

To:  
Financial Supervision Commission  
Investment Activity Supervision Department  
16 Budapest Str.  
Sofia

Cc:  
Bulgarian Stock Exchange - Sofia AD  
6 Tri Ushi Str.  
Sofia

Re: Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2016

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the non-consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2016, containing:

1. Financial statements as at 30.06.2016 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 30.06.2016;
3. Interim activity report under Art. 100o, para. 4(2) of POSA;
4. Declaration under Art. 100o, para. 4(3) of POSA;
5. Information pursuant to Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities.

Sincerely,

*(signed)*

Vassil Christov  
Chief Executive Officer  
Chairman of the MB

*(signed)*

Svetoslav Moldovansky  
Executive Director  
Member of the MB

## FIRST INVESTMENT BANK AD

## Unconsolidated statement of the financial position as at 30 June 2016

unaudited

in BGN '000

	30 June 2016	31 December 2015
<b>ASSETS</b>		
Cash and balances with Central Banks	1 362 243	1 489 865
Financial assets held for trading	14 716	9 913
Available for sale investments	469 390	507 269
Financial assets held to maturity	20 454	56 354
Loans and advances to banks and other financial institutions	93 088	109 435
Loans and advances to customers	5 118 669	5 131 731
Property and equipment	97 006	101 572
Intangible assets	9 270	10 660
Derivatives held for risk management	2 214	3 357
Current tax assets	-	1 847
Repossessed assets	1 020 722	926 336
Investment Property	222 006	206 244
Investments in subsidiaries	36 357	36 357
Other assets	67 156	90 447
<b>TOTAL ASSETS</b>	<b>8 533 291</b>	<b>8 681 387</b>
<b>LIABILITIES AND CAPITAL</b>		
Due to banks	16 528	10 344
Due to other customers	7 327 696	7 002 880
Ministry of Finance deposit	-	450 922
Liabilities evidenced by paper	113 677	133 802
Perpetual debt	-	45 528
Hybrid debt	195 568	202 044
Deferred tax liability	14 284	5 214
Current tax liabilities	1 502	409
Other liabilities	21 032	84 862
<b>TOTAL LIABILITIES</b>	<b>7 690 287</b>	<b>7 936 005</b>
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 861	39 861
Revaluation reserve on available for sale investments	15 343	11 273
Revaluation reserve on property	4 500	4 500
Retained earnings	576 300	482 748
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>843 004</b>	<b>745 382</b>
<b>TOTAL LIABILITIES AND GROUP EQUITY</b>	<b>8 533 291</b>	<b>8 681 387</b>

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer

FIRST INVESTMENT BANK AD

**Unconsolidated statement of comprehensive income for the six months ended 30 June 2015**

unaudited

*in BGN '000*

	Six months ended 30 June 2016	Six months ended 30 June 2015
Interest income	214 595	239 115
Interest expense	(52 364)	(114 642)
<b>Net interest income</b>	<b>162 231</b>	<b>124 473</b>
Fee and commission income	50 864	45 700
Fee and commission expense	(10 385)	(9 580)
<b>Net fee and commission income</b>	<b>40 479</b>	<b>36 120</b>
Net trading income	5 988	5 107
Other net operating income	32 259	7 392
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>	<b>240 957</b>	<b>173 092</b>
Administrative expenses	(89 490)	(88 036)
Allowance for impairment	(42 561)	(66 050)
Other expenses, net	(4 835)	(11 182)
<b>PROFIT BEFORE TAX</b>	<b>104 071</b>	<b>7 824</b>
Income tax expense	(10 519)	(699)
<b>NET PROFIT</b>	<b>93 552</b>	<b>7 125</b>
<b>Other comprehensive income for the period</b>		
<b>Items which should or may be reclassified as profit or loss</b>		
Revaluation reserve on available for sale investments	4 070	(14 817)
<b>Total other comprehensive income</b>	<b>4 070</b>	<b>(14 817)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>97 622</b>	<b>(7 692)</b>

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer

## FIRST INVESTMENT BANK AD

## Unconsolidated statement of cash flows for the six months ended 30 June 2016

unaudited

in BGN '000

	Six months ended 30 June 2016	Six months ended 30 June 2015
<b>Net cash flow from operating activities</b>		
Net profit	93 552	7 125
<b>Adjustment for non-cash items</b>		
Allowance for impairment	42 561	66 050
Net interest income	(162 231)	(124 473)
Depreciation and amortization	8 341	8 595
Tax expense	10 519	699
(Profit) from sale and write-off of tangible and intangible fixed assets, net	(2)	(105)
(Profit) from sale of other assets, net	(1 957)	(135)
(Positive) revaluation of investment property	(9 213)	-
Other adjustments	(39)	-
	<b>(18 469)</b>	<b>(42 244)</b>
<b>Change in operating assets</b>		
(Increase) in financial instruments held for trading	(4 818)	(4 292)
(Increase)/decrease in available for sale investments	42 257	(294 822)
(Increase)/decrease in loans and advances to banks and financial institutions	6 262	(47 003)
(Increase) in loans to customers	(69 077)	(107 815)
(Increase)/decrease in other assets	24 433	(19 984)
	<b>(944)</b>	<b>(473 916)</b>
<b>Change in operating liabilities</b>		
Increase in due to banks	6 184	1 185
Increase/(decrease) in amounts owed to other depositors	(113 927)	110 206
Net increase/(decrease) in other liabilities	(63 955)	2 039
	<b>(171 698)</b>	<b>113 430</b>
Interest received	194 434	180 305
Interest paid	(74 693)	(89 268)
(Paid)/refunded profit tax, net	1 039	(2 666)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(70 331)</b>	<b>(314 359)</b>
<b>Cash flow from investing activities</b>		
(Purchase) of tangible and intangible fixed assets	(2 403)	(6 651)
Sale of tangible and intangible fixed assets	20	284
Sale of other assets	26 262	4 539
(Increase) of investments	(29 453)	(84 811)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(5 574)</b>	<b>(86 639)</b>
<b>Financing activities</b>		
Increase/(decrease) in borrowings	(20 120)	15 141
Repayment of perpetual debt	(41 733)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(61 853)</b>	<b>15 141</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(137 758)</b>	<b>(385 857)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>1 579 728</b>	<b>1 682 887</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1 441 970</b>	<b>1 297 030</b>

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer

## FIRST INVESTMENT BANK AD

## Unconsolidated statement of shareholders' equity for the six months ended 30 June 2016

unaudited

in BGN '000

	Issued share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Revaluation reserve on property	Statutory reserve	Total
<b>Balance at 01 January 2015</b>	<b>110 000</b>	<b>97 000</b>	<b>470 205</b>	<b>6 843</b>	<b>4 500</b>	<b>39 861</b>	<b>728 409</b>
<b>Total comprehensive income for the period</b>							
Net profit for the six months ended on 30 June 2016	-	-	7 125	-	-	-	7 125
<b>Other comprehensive income for the period</b>							
Revaluation reserve on available for sale investments	-	-	-	-14 817	-	-	-14 817
<b>Balance as at 30 June 2015</b>	<b>110 000</b>	<b>97 000</b>	<b>477 330</b>	<b>-7 974</b>	<b>4 500</b>	<b>39 861</b>	<b>720 717</b>
<b>Balance as at 01 January 2016</b>	<b>110 000</b>	<b>97 000</b>	<b>482 748</b>	<b>11 273</b>	<b>4 500</b>	<b>39 861</b>	<b>745 382</b>
<b>Total comprehensive income for the period</b>							
Net profit for the six months ended on 30 June 2016	-	-	93 552	-	-	-	93 552
<b>Other comprehensive income for the period</b>							
Revaluation reserve on available for sale investments	-	-	-	4 070	-	-	4 070
<b>Balance as at 30 June 2016</b>	<b>110 000</b>	<b>97 000</b>	<b>576 300</b>	<b>15 343</b>	<b>4 500</b>	<b>39 861</b>	<b>843 004</b>

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer

**ADDENDUM TO THE UNAUDITED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF  
FIRST INVESTMENT BANK AD  
AT 30 JUNE 2016**

**NOTES**

**1 Basis of preparation**

**(a) Statute**

First Investment Bank AD (the Bank) is incorporated in the Republic of Bulgaria and has its registered office in Sofia, at 37 Dragan Tzankov Blvd.

The Bank has a general banking license issued by the Bulgarian National Bank (BNB) according to which it is allowed to conduct all banking transactions permitted by Bulgarian legislation.

The Bank has foreign operations in Cyprus.

Following the successful Initial Public Offering of new shares at the Bulgarian Stock Exchange – Sofia, on June 13th 2007 the Bank was registered as a public company in the Register of the Financial Supervision Commission pursuant to the provisions of the Law on the Public Offering of Securities.

**(b) Statement of compliance**

These condensed interim financial statements were drawn up in accordance with IAS 34: Interim Financial Reporting.

**(c) Presentation**

The financial statements are presented in Bulgarian Leva (BGN) rounded to the nearest thousand.

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention.

The present financial statements of the Bank are not consolidated. These individual financial statements form an integral part of the consolidated financial statements. Information about the basic earnings per share is given in the consolidated financial statements.

**(d) New standards, amendments and interpretations effective as of 01 January 2016**

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014); EU effective date 1 January 2016

Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014); EU effective date 1 January 2016

Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014); EU effective date 1 January 2016

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (issued on 12 May 2014); EU effective date 1 January 2016

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014); EU effective date 1 January 2016

Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014); EU effective date 1 January 2016

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (issued on 21 November 2013); EU effective date 1 February 2015

Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013); EU effective date 1 February 2015

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

## **2. Significant accounting policies**

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2015 r.

### **(a) Income recognition**

#### **(i) Interest income**

Interest income and expense is recognised in the profit or loss as it accrues, taking into account the effective yield of the asset (liability) or an applicable floating rate. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes all fees paid or received as well as discount and premiums which are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

#### **(ii) Fees and Commissions**

Fee and commission income arises on financial services provided by the Bank and is recognised in profit or loss when the corresponding service is provided.

#### **(iii) Net trading income**

Net gains (losses) on financial assets and liabilities held for trading includes those gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading as well as trading income in dealing with foreign currencies and exchange differences from daily revaluation of the net open foreign currency position of the Bank.

#### **(iv) Dividend income**

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

### **(b) Basis of consolidation of subsidiaries**

Investments in subsidiaries are stated at cost.

### **(c) Foreign currency transactions**

#### **(i) Functional and presentation currency**

The financial statements are presented in Bulgarian leva, which is the Bank's functional and presentation currency.

#### **(ii) Transactions and balances**

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Foreign currency differences arising on translation are difference between amortised cost in functional currency in the beginning of period, adjusted with effective interest and received payments during the period, and amortised cost in foreign currency at the spot exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined.

#### **(iii) Foreign operations**

The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. In determining the functional currency of the foreign operations, the Bank takes into account the fact that they are carried out as an extension of the reporting entity.

**(d) Financial assets**

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

**(i) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management because its performance is assessed and monitored on the basis of its fair value. Derivatives are also categorised as held for trading unless they are designated as hedges.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

**(iii) Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Bank to sell or re-classify other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

**(iv) Available-for-sale**

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

**(v) Recognition**

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on the date of the actual delivery of the assets. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

**(vi) Measurement**

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in profit or loss. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired. At this time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in profit or loss.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Bank's right to receive payment is established.

**(vii) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.



When applicable, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Bank which holds portfolios of financial assets and financial liabilities is exposed to market risk and credit risk. If the Bank manages these portfolios on the basis of its net exposure either to market risk or credit risk, the fair value is measured on the basis of a price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**(viii) Derecognition**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank transfers these rights in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred to the buyer. Any interest in transferred financial assets that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Bank enters into transactions whereby it transfers financial assets recognised in its statement of financial position, but retains either all or substantially all risks and rewards of the transferred asset. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised in the statement of financial position (an example of such transactions are repo deals).

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which, control over the asset is retained, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**2 Significant accounting policies, continued**

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances on hand, cash deposited with the central bank and short-term highly liquid accounts and advances to banks with original maturity of up to three months.

**(f) Investments**

Investments that the Bank holds for the purpose of short-term profit taking are classified as financial assets for trading. Debt investments that the Bank has the intent and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

**(g) Securities borrowing and lending business and repurchase transactions**

**(i) Securities borrowing and lending**

Investments lent under securities lending arrangements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for assets held for trading or available-for-sale as appropriate. Cash collateral received in respect of securities lent is recognised as liabilities to either banks or customers. Investments borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense.

**(ii) Repurchase agreements**

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

The difference between the purchase (sale) and resell (repurchase) considerations is recognised on an accrual basis over the period of the transaction and is included in interest income (expenses).

**(h) Borrowings**

Borrowings are recognised initially at 'cost', being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

If the Bank purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of a liability and the consideration paid is included in other operating income.

**(i) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

**(j) Impairment of Assets**

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

**(i) Loans and advances**

A financial asset is impaired or an impairment loss is recognised, provided that there is objective evidence of impairment ensuing from one or more events which occurred after the initial recognition of the asset and this event (or events) leading to loss has affected the estimated future cash flows from the financial asset.

Events leading to loss are traceable and provable facts and events which give grounds to believe that a given exposure may not be serviced as it is stipulated in the contract or that part of the debt may remain unrecoverable. The Bank assumes that such events are: significant financial difficulty of the borrower; a breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy; where due to economic or legal reasons relating to the borrower's financial standing the Bank makes concessions which it would not otherwise have made; expected negative impact on the borrower's cash flow due to financial difficulties of a related party.

Exposures for which events leading to loss have been registered, where such events are expected to have a significant impact on future cash flows, are categorized as non-performing and are subject to specific impairment (calculated on the basis of individual cash flow or using the portfolio principle).

The Bank applies the principles of individual and portfolio assessment of risk exposures depending on the exposure classification (performing/non-performing) and size. For all non-performing exposures specific impairment is calculated on the basis of the individual cash flow, for individually significant exposures, or – portfolio assessment for all other exposures. As regards performing exposures the Bank applies the portfolio principle of assessment (taking into account losses that have occurred but have not been recognised), grouping exposures with similar credit risk characteristics.

All exposures which are not impaired individually are subject to portfolio impairment based on common credit risk characteristics. The characteristics (business segment, availability of resources, days overdue) have been chosen so, that they can be sufficient indicators of the borrowers' ability to pay all amounts due according to the contractual terms of the assessed assets. The combination of these credit characteristics determines the major risk parameters of an exposure (probability of default, exposure at default, maturity, etc.) and the impairment loss which has to be recognised.

Loans and advances are presented net of specific and general allowances for impairment. The carrying amount of the asset is reduced through use of an allowance account.

Fully impaired risk exposures are written off where there is reasonable grounds to believe that all financially sound means for limiting the loss have been exhausted.

Impairment losses are recognised in profit or loss. If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the allowance reversal is recognised in profit or loss.

#### **(ii) Available for sale financial assets**

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of the cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, in a subsequent period, the fair value of a financial instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent increase in the fair value of impaired equity security, available for sale, is recognized directly in the comprehensive income.

#### **(k) Property and equipment**

Land and buildings are presented in the statement of financial position at their revalued amount which is the fair value of the asset as at the date of revaluation less any subsequent amortisation and depreciation and accumulated impairment losses. All other classes of items of property, plant and equipment are stated in the statement of financial position at their acquisition cost less accumulated depreciation and allowance for impairment.

Depreciation is calculated on a straight line basis at prescribed rates designed to decrease the cost or valuation of fixed assets over their expected useful lives. The annual rates of amortisation are as follows:

<b>Assets</b>	<b>%</b>
• Buildings	3 - 4
• Equipment	10 - 50
• Fixtures and fittings	10 - 15
• Motor vehicles	20
• Leasehold Improvements	2 - 50

Assets are not depreciated until they are brought into use and transferred from assets in the course of construction into the relevant asset category.

#### **(l) Intangible assets**

Intangible assets acquired by the Bank are stated at cost, less accumulated amortisation and any impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful life of the asset. The annual rates of amortisation are as follows:

<b>Assets</b>	<b>%</b>
• Licences	10 - 15
• Software and licences	8 - 50

#### **(m) Investment Property**

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both. The Bank has chosen for its accounting policy to account for investment property using the fair value model and applies this to all its investment property. Investment properties are initially measured at cost and are subsequently measured using the fair value model, and the revaluation income and expense is recognised in the profit for period in which they occurred. The reclassification of repossessed assets reported as inventories into investment properties is possible only where a contract to rent out the respective property has been signed. The fair value of assets constituting investment property was determined by independent property assessors holding recognised professional qualification and recent experience in assessing property with similar location and category, using reliable techniques for determining fair values.

#### **(n) Provisions**

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and an reliable assessment of the amount due can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(o) Acceptances**

An acceptance is created when the Bank agrees to pay, at a stipulated future date, a draft drawn on it for a specified amount. The Bank's acceptances primarily arise from documentary credits stipulating payment to be made a certain number of days after receipt of required documents. The Bank negotiates most acceptances to be settled at a later date following the reimbursement from the customers. Acceptances are accounted for as liabilities evidenced by paper.

#### **(p) Off balance sheet commitments**

In the ordinary course of its business, the Bank enters into off-statement of financial position commitments such as guarantees and letters of credit. The Bank recognizes provision for off-statement of financial position commitments when it has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and when a reliable estimate can be made of the obligation.

#### **(q) Taxation**

Tax on the profit for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year,

using the tax rates enacted by the statement of financial position date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to profit or loss, except to the extent that it relates to items previously recognised either in other comprehensive income or directly in equity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **(r) Critical accounting estimates and judgements in applying accounting policies**

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 30 June 2016 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 5 - determining of the fair value of the financial instruments through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- Note 17 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information.

#### **(i) Impairment losses on loans and advances**

The Bank reviews its loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Individual impairment on loans and advances of the Bank is based on the best assessment of the Management for the present value of future cash flows. When evaluating these cash flows the Management makes an assessment of the financial position of every borrower and the net realizable value of the collateral of the loan. Each impaired asset is assessed individually while the strategy for reimbursement and the evaluation of the cash flows, considered as reimbursable, are approved independently by the Restructuring Committee. Cash flows could be realized from loan repayments, sale of the collateral, operations with the collateral and others depending on the individual situation and the terms of the loan contract. The expected net realizable value of the collateral is regularly reviewed and it is based on a combination of internal appraisal of the fair value, conducted by internal appraisers, and external independent appraisal reports. The expected future cash flows are discounted at the initial effective interest rate of the financial asset.

Group impairment covers loan losses inherent to a loan portfolio with similar loan characteristics, when there is objective evidence, that it contains impaired loans, but specific impaired positions could still not be identified. In assessing the need for group impairment Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The accuracy of the impairment depends on the evaluation of the future cash flows when determining the individual impairment and on

the assumptions made and the parameters used in the model when determining the group impairment.

**(ii) Impairment of repossessed assets from collaterals**

Assets accepted as collateral are recognized at the lower of the cost and the net realizable value. When evaluating the net realizable value of the assets the Management prepares several models for appraisal (e.g. discounted cash flows) and makes comparison to available market data (e.g. similar market transactions, offers from potential buyers).

**(iii) Income taxes**

The Bank is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(s) Employee benefits**

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Government of Bulgaria is responsible for providing pensions in Bulgaria under a defined contribution pension plan. The Bank's contributions to the defined contribution pension plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Bank has an obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art. 222, § 3 of the Labour Code.

According to these regulations in the LC, when a labour contract of a bank's employee, who has acquired a pension right, is ended, the Bank is obliged to pay him compensations amounted to two gross monthly salaries. Where the employee has been with the same employer for the past 10 years, this employee is entitled to a compensation amounting to six gross monthly salaries. As at balance sheet date, the Management of the Bank estimates the approximate amount of the potential expenditures for every employee using the projected unit credit method.

For the last two years the Bank has prepared estimates for the due provisions for pensions and has not identified significant liabilities.

Termination benefits

Termination benefits are recognised as an expense when the Bank is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or

profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The Bank recognises as a liability the undiscounted amount of the estimated costs related to annual leave expected to be paid in exchange for the employee's service for the period completed.

**(t) New standards and interpretations not yet effective**

***Documents issued by IASB/IFRICs not yet endorsed by the European Commission***

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

IFRS 9 Financial Instruments (issued on 24 July 2014), effective 1 January 2018.

IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014), effective 1 January 2016

IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015), effective 1 January 2018

IFRS 16 Leases (Issued on 13 January 2016); effective 1 January 2019

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (issued on 18 December 2014) ; effective 1 January 2016

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014), the effective date is postponed

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016)

Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)

Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)

**2. Segment Reporting**

Segment information is presented in respect of the Bank's geographical segments. The primary format, geographical segments, is based on the Bank's management and internal reporting structure.

Reporting and measurement of segment assets and liabilities and segment revenues and results is based on the accounting policies set out in the accounting policy notes.

Transactions between segments are conducted on an arm's length basis.

The Bank operates principally in Bulgaria, but also has operations in Cyprus.

In presenting information on the basis of geographical segments, revenue and operating income is allocated after interbranch eliminations based on the location of the Bank branch that generated the revenue. Segment assets and liabilities are allocated after interbranch eliminations based on their geographical location.

in BGN '000	Bulgarian operations		Foreign operations		Total	
	Six months ended 30 June 2016	Six months ended 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015	Six months ended 30 June 2016	Six months ended 30 June 2015
Interest income	212,994	226,276	1,601	12,839	214,595	239,115
Interest expense	(52,296)	(114,304)	(68)	(338)	(52,364)	(114,642)
<b>Net interest income</b>	<b>160,698</b>	<b>111,972</b>	<b>1,533</b>	<b>12,501</b>	<b>162,231</b>	<b>124,473</b>
Fee and commission income	50,596	45,528	268	172	50,864	45,700
Fee and commission expense	(10,382)	(9,577)	(3)	(3)	(10,385)	(9,580)
<b>Net fee and commission income</b>	<b>40,214</b>	<b>35,951</b>	<b>265</b>	<b>169</b>	<b>40,479</b>	<b>36,120</b>
<b>Net trading income</b>	<b>5,845</b>	<b>5,071</b>	<b>143</b>	<b>36</b>	<b>5,988</b>	<b>5,107</b>
<b>Administrative expenses</b>	<b>(88,948)</b>	<b>(87,574)</b>	<b>(542)</b>	<b>(462)</b>	<b>(89,490)</b>	<b>(88,036)</b>
<b>Assets</b>	<b>30.06.2016 8,514,456</b>	<b>31.12.2015 8,613,768</b>	<b>30.06.2016 18,835</b>	<b>31.12.2015 67,619</b>	<b>30.06.2016 8,533,291</b>	<b>31.12.2015 8,681,387</b>
<b>Liabilities</b>	<b>7,643,851</b>	<b>7,907,103</b>	<b>46,436</b>	<b>28,902</b>	<b>7,690,287</b>	<b>7,936,005</b>

The table below shows assets and liabilities and income and expense by business segments as at 30 June 2016:

In thousands of BGN

Business	Assets	Liabilities	Interest income	Interest expense	Net fee and commission income	Net trading income	Other net operating income
Commercial banking	3,678,714	1,234,585	143,514	(6,337)	14,179	-	3,427
Retail Banking	1,439,955	6,093,111	64,505	(50,915)	17,705	-	-
Card services	-	-	-	-	7,648	-	-
Treasury	1,962,104	43,538	6,576	(129)	(486)	5,988	28,832
Other	1,452,518	319,053	-	5,017	1,433	-	-
<b>Total</b>	<b>8,533,291</b>	<b>7,690,287</b>	<b>214,595</b>	<b>(52,364)</b>	<b>40,479</b>	<b>5,988</b>	<b>32,259</b>

### 3. Financial assets and liabilities

#### Accounting classification and fair values

The Bank's accounting policy on fair value measurements is set out in Note 2(d)(vii).

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs are observable data for a given asset or liability. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where



significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using other valuation techniques.

Other valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

However, where the Bank measures portfolios of financial assets and financial liabilities on the basis of net exposures, it applies judgement in determining appropriate portfolio level adjustments such as bid-ask spread.

Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio.

For more complex instruments, the Bank uses proprietary valuation models, which usually are developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Example of instruments involving significant unobservable inputs include certain over the counter derivatives, certain loans and securities for which there is no active market and retained interests in securitisations. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

The Bank has an established control framework with respect to the measurement of fair values. This framework includes an Risk Management function, which is independent of Treasury division and reports to management, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- a review and approval process for new models and changes to models involving the Risk Analysis and Control Division and the Management Board;
- calibration of models against observed market transactions;
- analysis and investigation of significant daily valuation movements;
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous month, by Risk Analysis and Control division.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Risk Analysis and Control division assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Bank for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement;
- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

The tables below set out analysis of financial instruments measured at fair value at the end of the reporting period classified by fair value hierarchy level framework categorising fair value measurement. The amounts are based on the amounts in the statement of financial position.

*in BGN '000*

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	14,716	-	-	14,716
Available for sale investments	412,872	55,501	-	468,373
Derivatives held for risk management	1,768	446	-	2,214
<b>Total</b>	<b>429,356</b>	<b>55,947</b>	<b>-</b>	<b>485,303</b>

*in BGN '000*

<b>31 December 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	9,913	-	-	9,913
Available for sale investments	443,906	57,575	-	501,481
Derivatives held for risk management	3,258	99	-	3,357
<b>Total</b>	<b>457,077</b>	<b>57,674</b>	<b>-</b>	<b>514,751</b>

Capital investments amounting to BGN 1,017 thousand at 30 June 2016 and BGN 5,788 thousand at 31 December 2015 are presented in the statements at their acquisition cost, because their fair value cannot be reliably measured.

The tables below set out analysis of the fair values of financial instruments not recognised at fair value, classified by fair value hierarchy level framework categorising fair value measurement

*In thousands of BGN*

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total balance sheet value</b>
<b>Assets</b>					
Cash and balances with Central Banks	-	1,362,243	-	1,362,243	1,362,243
Financial assets held to maturity	-	20,438	-	20,438	20,454
Loans and advances to banks and other financial institutions	-	93,088	-	93,088	93,088
Loans and advances to customers	-	695,850	4,412,334	5,108,184	5,118,669
<b>Total</b>	<b>-</b>	<b>2,171,619</b>	<b>4,412,334</b>	<b>6,583,953</b>	<b>6,594,454</b>
<b>Liabilities</b>					
Due to banks	-	16,528	-	16,528	16,528
Due to other customers	-	2,172,185	5,155,512	7,327,697	7,327,696
Liabilities evidenced by paper	-	113,652	-	113,652	113,677
Hybrid debt	-	195,568	-	195,568	195,568
<b>Total</b>	<b>-</b>	<b>2,497,933</b>	<b>5,155,512</b>	<b>7,653,445</b>	<b>7,653,469</b>

in BGN '000

31 December 2015	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
<b>Assets</b>					
Cash and balances with Central Banks	-	1,489,865	-	1,489,865	1,489,865
Financial assets held to maturity	35,652	20,178	-	55,830	56,354
Loans and advances to banks and other financial institutions	-	109,435	-	109,435	109,435
Loans and advances to customers	-	692,731	4,428,515	5,121,246	5,131,731
<b>Total</b>	<b>35,652</b>	<b>2,312,209</b>	<b>4,428,515</b>	<b>6,776,376</b>	<b>6,787,385</b>
<b>Liabilities</b>					
Due to banks	-	10,344	-	10,344	10,344
Due to other customers	-	2,149,926	4,852,462	7,002,388	7,002,880
Ministry of Finance	-	-	450,602	450,602	450,922
Liabilities evidenced by paper	-	133,752	-	133,752	133,802
Perpetual debt	-	45,491	-	45,491	45,528
Hybrid debt	-	201,616	-	201,616	202,044
<b>Total</b>	<b>-</b>	<b>2,541,129</b>	<b>5,303,064</b>	<b>7,844,193</b>	<b>7,845,520</b>

## 5 Net interest income

	Six months ended 30 June 2016	Six months ended 30 June 2015
<i>in BGN '000</i>		
<b>Interest income</b>		
Accounts with and placements to banks and financial institutions	370	127
Retail Banking	60,185	69,243
Corporate customers	125,776	144,523
Small and medium enterprises	17,738	15,321
Microlending	4,320	3,178
Debt instruments	6,206	6,723
	<b>214,595</b>	<b>239,115</b>
<b>Interest expense</b>		
Deposits from banks	(2)	-
Deposits from other customers	(57,249)	(106,764)
Liabilities evidenced by paper	(318)	(1,763)
Perpetual debt	(1,137)	(6,044)
Hybrid debt	6,476	(45)
Other	(126)	(14)
Lease agreements	(8)	(12)
	<b>(52,364)</b>	<b>(114,642)</b>
<b>Net interest income</b>	<b>162,231</b>	<b>124,473</b>

## 6. Net fee and commission income

	Six months ended 30 June 2016	Six months ended 30 June 2015
<i>In thousands of BGN</i>		
<b>Fee and commission income</b>		
Letters of credit and guarantees	2,521	2,987
Payments transactions	8,248	6,683
Customer accounts	13,380	10,716
Card services	13,071	13,860
Other	13,644	11,454
	<b>50,864</b>	<b>45,700</b>
<b>Fee and commission expense</b>		
Letters of credit and guarantees	(135)	(123)
Payment systems	(974)	(867)
Card services	(5,424)	(6,863)
Other	(3,852)	(1,727)
	<b>(10,385)</b>	<b>(9,580)</b>
<b>Net fee and commission income</b>	<b>40,479</b>	<b>36,120</b>

**7. Net trading income**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<i>In thousands of BGN</i>		
Net trading income arises from:		
- Debt instruments	84	(206)
- Equities	229	(28)
- Foreign exchange rate fluctuations	5,675	5,341
<b>Net trading income</b>	<b>5,988</b>	<b>5,107</b>

**8. Other net operating income**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<i>In thousands of BGN</i>		
Other net operating income arising from:		
- Debt instruments	3,902	2,360
- Equities	24,930	-
- Gain on administration of loans acquired through business combination	3,427	5,032
<b>Other net operating income</b>	<b>32,259</b>	<b>7,392</b>

**9. Administrative expenses**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<i>In thousands of BGN</i>		
General and administrative expenses comprise:		
- Personnel cost	29,047	29,917
- Depreciation and amortisation	8,341	8,595
- Advertising	5,985	7,000
- Building rent expense	16,220	16,107
-Telecommunication, software and other computer maintenance	5,976	4,914
- Administration, consultancy, audit and other costs	23,921	21,503
<b>Administrative expenses</b>	<b>89,490</b>	<b>88,036</b>

**10. Allowance for impairment**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<i>In thousands of BGN</i>		
<b>Write-downs</b>		
<i>Loans and advances to customers</i>	(132,357)	(88,492)
<b>Reversal of write-downs</b>		
<i>Loans and advances to customers</i>	89,796	22,442
<b>Impairment, net</b>	<b>(42,561)</b>	<b>(66,050)</b>

**10a. Other income/(expenses), net**

	<b>Six months ended 30 June 2016</b>	<b>Six months ended 30 June 2015</b>
<i>In thousands of BGN</i>		
Net income from transactions and revaluation of gold and precious metals	(764)	489
Rental income	2,360	1,435
Income from sale of assets	2,012	187
Revaluation of investment property	9,213	-
(Loss) from sale of investment property	-	-
Dividend income	-	1,282
Payments to the Deposit Insurance Fund and the Bank Restructuring Fund	(16,981)	(16,308)
Expense for provisions for pending court cases	(232)	-
Other income/(expenses), net	(353)	1,733
<b>Total</b>	<b>(4,835)</b>	<b>(11,182)</b>

**11. Cash and balances with Central Banks**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Cash on hand		
- in BGN	107,382	116,330
- in foreign currency	41,670	44,450
Balances with Central Banks	662,426	829,211
Current accounts and amounts with foreign banks	550,765	499,874
<b>Total</b>	<b>1,362,243</b>	<b>1,489,865</b>

**12. Financial assets held for trading**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Bonds and notes issued by:		
Bulgarian government, rated BBB-:		
- denominated in Bulgarian Leva	3,343	3,330
- denominated in foreign currencies	2,106	2,051
European governments, rated AA:	4,582	-
Foreign banks, rated BB	1,347	1,414
Other issuers – equity instruments (unrated)	3,338	3,118
<b>Total</b>	<b>14,716</b>	<b>9,913</b>

**13. Available for sale investments**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Bonds and notes issued by:		
Bulgarian Government		
- denominated in Bulgarian Leva	245,597	233,817
- denominated in foreign currencies	141,403	186,516
Foreign governments		
- treasury bonds	23,689	23,573
Foreign banks	44,345	57,575
Other issuers – equity instruments	14,356	5,788
<b>Total</b>	<b>469,390</b>	<b>507,269</b>

**14. Financial assets held to maturity**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Securities held to maturity issued by:		
Foreign governments	-	35,784
Foreign banks	20,454	20,570
<b>Total</b>	<b>20,454</b>	<b>56,354</b>

**15. Loans and advances to banks and other financial institutions****(a) Analysis by type**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Placements with banks	73,385	98,372
Receivables under resale agreements	4,966	2,006
Other	14,737	9,057
<b>Total</b>	<b>93,088</b>	<b>109,435</b>

**(b) Geographical analysis**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Domestic banks and financial institutions	15,009	6,920
Foreign banks and other financial institutions	78,079	102,515
<b>Total</b>	<b>93,088</b>	<b>109,435</b>

**16. Loans and advances to customers**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Retail Banking		
- Consumer loans	494,755	470,914
- Mortgage loans	583,415	594,114
- Credit cards	258,891	251,517
- Other programmes and collateralised financing	148,145	141,144
Small and medium enterprises	530,083	502,421
Microlending	104,113	101,286
Corporate customers	3,766,362	3,795,336
Allowance for impairment	(767,095)	(725,001)
<b>Total</b>	<b>5,118,669</b>	<b>5,131,731</b>

**(a) Movement in impairment allowances***in BGN '000*

<b>Balance as at 01 January 2016</b>	<b>725,001</b>
Additional allowances	132,357
Amounts released	(89,796)
Write-offs	(348)
Effect from change in exchange rates	(119)
<b>Balance as at 30 June 2015</b>	<b>767,095</b>

**30 June 2016***in BGN '000*

<b>Class of exposure</b>	<b>Gross amount of loans and advances to customers</b>	<b>Carrying amount of loans and advances to customers</b>
Performing		
Collectively impaired	4,402,753	4,392,915
Individually impaired	29,926	29,904
Non-performing		
Collectively impaired	428,568	186,960
Individually impaired	1,024,517	508,890
<b>Total</b>	<b>5,885,764</b>	<b>5,118,669</b>

**31 December 2015***n BGN '000*

<b>Class of exposure</b>	<b>Gross amount of loans and advances to customers</b>	<b>Carrying amount of loans and advances to customers</b>
Performing		
Collectively impaired	4,452,926	4,439,001
Non-performing		
Collectively impaired	375,297	186,175
Individually impaired	1,028,509	506,555
<b>Total</b>	<b>5,856,732</b>	<b>5,131,731</b>

**17. Property and equipment**

<i>in BGN '000</i>	<b>Land and Buildings</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Assets under Construction</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>						
At 1 January 2016	17,651	140,384	6,330	25,498	64,665	254,528
Additions	-	-	-	2,403	-	2,403
Disposals	-	(2,020)	(231)	(3)	(21)	(2,275)
Transfers	-	3,241	153	(3,838)	267	(177)
<b>As at 30 June 2016</b>	<b>17,651</b>	<b>141,605</b>	<b>6,252</b>	<b>24,060</b>	<b>64,911</b>	<b>254,479</b>
<b>Amortisation</b>						
At 1 January 2016	2,881	112,678	5,436	-	31,961	152,956
Accrued during the year	317	4,402	174	-	1,881	6,774
On disposals	-	(2,018)	(231)	-	(8)	(2,257)
<b>As at 30 June 2016</b>	<b>3,198</b>	<b>115,062</b>	<b>5,379</b>	<b>-</b>	<b>33,834</b>	<b>157,473</b>
<b>Carrying amount</b>						
<b>As at 30 June 2016</b>	<b>14,453</b>	<b>26,543</b>	<b>873</b>	<b>24,060</b>	<b>31,077</b>	<b>97,006</b>
<b>At 1 January 2016</b>	<b>14,770</b>	<b>27,706</b>	<b>894</b>	<b>25,498</b>	<b>32,704</b>	<b>101,572</b>

**18. Intangible assets**

<i>in BGN '000</i>	<b>Software and licences</b>	<b>Total</b>
<b>Cost</b>		
At 1 January 2016	28,548	28,548
Disposals	(2)	(2)
Transfers	177	177
<b>As at 30 June 2016</b>	<b>28,723</b>	<b>28,723</b>
<b>Amortisation</b>		
At 1 January 2016	17,888	17,888
Accrued during the year	1,567	1,567
On disposals	(2)	(2)
<b>At 30 June 2016</b>	<b>19,453</b>	<b>19,453</b>
<b>Carrying amount</b>		
<b>At 30 June 2016</b>	<b>9,270</b>	<b>9,270</b>
<b>At 1 January 2016</b>	<b>10,660</b>	<b>10,660</b>

**18a. Repossessed Assets can be broken down into:**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Land	359,620	365,303
Buildings	464,796	367,290
Machines, plant and vehicles	195,496	192,933
Fixtures and fittings	810	810
<b>Total</b>	<b>1,020,722</b>	<b>926,336</b>

Reposessed assets acquired as collateral are measured at the lower of cost and net realisable value.

**18b.** In 2015 the Bank started accounting for a new asset class - investment property which at 30.06.2016 amounted to BGN 222,006 thousand (31.12.2015 - BGN 206,244 thousand) and includes land and property held to earn rentals or for capital appreciation.

**Movements in investment property**

<i>In thousands of BGN</i>	
<b>Balance as at 01 January 2016</b>	<b>206,244</b>
Transfers from repossessed assets in the current reporting period	5,966
Revaluation of investment property to the fair value recognised at transfer	9,213
Write-offs upon sale	(174)
Increase in the value of investment property by capitalisation of expenses	757
<b>Balance as at 30 June 2016</b>	<b>222,006</b>

**18c. Investments in subsidiaries are as follows:**

<i>In thousands of BGN</i>	% held	<b>30.06.2016</b>	<b>31.12.2015</b>
Entity:			
First Investment Finance B.V., Netherlands	100%	3.947	3.947
Diners Club Bulgaria AD	94.79%	5.443	5.443
First Investment Bank – Albania Sh.a.	100%	23.420	23.420
Debita OOD	70%	105	105
Realtor OOD	51%	77	77
Fi Health Insurance AD	59.10%	3.315	3.315
Balkan Financial Services EAD	100%	50	50
Turnaround Management EOOD	100%	-	-
Creative Investment EOOD	100%	-	-
Lega Solutions EOOD	100%	-	-
AMC Imoti EOOD	100%	-	-
<b>Total</b>		<b>36.357</b>	<b>36.357</b>

**19 Other assets**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Deferred expense	37,567	10,870
Gold	7,920	8,383
Tax receivables	1,296	55,717
Other	20,373	15,477
<b>Total</b>	<b>67,156</b>	<b>90,447</b>

**20. Due to banks**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Term accounts	9,781	7,823
Payable on demand	6,747	2,521
<b>Total</b>	<b>16,528</b>	<b>10,344</b>

**21. Due to other customers**

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Retail customers		
- current accounts	685,483	623,832
- term and savings deposits	5,407,628	5,329,861
Businesses and public institutions		
- current accounts	823,610	674,928
- term	410,975	374,259
<b>Total</b>	<b>7,327,696</b>	<b>7,002,880</b>

**21a. Ministry of Finance deposit***In thousands of BGN*

	<b>30.06.2016</b>	<b>31.12.2015</b>
	-	<b>450,922</b>

In 2015 the Bank repaid to the Ministry of Finance BGN 464,297 thousand (of which BGN 450,000 thousand principal and BGN 14,297 thousand interest), and in the first six months of 2016 - BGN 450,000 thousand principal and BGN 3,242 thousand interest of the liquidity support.

In May 2016 the Bank repaid fully to the Ministry of Finance the liquidity support received.

**22. Liabilities evidenced by paper***In thousands of BGN*

	<b>30.06.2016</b>	<b>31.12.2015</b>
Acceptances under letters of credit	23,932	26,255
Liabilities under repurchase agreements	27,010	26,932
Financing from financial institutions	62,735	80,615
<b>Total</b>	<b>113,677</b>	<b>133,802</b>

Financing from financial institutions through extension of loan facilities can be analyzed as follows:

*In thousands of BGN*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 30 June 2016</b>
State Fund Agriculture	2%	10.12.2016 - 15.02.2020	2,460
European Investment Fund – JEREMIE 2	0 % - 1.387%	31.12.2024	53,044
Bulgarian Bank for Development AD	3.50%	30.03.2019	7,231
<b>Total</b>			<b>62,735</b>

*in BGN '000*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 31 December 2015</b>
State Fund Agriculture	2%	10.12.2016 - 13.01.2020	4,082
European Investment Fund – JEREMIE 2	0 % - 1.589%	31.12.2024	68,097
Bulgarian Bank for Development AD	3.50%	30.03.2019	8,436
<b>Total</b>			<b>80,615</b>

**23. Perpetual debt***In thousands of BGN*

	<b>Principal amount</b>	<b>Interest rate</b>	<b>Amortised cost as at 31 December 2015</b>
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	11.82%	45,528
<b>Total</b>	<b>41,073</b>		<b>45,528</b>

The issue of the Step-Up Subordinated Bonds by First Investment Finance B.V., a limited liability company registered under the laws of the Netherlands and 100% owned by First Investment Bank AD was fully guaranteed by the Bank. After the entry into force of Regulation 575/2013 (effective 1 January 2014) on prudential requirements for credit institutions and investment firms, the perpetual debt instrument is subject to grandfathering.

In March 2016 the Bank repaid the Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 21 mio after obtaining permission from the Bulgarian National Bank.

**24. Hybrid debt***In thousands of BGN*

	<b>Principal amount</b>	<b>Amortised cost as at 30 June 2016</b>
Hybrid debt with principal EUR 40 mio	78,233	78,233
Hybrid debt with principal EUR 60 mio	117,350	117,335
<b>Total</b>	<b>195,583</b>	<b>195,568</b>

*in BGN '000*

	<b>Principal amount</b>	<b>Amortised cost as at 31 December 2015</b>
Hybrid debt with principal EUR 40 mio	78,233	78,207
Hybrid debt with principal EUR 60 mio	117,350	123,837
<b>Total</b>	<b>195,583</b>	<b>202,044</b>



In March 2011 the Bank issued a hybrid instrument (bond issue) and, after obtaining permission from the Bulgarian National Bank, included it as Tier 1 capital. The Bank placed the bond issue under private subscription with a total nominal value of EUR 20,000 thousand, constituting the first tranche of a bond issue with an envisaged total amount of up to EUR 40,000 thousand. In June 2012 the Bank issued the second tranche of the instrument, also amounting to EUR 20,000 thousand and following permission from the Bulgarian National Bank included in its Tier 1 capital.

In November 2012 the Bank issued a hybrid instrument (bond issue) and, after obtaining permission from the Bulgarian National Bank, included it as Tier 1 capital. The Bank placed the bond issue under private subscription with a total nominal value of EUR 20,000 thousand, constituting the first tranche of a bond issue with an envisaged total amount of up to EUR 60,000 thousand. In November 2013 the Bank issued the second and third tranches of the instrument, amounting to a total of EUR 40,000 thousand and following permission from the Bulgarian National Bank included them in its Tier 1 capital.

The bonds under both instruments are registered, dematerialized, interest-bearing, perpetual, unsecured, freely transferable, non-convertible, deeply subordinated and without incentive to redeem.

The two hybrid instruments fully comply with the requirements of Regulation 575/2013 and are included in the additional tier 1 capital.

## 25. Other liabilities

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Liabilities to personnel	2,597	2,597
Other payables	18,435	82,265
<b>Total</b>	<b>21,032</b>	<b>84,862</b>

## 26. Shareholders

As at 30 June 2016 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 30 June 2016 together with the number and percentage of total issued shares.

	<b>Number of shares</b>	<b>% of issued share capital</b>
Mr. Ivailo Dimitrov Mutafchiev	46,750,000	42.5
Mr. Tzeko Todorov Minev	46,750,000	42.5
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	15
<b>Total</b>	<b>110,000,000</b>	<b>100</b>

In 2016, as in the previous year, the Bank did not distribute dividends.

## 27. Commitments and contingent liabilities

### Contingent liabilities

<i>In thousands of BGN</i>	<b>30.06.2016</b>	<b>31.12.2015</b>
Guarantees		
- in BGN	131,337	217,138
- in foreign currency	123,737	84,803
<b>Total guarantees</b>	<b>255,074</b>	<b>301,941</b>
Unused credit lines	423,409	462,877
Letters of credit	18,840	17,041
Other contingent liabilities	74,665	75,188
<b>Total</b>	<b>771,988</b>	<b>857,047</b>

### 27a. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days original maturity:

<i>In thousands of BGN</i>	<i>Translation from Bulgarian</i>	
	<b>30.06.2016</b>	<b>31.12.2015</b>
Cash and balances with Central Banks	1,362,243	1,489,865
Loans and advances to banks and financial institutions with original maturity less than 3 months	79,727	89,863
<b>Total</b>	<b>1,441,970</b>	<b>1,579,728</b>

## 28. Related party transactions

<b>Type of related party</b> <i>in BGN '000</i>	<b>Parties that control or manage the Bank</b>		<b>Enterprises under common control</b>	
	<b>30 June 2015</b>	<b>31 December 15</b>	<b>30 June 2015</b>	<b>31 December 15</b>
Loans	1,435	1,500	18,241	28,156
Deposits and loans received:	7,406	7,836	28,388	65,432
Deposits placed	-	-	21,415	9,822
Off-balance sheet commitments issued by the Bank	2,489	2,484	3,342	5,483

During the first six months of 2016:

1. There were no unusual (in terms of amount, nature or timing) assets, liabilities, equity, net income and cash flows.
2. There were no unusual changes in contingent assets and liabilities since the last annual financial statements.
3. There were not issued, repaid or repurchased capital instruments.
4. No dividends were accrued or paid.

**Chief Executive Officer**

**Executive Director:**

**Vassil Christov**

**Svetoslav Moldovansky**

**Chief Financial Officer**

**Jivko Todorov**

**INTERIM REPORT  
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD  
as at 30 June 2016**

**(non-consolidated)**

**prepared under Art. 100o, para. 4(2) of the Public Offering of Securities Act (POSA)  
and Art. 33, para. 1(2) and (6) and para. 3 of Ordinance No 2 of the Financial  
Supervision Commission (FSC) on the prospectuses to be published when securities are  
offered to the public or admitted to trading on a regulated market and on disclosure of  
information by the public companies and the other issuers of securities**

In the first six months of 2016 First Investment Bank AD (Fibank, the Bank) continued its successful development as an innovative, stable and reliable bank institution.

Highlights in the activity of Fibank in the first six months of 2016:

- On 12 January 2016 First Investment Bank informed that a notification regarding changes in the Managing Board of First Investment Bank AD was published in the Commercial Register with the Recordation Agency: appointment of Ms Nadya Vassileva Koshinska as new Managing Board Member;
- The unconsolidated unaudited financial statements of First Investment Bank AD at 31 December 2015 were published on 01 February 2016;
- On 02 February 2016 the Bank published information regarding a meeting of the Management with minority shareholders of First Investment Bank AD held on 1 February 2016;
- On 29 February 2016 First Investment Bank AD published its consolidated unaudited financial statements at 31 December 2015;
- On 07 March 2016 First Investment Bank announced that on 02.03.2016 a notification regarding changes in the Managing Board of First Investment Bank AD was published in the Commercial Register with the Recordation Agency re-election of Ms Maya Ivanova Oyfalosh as a member of the Managing Board for a new mandate;
- The annual unconsolidated (audited) financial statements of First Investment Bank AD at 31 December 2015 were published on 25 March 2016 and the consolidated

(audited) financial statements of First Investment Bank AD at 31 December 2015 were published on April 8 2016;

- Notification for the convening of the Annual General Meeting of Shareholders of First Investment Bank was published on 8 April 2016;
- The non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2016 were published on 03.05.2016 and the consolidated (unaudited) financial statements as at 31 March 2016 were published on 30.05.2016;
- Notification regarding the results from the Annual General Meeting of Shareholders of First Investment Bank was published on 16.05.2016;
- Notification of the affirmed ratings of First Investment Bank by Fitch Ratings was published on 17.05.2016;
- The Minutes from the Annual General Meeting of Shareholders of First Investment Bank were published on 18.05.2016;
- On 15.06.2016 an invitation to minority shareholders of First Investment Bank to meet representatives of the Bank's management was published;
- Notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD was published on 17.06.2016;
- Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding the controlling bodies of First Investment Bank AD was published on 20.06.2016;
- Information about a meeting of minority shareholders with the management of First Investment Bank was published on 22.06.2016.

#### *Review of the activities of Fibank as at 30 June 2016 on unconsolidated basis*

- *Balance sheet as at 31 March 2016*

The balance sheet assets of the Bank as at 30.06.2016 reached BGN 8,533 million, a decrease by 1.7% compared to 31.12.2015, mainly due to the final repayment of the liquid support to the Ministry of Finance and the repayment of BGN 46 million debt

capital instrument. The growth in amounts due to retail customers and corporates in the first six months of 2016 was BGN 325 million. The equity in the period increased by BGN 98 million, mainly due to the significant profit generated. Receivables from clients amounted to BGN 5,119 million – a decrease by BGN 13 million compared to 31.12.2015.

- *Unconsolidated profit at 30 June 2016*

The net profit of the Bank at 30 June 2016 amounted to BGN 93,552 thousand, i.e. BGN 86,427 thousand more than the first six months of 2015, an increase by 1,213%. The total revenue from banking operations for the first six months of 2016 amounted to BGN 240,957 thousand, which is an increase by BGN 67,865 thousand compared to the same period of 2015. The net interest income amounted to BGN 162,231 thousand, and the net income from fees and commissions – to BGN 40,479 thousand.

- *Capital resources*

The capital adequacy ratio of Fibank as at 30 June 2016 before the forthcoming capitalisation of the half-year profit reached 15.19 %. The Tier 1 capital adequacy was 15.16%.

- *Liquidity*

The liquidity ratio of Fibank, calculated in accordance with the requirements of Ordinance No 11 of the BNB, reached 22.83 % at 30 June 2016, showing a stable liquidity position.

- *A total of 156 branches and offices throughout the country*

As at 30 June 2016, First Investment Bank AD had a total of 156 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank.

**INFORMATION AS AT 30 June 2016  
UNDER ART. 33, PARA. 1, P. 6  
OF ORDINANCE No2**

*on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities*

a) information on changes in the accounting policy during the reporting period, the reasons for them, and the way in which they affect the financial results and equity of the issuer

*The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:*

- *Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014); EU effective date 1 January 2016*
- *Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014); EU effective date 1 January 2016*
- *Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014); EU effective date 1 January 2016*
- *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization (issued on 12 May 2014); EU effective date 1 January 2016*
- *Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014); EU effective date 1 January 2016*
- *Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014); EU effective date 1 January 2016*
- *Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (issued on 21 November 2013); EU effective date 1 February 2015*
- *Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013); EU effective date 1 February 2015*

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

b) information on changes in the economic group of the issuer, if applicable:

*During the first half of 2016 no changes were made to First Investment Bank's economic group.*  
c) information on the outcome from organizational changes within the issuer, such as restructuring, sale of companies from the economic group, in-kind contributions by the company, renting of property, long-term investments, suspension of operations:

*See „b” above.*

d) opinion of the managing body regarding the feasibility of the forecasts published for the current financial year, taking into account the results of the current quarter, as well as

information about the factors and circumstances that will affect the achievement of the forecast results at least for the next quarter:

*No forecasts were published for the results for 2016.*

e) information on the persons holding directly or indirectly at least 5 per cent of votes in the General Meeting at the end of the respective quarter, and changes in the votes held by such persons since the end of the previous quarter:

	<i>As at 31 March 2016</i>		<i>As at 30 June 2016</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

f) information about the shares held by the management and supervisory bodies of the issuer at the end of the respective quarter, as well as on the changes which have occurred since the end of the preceding quarter for each person:

<i>Members of the Managing Board</i>	<i>As at 31 March 2016</i>		<i>As at 30 June 2016</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Vassil Christov	21 676	0,02	No change	
Maya Oyfalosh	2 350	0,00	No change	
Dimitar Kostov	0	0	No change	
Svetoslav Moldovansky	0	0	No change	
Jivko Todorov*	0	0,00	No change	
Nadya Koshinska**	234	0,00	No change	

<i>Members of the Supervisory Board</i>	<i>As at 31 March 2016</i>		<i>As at 30 June 2016</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Evgeni Lukanov	168 739	0,1	337 139	0,31
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

g) Information about pending judicial, administrative or arbitration procedures concerning liabilities or receivables amounting to at least 10 per cent of the equity of the issuer; if the total amount of liabilities or receivables of the issuer in all initiated procedures exceeds 10 per cent of its equity, information shall be presented for each procedure separately:

*No events have occurred.*

h) information about loans granted by the issuer or any of its subsidiaries, guarantees provided or liabilities assumed to a single entity or its subsidiary, including related parties, indicating the nature of relations between the issuer and the entity, outstanding principal amount,

interest rate, maturity date, initial amount of the liability, term and conditions:

*First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 30 June 2016 no events have occurred beyond the ordinary activity of the Bank.*



**INFORMATION AS AT 30 June 2016  
UNDER ART. 33, PARA. 3  
OF ORDINANCE NO2**

*on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities*

*1. Transactions between related parties concluded during the reporting period of the current financial year that had significant effect on the financial position or performance of the company in this period:*

First Investment Bank AD enters into transactions with related parties in the ordinary course of its banking business, on terms which would be customary in transactions with unrelated parties. These transactions do not affect the financial condition or performance of First Investment Bank AD.

*2. Changes in transactions concluded with related parties disclosed in the annual report that have significant impact on the financial position or performance of the company during the reporting period of the current financial year.*

As at 30.06.2016, no changes have occurred in transactions concluded with related parties that have significant impact on the financial position or performance of First Investment Bank AD.

(signed)

Vassil Christov  
Chief Executive Officer  
Chairman of the MB

(signed)

Svetoslav Moldovansky  
Executive Director  
Member of the MB

(signed)

Jivko Todorov  
Chief Financial Officer  
Member of the MB

## DECLARATION

**under Art. 100o, para. 4(3) of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(3) of Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities**

The undersigned Vassil Christov Christov, Chief Executive Officer and Chairman of the Managing Board of First Investment Bank AD, Svetoslav Stoyanov Moldovansky, Executive Director and Member of the Managing Board of First Investment Bank AD, and Jivko Ivanov Todorov, Chief Financial Officer and Member of the Managing Board of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (non-consolidated) of First Investment Bank AD as at 30 June 2016, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 30 June 2016 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Vassil Christov  
Chief Executive Officer  
Chairman of the MB

(signed)

Svetoslav Moldovansky  
Executive Director  
Member of the MB

(signed)

Jivko Todorov  
Chief Financial Officer

29 July 2016

This document was prepared in compliance with Art. 33, Para. (1)4 of Ordinance No 2 of the FSC on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities, in the format required in Appendix No. 9 to Art. 28, Para. 2 thereof.

**Information on circumstances  
which occurred by 30 June 2016  
and which may have an impact on the price of First Investment Bank shares**

1. Notification pursuant to Art. 100y, Para. 1(2) with relation to Para.2 of the Law on the Public Offering of Securities (LPOS) regarding changes in the Managing Board of First Investment Bank AD: appointment of Ms Nadya Vassileva Koshinska as new Managing Board Member – Registered at FSC under incoming No. 10-05-786/12.01.2016;
2. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2015 – Registered at FSC under incoming No. 10-05-2542/01.02.2016;
3. Information about meeting with minority shareholders of First Investment Bank AD held on 1 February 2016 – Registered at FSC under incoming No. 10-05-2779/02.02.2016;
4. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2015 – published in X-3 News and submitted to BSE and FSC on 29.02.2016, registered at FSC under incoming No. 10-05-5127/02.03.2016;
5. Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding the composition of the Managing Board of First Investment Bank AD: re-election of Ms. Maya Ivanova Oyfalosh as a member of the Managing Board of First Investment Bank for a new mandate – Registered at FSC under incoming No. 10-05-5320/07.03.2016;
6. Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2015 – Registered at FSC under incoming No. 10-05-6902/25.03.2016;
7. Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2015 – Registered at FSC under incoming No. 10-05-8364/08.04.2016;
8. Notification for the convening of the Annual General Meeting of Shareholders of First Investment Bank – Registered at FSC under incoming No. 10-05-8379/08.04.2016;
9. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2016 – Registered at FSC under incoming No. 10-05-10676/03.05.2016;
10. Notification regarding the results from the Annual General Meeting of Shareholders of First Investment Bank – Registered at FSC under incoming No. 10-05-11815/16.05.2016;
11. Notification of the affirmed ratings of First Investment Bank by Fitch Ratings – Registered at FSC under incoming No. 10-05-11880/17.05.2016;
12. Minutes from the Annual General Meeting of Shareholders of First Investment Bank – Registered at FSC under incoming No. 10-05-12067/18.05.2016;
13. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2016 – Registered at FSC under incoming No 10-05-13044/30.05.2016;

14. Invitation to minority shareholders of First Investment Bank to meet representatives of the Bank's management – Registered at FSC under incoming No. 10-05-14522/15.06.2016;
15. Notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD – Registered at FSC under incoming No. 10-05-14722/17.06.2016;
16. Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding the controlling bodies of First Investment Bank AD – Registered at FSC under incoming No. 10-05-14894/20.06.2016;
17. Information about the meeting of minority shareholders of First Investment Bank with management representatives – Registered at FSC under incoming No. 10-05-15146/22.06.2016.

CHIEF EXECUTIVE OFFICER:

EXECUTIVE DIRECTOR:

(signed)

(signed)

VASSIL CHRISTOV

SVETOSLAV MOLDOVANSKY

ver2.3

<b>FINV9150</b>	First Investment Bank AD
<b>30.6.2016</b>	Reporting date
<b>индивидуална</b>	Basis for application
IFRS	Accounting standard

in BGN '000

**1. Balance sheet [statement of financial position]**

c010

**1.1 Assets**

		References	Breakdown in table	Carrying amount
				010
010	<b>Cash and cash balances with central banks and other deposits payable on demand</b>	Para. 54 (i) of IAS 1		<b>1 362 242</b>
020	Cash	part 2, item 1 of Appendix V		149 051
030	Cash balances with central banks	part 2, item 2 of Appendix V		662 426
040	Other deposits payable on demand	part 2, item 3 of Appendix V	5	550 765
050	<b>Financial assets held for trading</b>	Para. 8 (a)(ii) of IFRC 7; Para. 9, AG 14 of IAS 39		<b>14 716</b>
060	Derivatives	Para. 9 of IAS 39	10	0
070	Equity	Para. 11 of IAS 32	4	3 338
080	Debt securities	part 1, items 24, 26 of Appendix V	4	11 378
090	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
100	<b>Financial assets at fair value through profit or loss</b>	Para. 8 (a)(i) of IFRC 7; Para. 9 of IAS 39	4	<b>0</b>
110	Equity	Para. 11 of IAS 32	4	0
120	Debt securities	part 1, items 24, 26 of Appendix V	4	0
130	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
140	<b>Financial assets available-for-sale</b>	Para. 8 (d) of IFRC 7; Para. 9 of IAS 39	4	<b>469 390</b>
150	Equity	Para. 11 of IAS 32	4	14 356
160	Debt securities	part 1, items 24, 26 of Appendix V	4	455 034
170	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
180	<b>Loans and receivables</b>	Para. 8 (c) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39; part 1, item 16 of Appendix V	4	<b>5 211 758</b>
190	Debt securities	part 1, items 24, 26 of Appendix V	4	0
200	Loans and advances	part 1, items 24, 27 of Appendix V	4	5 211 758
210	<b>Investments held to maturity</b>	Para. 8 (b) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39	4	<b>20 454</b>
220	Debt securities	part 1, items 24, 26 of Appendix V	4	20 454
230	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
240	<b>Derivatives - hedge accounting</b>	Para. 22 (d) of IFRC 7; Para. 9 of IAS 39	11	<b>0</b>
250	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (a) of IAS 1		<b>0</b>
260	<b>Investments in a subsidiary, jointly-controlled entity or associate</b>	Para. 54 (e) of IAS 1; part 2, item 4 of Appendix V	4, 40	<b>36 357</b>
270	<b>Tangible assets</b>			<b>319 012</b>
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	21,42	97 006
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	222 006
300	<b>Intangible assets</b>	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		<b>9 270</b>
310	Goodwill	Para. B67, (d) of IFRC 3; Art. 4, Para. 1, item 113 of Reg 575		0
320	Other intangible assets	Paras. 8, 118 of IAS 38	21, 42	9 270
330	<b>Tax assets</b>	Para. 54 (n)-(o) of IAS 1		<b>0</b>
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		0
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575		0
360	<b>Other assets</b>	part 2, item 5 of Appendix V		<b>1 090 092</b>
370	<b>Non-current assets and disposal groups classified as held for sale</b>	Para. 54, (j) of IAS 1; Para. 38 of IFRC 5; part 2, item 6 of Appendix V		<b>0</b>
380	<b>TOTAL ASSETS</b>	Para. 9, (a), IN 6 of IAS 1		<b>8 533 291</b>

<b>FINV9150</b>	First Investment Bank AD
<b>30.6.2016</b>	Reporting date
<b>индивидуална</b>	Basis for application
IFRS	Accounting standard

**1. Balance sheet [statement of financial position]**

c010

**1.2 Liabilities**

		References	Breakdown in table	Carrying amount
				010
010	<b>Financial assets held for trading</b>	Para. 8, (e)(ii) of IFRC 7; Para. 9, AG 14-15 of IAS 39	8	0
020	Derivatives	Para. 9, AG 15(a) of IAS 39	10	0
030	Short positions	AG15 (b) of IAS 39	8	0
040	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	0
050	Issued debt securities	part 1, item 31 of Appendix V	8	0
060	Other financial liabilities	part 1, items 32-34 of Appendix V	8	0
070	<b>Financial liabilities at fair value through profit or loss</b>	Para. 8, (e)(i) of IFRC 7; Para. 9 of IAS 39	8	0
080	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	0
090	Issued debt securities	part 1, item 31 of Appendix V	8	0
100	Other financial liabilities	part 1, items 32-34 of Appendix V	8	0
110	<b>Financial liabilities at amortised cost</b>	Para. 8, (f) of IFRC 7; Para. 47 of IAS 39	8	7 653 469
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	7 371 234
130	Issued debt securities	part 1, item 31 of Appendix V	8	195 568
140	Other financial liabilities	part 1, items 32-34 of Appendix V	8	86 667
150	<b>Derivatives - hedge accounting</b>	Para. 22 (b) of IAS 7; Para. 9 of IFRC 39; part 1, item 23 of Appendix V	8	0
160	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (b) of IAS 39		0
170	<b>Provisions</b>	Para. 10 of IAS 37; Para. 54 (l) of IAS 1	43	6 686
180	Pensions and other subsequent obligations to pay defined post-employment benefits	Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 7 of Appendix V	43	0
190	Other long-term employee benefits	Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 8 of Appendix V	43	0
200	Restructuring	Para. 71 of IAS 37; Para. 84 (a) of IAS 1	43	0
210	Pending legal matters and tax-related court cases	IAS 37, addendum B, examples 6 and 10	43	6 686
220	Loans and guarantees	Appendix C.9 to IAS 37	43	0
230	Other provisions		43	0
240	<b>Tax liabilities</b>	Para. 54 (n)-(o) of IAS 1		15 786
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		1 502
260	Deferred tax liability	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		14 284
270	<b>Share capital payable upon request</b>	Illustrative example (IE) 33 of IAS 32; IFRC 2; part 2, item 9 of Appendix V		0
280	<b>Other liabilities</b>	part 2, item 10 of Appendix V		14 346
290	<b>Liabilities in disposal groups classified as held for sale</b>	Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, item 11 of Appendix V		0
300	<b>TOTAL LIABILITIES</b>	Para. 9, (b), IN 6 of IAS 1		7 690 287

<b>FINV9150</b>	First Investment Bank AD
<b>30.6.2016</b>	Reporting date
<b>индивидуалн</b>	Basis for application
IFRS	Accounting standard

**1. Balance sheet [statement of financial position]**

c010

**1.3 Total own funds**

		References	Breakdown in table	Carrying amount
				010
010	<b>Equity</b>	Para. 54(r) of IAS 1; Para. 22 of DOB	46	<b>110 000</b>
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	Para. 78 (e) of IAS 1; part 2, item 14 of Appendix V		0
040	<b>Premium reserves</b>	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	<b>97 000</b>
050	<b>Issued capital instruments other than share capital</b>	part 2, items 15-16 of Appendix V	46	
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 15 of Appendix V		
070	Other issued equity instruments	part 2, item 16 of Appendix V		
080	<b>Other own funds</b>	Para. 10 of IFRS 2; part 2, item 17 of Appendix V		
090	<b>Accumulated other comprehensive income</b>	Art. 4, para. 1, item 100 of Reg 575	46	<b>19 843</b>
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		<b>4 500</b>
100	Tangible assets	Paras. 39 -41 of IAS 16		4 500
110	Intangible assets	Paras. 85 -87 of IAS 38		
120	Actuarial gains or (-) losses on defined benefit plans	Para. 7 of IAS 1		
122	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		
124	Share of the other comprehensive income of subsidiaries, associates and joint ventures	Para. 82(i) of IAS 1; Para. 11 of IAS 28		
128	Items which can be reclassified as profit or loss	Para. 89A (a) of IAS 1		<b>15 343</b>
130	Hedges of net investments in foreign operations [effective portion]	Para. 102(a) of IAS 39		
140	Currency exchange	Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21		
150	Derivatives from hedging Cash flow hedges [effective portion]	Para. 23, (c) of IFRC 7; Paras. 95-101 of IAS 39		
160	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 55(b) of IAS 39		15 343
170	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		
180	Share of the other comprehensive income of subsidiaries, associates and joint ventures	Para. 82(i) of IAS 1; Para. 11 of IAS 28		
190	<b>Retained earnings</b>	Art. 4, para. 1, item 123 of Reg 575		<b>482 747</b>
200	<b>Revaluation reserve</b>	Para. 30, D5-D8 of IFRS 1; part 2, item 18 of Appendix V		
210	<b>Other reserves</b>	Para. 54 of IAS 1; Para. 78 (e) of IAS 1		<b>39 861</b>
220	Profit or loss from the write-off of investments in subsidiaries, associates and joint ventures	Para. 28 of IAS 11; part 2, item 19 of Appendix V		
230	Other	part 2, item 19 of Appendix V		39 861
240	<b>(-) Repurchased own shares</b>	Para. 79 (a)(vi) of IFRC 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, item 20 of Appendix V	46	
250	<b>Profit or loss attributable to the owners of the parent company</b>	Para. 28 of IAS 27; Para. 81B(b)(ii) of IAS 1	2	<b>93 553</b>
260	<b>(-) Interim dividends</b>	Para. 35 of IAS 32		
270	<b>Minority interests [Non-controlling interests]</b>	Para. 4 of IAS 27; Para. 54 (r) of IAS 1, Para. 27 of IAS 27		
280	Accumulated other comprehensive income	Paras. 27-28 of IAS 27; Art. 4, Para. 1, item 100 of Reg 575	46	
290	Other items	Paras. 27 -28 of IAS 27	46	
300	<b>TOTAL SHAREHOLDERS' EQUITY</b>	Para. 9 (c), IN 6 of IAS 1	46	<b>843 004</b>
310	<b>TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES</b>	IAS 1, IN 6		<b>8 533 291</b>

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer

ver2.3

**FINV9150** First Investment Bank AD

**30.6.2016** Reporting date

**индивидуалн** Basis for application

IFRS Accounting standard

in BGN '000

**2. Profit and Loss Account**

c010

		References	Breakdown in table	Current period
				010
010	<b>Interest income</b>	Para. 97 of IAS 1; Para. 35, (b) of IAS 18; part 2, item 21 of Appendix V	16	<b>214 595</b>
020	Financial assets held for trading	Para. 20, (a)(i) of IFRC 7; part 2, item 24 of Appendix V		145
030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		0
040	Financial assets available-for-sale	Para. 20, (b) of IFRC 7; Para. 55, (b) of IAS 39; Para. 9 of IAS 39		5 990
050	Loans and receivables	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (a) of IAS 39		208 389
060	Investments held to maturity	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (b) of IAS 39		71
070	Derivatives — hedge accounting, interest rate risk	Para. 9 of IAS 39; part 2, item 23 of Appendix V		0
080	Other assets	part 2, item 25 of Appendix V		0
090	<b>(Interest expense)</b>	Para. 97 of IAS 1; part 2, item 21 of Appendix V	16	<b>52 364</b>
100	(Financial assets held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, item 24 of Appendix V		0
110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		0
120	(Financial liabilities at amortised cost)	Para. 20 (b) of IFRC 7; Para. 47 of IAS 39		52 357
130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, item 23 of Appendix V		0
140	(Other liabilities)	part 2, item 26 of Appendix V		7
150	<b>(Expense for share capital payable upon request)</b>	Para. 11 of IFRIC 2		<b>0</b>
160	<b>Dividend income</b>	Para. 35, (b), (v) of IAS 18; part 2, item 28 of Appendix V		<b>0</b>
170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		0
180	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRC 7; Para. 9 of IAS 39		0
190	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39		0
200	<b>Fee and commission income</b>	Para. 20 (c) of IFRS 7	22	<b>50 864</b>
210	<b>(Fee and commission expense)</b>	Para. 20 (c) of IFRS 7	22	<b>10 385</b>
220	<b>Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss</b>	Para. 20, (a), (ii) to (v) of IAS 7; part 2, item 97 of Appendix V	16	<b>32 259</b>
230	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39		28 832
240	Loans and receivables	Para. 20, (a), (iv) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39		3 427
250	Investments held to maturity	Para. 20, (a), (iii) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39		0
260	Financial liabilities at amortised cost	Para. 20, (a), (v) of IFRC 7; Para. 56 of IAS 39		0
270	Other			0
280	<b>Net profits or (-) losses from financial assets and liabilities held for trading</b>	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16	<b>313</b>
290	<b>Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss</b>	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16,45	<b>0</b>
300	<b>Net profits or (-) losses from hedge accounting</b>	Para. 24 of IFRS 7; part 2, item 30 of Appendix V	16	<b>0</b>



**2. Profit and Loss Account**

c010

		<i>References</i>	Breakdown in table	Current period
310	<b>Net exchange rate differences [profit (-) loss]</b>	<i>Para. 28 of IAS 21; Para. 52 (a)</i>		<b>5 675</b>
330	<b>Net profits or (-) losses from write-off of non-financial assets</b>	<i>Para. 34 of IAS 1</i>	45	<b>0</b>
340	<b>Other operating income</b>	<i>part 2, items 141-143 of Appendix V</i>	45	<b>15 032</b>
350	<b>(Other operating expense)</b>	<i>part 2, items 141-143 of Appendix V</i>	45	<b>19 845</b>
355	<b>NET TOTAL OPERATING INCOME</b>			<b>236 144</b>
360	<b>(Administrative expenses)</b>			<b>81 169</b>
370	(Personnel costs)	<i>Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1</i>	44	29 044
380	(Other administrative expenses)			52 125
390	<b>(Amortisation)</b>	<i>Paras. 102, 104 of IAS 1</i>		<b>8 342</b>
400	(Property, Plant and Equipment)	<i>Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16</i>		6 774
410	(Investment Property)	<i>Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40</i>		0
420	(Other intangible assets)	<i>Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38</i>		1 568
430	<b>(Provisions or (-) reversed provisions)</b>	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	43	<b>0</b>
440	(Loans and guarantees)			0
450	(Other provisions)			0
460	<b>(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)</b>	<i>Para. 20, (e) of IFRS 7</i>	16	<b>42 561</b>
470	(Financial assets assessed by the expense method)	<i>Para. 20, (e) of IFRS 7; Para. 66 of IAS 39</i>		0
480	(Financial assets available-for-sale)	<i>Para. 20, (e) of IFRS 7; Para. 67 of IAS 39</i>		0
490	Loans and receivables	<i>Para. 20, (e) of IFRS 7; Para. 63 of IAS 39</i>		42 561
500	(Investments held to maturity)	<i>Para. 20, (e) of IFRS 7; Para. 63 of IAS 39</i>		0
510	<b>(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)</b>	<i>Paras. 40 -43 of IAS 28</i>	16	<b>0</b>
520	<b>(Impairment or (-) reversed impairment of non-financial assets)</b>	<i>Para. 126(a)-(b) of IAS 36</i>	16	<b>0</b>
530	(Property, Plant and Equipment)	<i>Para. 73, (e), (v)-(vi) of IAS 16</i>		0
540	(Investment Property)	<i>Para. 79, (d), (v) of IAS 40</i>		0
550	(Goodwill)	<i>B67, (d), (v) of IFRS 3; Para. 124 of IAS 36</i>		0
560	(Other intangible assets)	<i>Para. 118, (e), (iv)-(v) of IAS 38</i>		0
570	(Other)	<i>Para. 126(a)-(b) of IAS 36</i>		0
580	<b>Negative goodwill in profit or loss</b>	<i>B64, (n)(i) to IFRS 3</i>		<b>0</b>
590	<b>Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate</b>	<i>Para. 82, (c) of IAS 1</i>		<b>0</b>
600	<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations</b>	<i>Para. 37 of IFRS 5; part 2, item 27 of Appendix V</i>		<b>0</b>
610	<b>PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS</b>	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRS 5</i>		<b>104 072</b>
620	<b>(Tax expense or (-) income relating to the profit or loss from current operations)</b>	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		<b>10 519</b>
630	<b>PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS</b>	<i>IN 6 of IAS 1</i>		<b>93 553</b>
640	<b>Profit or (-) loss after tax from discontinued operations</b>	<i>Para. 82, (e) of IAS 1; Para. 33, (a), Para. 33 A of IFRS 5</i>		<b>0</b>
650	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRS 5</i>		0
660	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) of IFRS 5</i>		0
670	<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	<i>Para. 82 (f) of IAS 1</i>		<b>93 553</b>

**2. Profit and Loss Account**

c010

		<i>References</i>	Breakdown in table	<b>Current period</b>
680	Relating to minority interests [non-controlling interests]	<i>Para. 83, (a)(i) of IAS 1</i>		0
690	Attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>		93 553

Vassil Christov  
Chief Executive Officer

Svetoslav Moldovansky  
Executive Director

Jivko Todorov  
Chief Financial Officer