separation of assets" tool, the ICF has responsibilities to establish the asset

management vehicle.

According to the Law when the bail-in is applied if any shareholder or creditor bear greater losses than they would bear in insolvency proceedings, the IFRF can cover the difference.

The new responsibilities and functions that the Law prescribes for ICF, provide that the Fund will continue to play a key role for protection of the investors and for maintenance of confidence and stability in the capital market.





## INVESTMENT INTERMEDIARIES

1	ABC FINANCE EAD	21	DV INVEST EAD
2	ABV-INVESTMENTS EOOD	22	ELANA TRADING AD
3	ADAMANT CAPITAL PARTNERS AD	23	EURO-FINANCE AD
4	ALARIC SECURITIES OOD	24	FACTORY AD
5	AVAL IN AD	25	FAVORIT AD
6	AVUS CAPITAL OOD	26	FH-EVER AD
7	BALKAN CONSULTING COMPANY EAD	27	FINEX
8	BALKAN INVESTMENT COMPANY AD	28	FIRST FINANCIAL BROKERAGE HOUSE OOD
9	BENCHMARK FINANCE AD	29	FOCAL POINT INVESTMENTS AD
10	BETA CORP AD	30	INTERCAPITAL MARKETS AD
11	BG PROINVEST AD	31	KAROL AD
12	BUL TREND BROKERAGE OOD	32	MATADOR PRIME OOD
13	BULBROKERS EAD	33	POZITIVA AD
14	CAPITAL INVEST EAD	34	REAL FINANCE AD
15	CAPITAL MARKETS AD	35	SOMONI FINANCIAL BROKERAGE OOD
16	CAPMAN AD	36	SOFIA INTERNATIONAL SECURITIES AD
17	D.I.S.L. SECURITIES AD	37	UG MARKET AD
18	DE NOVO EAD	38	UNITRADER EAD
19	DEALING FINANCIAL COMPANY AD	39	VARCHEV FINANCE EOOD
20	DELTA STOCK AD	40	ZAGORA FINACORP AD





## **BANKS- INVESTMENT INTERMEDIARIES**

1. ALLIANZ BANK BULGARIA AD
  2. BULGARIAN-AMERICAN CREDIT BANK AD
  3. BULGARIAN DEVELOPMENT BANK AD
  4. CENTRAL COOPERATIVE BANK AD
  5. CIBANK AD
  6. COMMERCIAL BANK VICTORIA EAD
  7. D COMMERCIAL BANK
  8. DSK BANK EAD
  9. EUROBANK BULGARIA AD
  10. FIRST INVESTMENT BANK AD
  11. INTERNATIONAL ASSET BANK AD
  12. INVESTBANK AD
  13. MUNICIPAL BANK AD
  14. PIRAEUS BANK BULGARIA AD
  15. RAIFFEISENBANK (BULGARIA) AD
  16. SOCIETE GENERALE EXPRESSBANK AD
  17. TBI BANK EAD
  18. TEXIM BANK AD
  19. TOKUDA BANK AD
  20. UNICREDIT BULBANK AD
  21. UNITED BULGARIAN BANK AD
-



## ASSET MANAGEMENT COMPANIES

1	ACTIVA ASSET MANAGEMENT AD	16	INVEST FUND MANAGEMENT AD
2	ALARIC CAPITAL AD	17	INVEST CAPITAL ASSET MANAGEMENT EAD
3	ALFA ASSET MANAGEMENT COMPANY EAD	18	KAROL CAPITAL MANAGEMENT EAD
4	ARKUS ASSET MANAGEMENT AD	19	MUNICIPAL BANK ASSET MANAGEMENT EAD
5	ASTRA ASSET MANAGEMENT AD	20	MUNICIPAL BANK ASSET MANAGEMENT EAD
6	CAPMAN ASSET MANAGEMENT AD	21	RAIFFEISEN ASSET MANAGEMENT (BULGARIA) EAD
7	CCB ASSET MANAGEMENT AD	22	REAL FINANCE ASSET
8	COMPASS INVEST AD	23	SELECT ASSET MANAGEMENT EAD
9	CONCORD ASSET MANAGEMENT AD	24	SKY ASSET MANAGEMENT AD
10	DSK ASSET MANAGEMENT AD	25	STRATEGIA ASSET MANAGEMENT AD
11	DV ASSET MANAGEMENT EAD	26	TEXIM ASSET MANAGEMENT EAD
12	EF ASSET MANAGEMENT AD	27	UBB ASSET MANAGEMENT AD
13	ELANA FUND MANAGEMENT AD	28	UG MARKET FUND MANAGEMENT AD
14	EXPAT ASSET MANAGEMENT AD	29	VARCHEV MANAGING COMPANY EAD
15	FIRST FINANCIAL BROKERAGE HOUSE ASSET MANAGEMENT AD	30	ZLATEN LEV CAPITAL AD

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Distribution of the number of the protected clients and the potential compensation, by groups of clients' assets, for II and B-II, as of December, 31<sup>st</sup> 2015

Clients' assets by groups	Number of clients of II		Compensation for II (in BGN)		Number of clients of B-II		Compensation for B-II (in BGN)		Total number of clients		Total compensation (in BGN)	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
From 0,01 BGN to 500,00 BGN	43 030	77%	19 363 500	12%	5 309	52%	2 389 050	4%	48 339	73%	21 752 550	9,65%
From 500,01 BGN to 1 000,00 BGN	2 689	5%	2 420 100	1%	1 360	13%	1 224 000	2%	4 049	6%	3 644 100	1,62%
From 1 000,01 BGN to 4 000,00 BGN	4 323	8%	15 562 800	9%	1 334	13%	4 802 400	8%	5 657	9%	20 365 200	9,03%
From 4 000,01 BGN to 7 000,00 BGN	1 454	3%	9 160 200	6%	434	4%	2 734 200	4%	1 888	3%	11 894 400	5,28%
From 7 000,01 BGN to 12 000,00 BGN	1 266	2%	13 672 800	8%	335	3%	3 618 000	6%	1 601	2%	17 290 800	7,67%
From 12 000,01 BGN to 17 000,0 BGN	671	1%	10 266 300	6%	191	2%	2 922 300	5%	862	1%	13 188 600	5,85%
From 17 000,01 BGN to 23 000,00 BGN	498	1%	10 308 600	6%	145	1%	3 001 500	5%	643	1%	13 310 100	5,90%
From 23 000,01 BGN to 30 000,00 BGN	377	1%	10 179 000	6%	120	1%	3 240 000	5%	497	1%	13 419 000	5,95%
From 30 000,01 BGN to 37 000,00 BGN	265	0%	8 824 500	5%	84	1%	2 797 200	5%	349	1%	11 621 700	5,16%
From 37 000,01 BGN to 44 444,44 BGN	188	0%	7 520 000	5%	60	1%	2 400 000	4%	248	0%	9 920 000	4,40%
From 44 444,45 BGN to 59 000,00 BGN	299	1%	11 960 000	7%	77	1%	3 080 000	5%	376	1%	15 040 000	6,67%
From 59 000,01 BGN to 78 000,00 BGN	219	0%	8 760 000	5%	72	1%	2 880 000	5%	291	0%	11 640 000	5,16%
From 78 000,01 BGN to 98 000,00 BGN	157	0%	6 280 000	4%	61	1%	2 440 000	4%	218	0%	8 720 000	3,87%
From 98 000,01 BGN to 147 000,00 BGN	212	0%	8 480 000	5%	95	1%	3 800 000	6%	307	0%	12 280 000	5,45%
From 147 000,01 BGN to 196 000,00 BGN	123	0%	4 920 000	3%	75	1%	3 000 000	5%	198	0%	7 920 000	3,51%
Above 196 000,01 BGN	404	1%	16 160 000	10%	431	4%	17 240 000	28%	835	1%	33 400 000	14,82%
<b>TOTAL:</b>	<b>56 175</b>	<b>100%</b>	<b>163 837 800</b>	<b>100%</b>	<b>10 183</b>	<b>100%</b>	<b>61 568 650</b>	<b>100%</b>	<b>66 358</b>	<b>100%</b>	<b>225 406 450</b>	<b>100%</b>



**INVESTOR  
COMPENSATION  
FUND**



**FINANCIAL  
STATEMENTS**  
2015



## CONTENT:

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## I. INDEPENDENT AUDITOR'S REPORT

TO  
THE MANAGEMENT BOARD OF  
INVESTOR COMPENSATION FUND  
SOFIA

### Report on financial statements

We have audited the accompanying financial statements of the INVESTOR COMPENSATION FUND, Sofia, which comprise statement of financial position as of December 31st, 2015, statement of profit or loss and other comprehensive income, the statement of changes in reserves, the statement of cash flows, as well as notes comprising significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Responsibility for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards adopted by the European Union and national legislation lies with the management. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies;
- preparing accounting estimates that are reasonable in the particular circumstances.

#### Auditor's Responsibility

Our responsibility comes down to express an auditor opinion on these financial statements based on the audit we made. We conducted our audit in accordance with the professional requirements of International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit in order to obtain reasonable assurance whether the financial statements are free of material diversions and discrepancies.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures, presented in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of material diversions and discrepancies of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control system which is relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control





system. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material aspects, the financial position of the INVESTOR COMPENSATION FUND, as of December 31<sup>st</sup>, 2015, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, accepted by the European Union.

### **Other Issues**

The financial statements of the ICF for the period ending on December 31, 2014 were audited by another auditor who issued an audit report dated May 19, 2015.

## **Report on Other Legal and Regulatory Requirements**

We have read the accompanying Annual report on the activities of the ICF, which is not part of the financial statements. The historical financial information presented in the Annual Activity Report, prepared by the management, essentially corresponds to the financial information contained in the financial statements, as of 31.12.2015, prepared in accordance with International Financial Reporting Standards adopted by the EU and national legislation. The preparation of the Annual Report is a responsibility of the management.

**Nikolay Polinchev**  
**Certified Auditor**

**Date: 26-05-2016**

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## II. STATEMENT OF FINANCIAL POSITION

For the year ended on December 31, 2015

In thousands BGN

	Notes	December 31 <sup>st</sup> 2015	December 31 <sup>st</sup> 2014
<b>ASSETS</b>			
<i>Non-current tangible assets</i>	4	1	2
<i>Non-current intangible assets</i>	5	3	1
<i>Non-current Government bonds</i>	6; 10	12 258	9 754
<i>Receivables</i>	7; 10	520	1 619
<i>Prepaid expenses</i>	8	5	4
<i>Cash equivalents</i>	6	331	613
<i>Cash</i>	9	669	1 706
<b>Total Assets :</b>		<b>13 787</b>	<b>13 699</b>
<b>RESERVES</b>			
	<b>11</b>		
<i>Reserve for compensations</i>		14 708	13 584
<i>Result for the period</i>		(934)	107
<b>Total Reserves:</b>		<b>13 774</b>	<b>13 691</b>
<b>LIABILITIES</b>			
<i>Trade payables</i>		3	1
<i>Employees liabilities</i>		1	
<i>Other liabilities</i>	12	9	7
<b>Total liabilities:</b>		<b>13</b>	<b>8</b>
<b>Total reserves and liabilities:</b>		<b>13 787</b>	<b>13 699</b>



### III. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended on December, 31<sup>st</sup> 2015

In thousands BGN

	Notes	December, 31 <sup>st</sup> 2015	December, 31 <sup>st</sup> 2014
<i>Financial revenues /(expenses)</i>	13	455	456
<i>Proceeds/(expenses) of government bonds revaluation</i>	13.1	115	(10)
<i>Impairment losses of financial assets</i>	14	(1 149)	
<i>Other revenues</i>		1	
<i>Purchases of materials</i>	15	(6)	(8)
<i>Expenses for external services</i>	16	(81)	(77)
<i>Depreciation expenses</i>		(1)	(9)
<i>Employees expenses</i>	17	(257)	(233)
<i>Other expenses</i>		(11)	(12)
<i>Result before taxation</i>		(934)	107
<b><i>Result for the period</i></b>		<b>(934)</b>	<b>107</b>
<b><i>Other comprehensive income</i></b>			
<i>Initial and annual contributions</i>		967	1 040
<b><i>Other comprehensive income for the year, after tax</i></b>		<b>967</b>	<b>1 040</b>
<b><i>Total comprehensive income for the year</i></b>		<b>33</b>	<b>1 147</b>



#### IV. STATEMENT OF CHANGES IN RESERVES

For the year ended on December, 31<sup>st</sup> 2015

In thousands BGN

	<i>Reserve for compensations</i>	<i>Financial result</i>	<i>Total reserves</i>
<b><i>Balance as of December 31st, 2013</i></b>	<b>12 245</b>	<b>112</b>	<b>12 357</b>
<i>Changes in reserves in 2014</i>			
<i>Transfer of the accumulated earnings from previous years as a reserve for compensations</i>	112	(112)	
<i>Initial and annual contributions</i>	1 040		1040
<i>Non-submitted fourth part of annual contributions for 2014</i>	187		187
<i>Financial result</i>		107	107
<b><i>Balance as of December 31st, 2014</i></b>	<b>13 584</b>	<b>107</b>	<b>13 691</b>
<i>Changes in reserves in 2015</i>			
<i>Transfer of the accumulated earnings from previous years as a reserve for compensations</i>	107	(107)	
<i>Initial and annual contributions</i>	780		780
<i>Non-submitted fourth part of annual contributions for 2015</i>	237		237
<i>Financial result</i>		(934)	
<b><i>Balance as of December 31<sup>st</sup>, 2015</i></b>	<b>14 708</b>	<b>(934)</b>	<b>13 774</b>



## V. STATEMENT OF CASH FLOWS

For the year ended on December, 31<sup>st</sup> 2015

In thousands BGN

	Notes	December, 31 <sup>st</sup> 2015	December, 31 <sup>st</sup> 2014
<b>Operating cash flows:</b>			
<i>Initial and annual contribution receipts from investment intermediaries</i>		967	1 048
<i>Cash payments to suppliers</i>		(89)	(90)
<i>Cash payments to employees</i>		(261)	(239)
<i>Cash payments to the budget</i>		(1)	(3)
<b>Net cash flows from operating activities:</b>		<b>616</b>	<b>716</b>
<b>Cash flows from investing activities:</b>			
<i>Cash receipts from sales of tangible assets</i>		2	-
<i>Cash payments to acquire tangible assets</i>		(3)	(2)
<b>Net cash flow used in investing activities:</b>		<b>(1)</b>	<b>(2)</b>
<b>Net cash flow from financial activities:</b>			
<i>Proceeds from matured Government bonds</i>		600	1 000
<i>Cash payments related to Government bonds</i>		(2 696)	(2 615)
<i>Proceeds against coupons on Government bonds</i>		444	358
<i>Other changes in cash flows</i>	10;13		(1 417)
<i>Received interest on deposits</i>		0	75
<i>Received interest for delay payments</i>		0	9
<b>Net cash flow used in financial activities:</b>		<b>(1 652)</b>	<b>(2 590)</b>
<i>Net increase/(decrease) of cash and cash equivalents:</i>		<i>(1 037)</i>	<i>(1 876)</i>
<i>Cash and cash equivalents in the beginning of the period</i>		1 706	3 582
<b>Cash in the end of the period:</b>	<b>4</b>	<b>669</b>	<b>1 706</b>