

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 31 March 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 31 March 2016, containing:

1. Financial statements as at 31.03.2016 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 31.03.2016;
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)

Dimitar Kostov
Executive Director
Member of the MB

FIRST INVESTMENT BANK AD

Unconsolidated statement of changes in equity for the three months ended 31 March 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
Balance at 01 January 2015	110,000	97,000	470,205	6,843	4,500	39,861	728,409
Total comprehensive income for the period							
Net profit for the three months ended on 31 March 2016	-	-	1,472	-	-	-	1,472
Other comprehensive income for the period							
Revaluation reserve on available for sale investments	-	-	-	6,659	-	-	6,659
Balance as at 31 March 2015	110,000	97,000	471,677	13,502	4,500	39,861	736,540
Balance as at 01 January 2016	110,000	97,000	482,748	11,273	4,500	39,861	745,382
Total comprehensive income for the period							
Net profit for the three months ended on 31 March 2016	-	-	22,647	-	-	-	22,647
Other comprehensive income for the period							
Revaluation reserve on available for sale investments	-	-	-	413	-	-	413
Balance as at 31 March 2016	110,000	97,000	505,395	11,686	4,500	39,861	768,442

Vassil Christov
Chief Executive Officer
Dimitar Kostov
Executive Director
Jivko Todorov
Chief Financial Officer

FIRST INVESTMENT BANK AD

Unconsolidated statement of comprehensive income for the three months ended 31 March 2016

unaudited

in BGN '000

	three months ended on 31 March 2016	three months ended on 31 March 2015
Interest income	112,659	118,655
Interest expense	(35,029)	(57,663)
Net interest income	77,630	60,992
Fee and commission income	23,999	22,426
Fee and commission expense	(3,679)	(4,806)
Net fee and commission income	20,320	17,620
Net trading income	2,305	3,335
Other net operating income	3,104	3,205
TOTAL INCOME FROM BANKING OPERATIONS	103,359	85,152
Administrative expenses	(42,896)	(43,875)
Allowance for impairment	(27,416)	(33,500)
Other expenses, net	(7,830)	(6,125)
PROFIT BEFORE TAX	25,217	1,652
Income tax expense	(2,570)	(180)
NET PROFIT	22,647	1,472
Other comprehensive income for the period		
Items which should or may be reclassified as profit or loss		
Revaluation reserve on available for sale investments	413	6,659
Total other comprehensive income	413	6,659
TOTAL COMPREHENSIVE INCOME	23,060	8,131

Vassil Christov
Chief Executive Officer
Dimitar Kostov
Executive Director
Jivko Todorov
Chief Financial Officer

FIRST INVESTMENT BANK AD
Unconsolidated statement of the financial position as at 31 March
2016
 unaudited

	<i>in BGN '000</i>	
	31 March 2016	31 December 2015
ASSETS		
Cash and balances with Central Banks	1,289,197	1,489,865
Financial assets held for trading	11,118	9,913
Available for sale investments	458,224	507,269
Financial assets held to maturity	20,164	56,354
Loans and advances to banks and other financial institutions	142,410	109,435
Loans and advances to customers	5,086,316	5,131,731
Property and equipment	98,747	101,572
Intangible assets	10,015	10,660
Derivatives held for risk management	2,719	3,357
Current tax assets	1,847	1,847
Repossessed assets	945,881	926,336
Investment Property	206,113	206,244
Investments in subsidiaries	36,357	36,357
Other assets	111,792	90,447
TOTAL ASSETS	8,420,900	8,681,387
LIABILITIES AND CAPITAL		
Due to banks	5,008	10,344
Due to other customers	7,022,966	7,002,880
Ministry of Finance deposit	252,686	450,922
Liabilities evidenced by paper	131,118	133,802
Perpetual debt	-	45,528
Hybrid debt	205,276	202,044
Derivatives held for risk management	230	-
Deferred tax liability	7,670	5,214
Current tax liabilities	569	409
Other liabilities	26,935	84,862
TOTAL LIABILITIES	7,652,458	7,936,005
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	11,686	11,273
Revaluation reserve on property	4,500	4,500
Retained earnings	505,395	482,748
TOTAL SHAREHOLDERS' EQUITY	768,442	745,382
TOTAL LIABILITIES AND GROUP EQUITY	8,420,900	8,681,387
Vassil Christov Chief Executive Officer		
Dimitar Kostov Executive Director		
Jivko Todorov Chief Financial Officer		

FIRST INVESTMENT BANK AD

Unconsolidated statement of cash flows for the three months ended 31 March 2016

unaudited

in BGN '000

	three months ended on 31 March 2016	three months ended on 31 March 2015
Net cash flow from operating activities		
Net profit	22,647	1,472
Adjustment for non-cash items		
Allowance for impairment	27,416	33,500
Net interest income	(77,630)	(60,992)
Depreciation and amortization	4,167	4,365
Tax expense	2,570	180
(Profit) from sale and write-off of tangible and intangible fixed assets, net	(12)	(106)
(Profit) from sale of other assets, net	(14)	(47)
	(20,856)	(21,628)
Change in operating assets		
(Increase)/decrease in financial instruments held for trading	(1,199)	718
(Increase)/decrease in available for sale investments	46,069	(146,546)
(Increase)/decrease in loans and advances to banks and financial institutions	(3,319)	(1,314)
(Increase)/decrease in loans to customers	2,367	(27,575)
(Increase) in other assets	(20,821)	(26,683)
	23,098	(201,400)
Change in operating liabilities		
Increase/(decrease) in deposits from banks	(5,336)	1,420
Increase/(decrease) in amounts owed to other depositors	(166,806)	242,785
Net increase/(decrease) in other liabilities	(57,583)	1,732
	(229,725)	245,937
Interest received	111,150	88,586
Interest paid	(47,001)	(50,224)
Tax on profit, paid	-	(713)
	(163,334)	60,558
NET CASH FLOW FROM OPERATING ACTIVITIES	(163,334)	60,558
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(699)	(1,810)
Sale of tangible and intangible fixed assets	14	284
Other assets	1,165	(9)
(Increase)/decrease of investments	36,174	(50,586)
	36,654	(52,121)
NET CASH FLOW FROM INVESTING ACTIVITIES	36,654	(52,121)
Financing activities		
Increase/(decrease) in borrowings	(2,619)	19,734
Repayment of perpetual debt	(41,733)	-
	(44,352)	19,734
NET CASH FLOW FROM FINANCING ACTIVITIES	(44,352)	19,734
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(171,032)	28,171
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,579,728	1,682,887
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1,408,696	1,711,058

VASSIL CHRISTOV

Chief Executive Officer

DIMITAR KOSTOV

Executive Director

Yanko Karakolev

Director of Finance Department

**ADDENDUM TO THE UNAUDITED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF
FIRST INVESTMENT BANK AD
AT 31/03/2016**

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.

(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 others 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:

Assets	%
• 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:

Assets	%
• 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 31 March 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.

<i>in BGN '000</i>	Bulgarian operations		Foreign operations		Total	
	three months ended on 31 March 2016	three months ended on 31 March 2015	three months ended on 31 March 2016	three months ended on 31 March 2015	three months ended on 31 March 2016	three months ended on 31 March 2015
Interest income	111,554	110,218	1,105	8,437	112,659	118,655
Interest expense	(34,996)	(57,482)	(33)	(181)	(35,029)	(57,663)
Net interest income	76,558	52,736	1,072	8,256	77,630	60,992
Fee and commission income	23,862	22,340	137	86	23,999	22,426
Fee and commission expense	(3,677)	(4,805)	(2)	(1)	(3,679)	(4,806)
Net fee and commission income	20,185	17,535	135	85	20,320	17,620
Net trading income	2,264	3,318	41	17	2,305	3,335
Administrative expenses	(42,593)	(43,640)	(303)	(235)	(42,896)	(43,875)
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Assets	8,370,630	8,613,768	50,270	67,619	8,420,900	8,681,387
Liabilities	7,616,010	7,907,103	36,448	28,902	7,652,458	7,936,005

The table below shows assets and liabilities and income and expense by business segments as at 31 March 2016:

<i>in BGN '000</i>	Assets	Liabilities	Interest income	Interest expense	Net fee and commission income	Net trading income	Other net operating income
Commercial banking	3,666,546	1,336,724	77,801	(4,423)	6,089	-	1,925
Retail Banking	1,419,770	5,938,928	31,717	(26,010)	8,927	-	-
Card services	-	-	-	-	3,865	-	-
Treasury	1,923,832	41,919	3,141	(51)	703	2,305	1,179
Other	1,410,752	334,887	-	(4,545)	736	-	-
Total	8,420,900	7,652,458	112,659	(35,029)	20,320	2,305	3,104

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 date 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.

4 Financial assets and liabilities, continued

Accounting classification and fair values, continued

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.

4 Financial assets and liabilities, continued

Accounting classification and fair values, continued

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

31 March 2016	Level 1	Level 2	Level 3	Total
Financial assets held for trading	11,118	-	-	11,118
Available for sale investments	407,171	45,265	-	452,436
Derivatives held for risk management	2,719	(230)	-	2,489
Total	421,008	45,035	-	466,043

in BGN '000

31 December 2015	Level 1	Level 2	Level 3	Total
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
Total	457,077	57,674	-	514,751

Capital investments amounting to BGN 5,788 thousand at 31 March 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 BGN '000

31 March 2016	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,289,197	-	1,289,197	1,289,197
Financial assets held to maturity	-	19,966	-	19,966	20,164
Loans and advances to banks and other financial institutions	-	142,410	-	142,410	142,410
Loans and advances to customers	-	641,138	4,435,128	5,076,266	5,086,316
Total	-	2,092,711	4,435,128	6,527,839	6,538,087
Liabilities					
Due to banks	-	5,008	-	5,008	5,008
Due to other customers	-	2,009,170	5,013,363	7,022,533	7,022,966
Ministry of Finance	-	-	252,958	252,958	252,686
Liabilities evidenced by paper	-	131,097	-	131,097	131,118
Hybrid debt	-	206,930	-	206,930	205,276
Total	-	2,352,205	5,266,321	7,618,526	7,617,054

in BGN '000

31 December 2015	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
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
Total	35,652	2,312,209	4,428,515	6,776,376	6,787,385
Liabilities					
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
Total	-	2,541,129	5,303,064	7,844,193	7,845,520

5. Net interest income

in BGN '000	Three months ended on 31 March 2016	Three months ended on 31 March 2015
Interest income		
Accounts with and placements to banks and financial institutions	180	61
Retail Banking	29,701	34,024
Corporate customers	69,020	72,207
Small and medium enterprises	8,781	7,674
Microlending	2,016	1,629
Debt instruments	2,961	3,060
	112,659	118,655
Interest expense		
Deposits from banks	(50)	(1)
Deposits from other customers	(30,433)	(53,742)
Liabilities evidenced by paper	(173)	(887)
Perpetual debt	(1,137)	(3,005)
Hybrid debt	(3,232)	(22)
Lease agreements and other	(4)	(6)
	(35,029)	(57,663)
Net interest income	77,630	60,992

6. Net fee and commission income

in BGN '000	Three months ended on 31 March 2016	Three months ended on 31 March 2015
Fee and commission income		
Letters of credit and guarantees	1,296	1,231
Payments transactions	3,869	3,210
Customer accounts	6,775	5,365
Card services	6,624	7,132
Other	5,435	5,488
	23,999	22,426
Fee and commission expense		
Letters of credit and guarantees	(51)	(50)
Payment systems	(433)	(403)
Card services	(2,760)	(3,620)
Other	(435)	(733)
	(3,679)	(4,806)
Net fee and commission income	20,320	17,620

7. Net trading income

in BGN '000	Three months ended on 31 March 2016	Three months ended on 31 March 2015
Net trading income arises from:		
- Debt instruments	40	76
- Equities	196	30
- Foreign exchange rate fluctuations	2,069	3,229
Net trading income	2,305	3,335

8. Other net operating income*in BGN '000*

Other net operating income arising from:

	Three months ended on 31 March 2016	Three months ended on 31 March 2015
- Debt instruments	1,179	1,524
- Gain on administration of loans acquired through business combination	1,925	1,681
Other net operating income	3,104	3,205

9. Administrative expenses*in BGN '000*

General and administrative expenses comprise:

	Three months ended on 31 March 2016	Three months ended on 31 March 2015
- Personnel cost	14,486	15,081
- Depreciation and amortisation	4,167	4,365
- Advertising	2,489	3,518
- Building rent expense	8,062	8,001
- Telecommunication, software and other computer maintenance	3,131	2,456
- Administration, consultancy, audit and other costs	10,561	10,454
Administrative expenses	42,896	43,875

10 Allowance for impairment*in BGN '000***Write-downs***Loans and advances to customers***Reversal of write-downs***Loans and advances to customers***Impairment, net**

	Three months ended on 31 March 2016	Three months ended on 31 March 2015
	(105,200)	(50,600)
	77,784	17,100
	(27,416)	(33,500)

10a. Other income/(expenses), net*in BGN '000*

Net income from transactions and revaluation of gold and precious metals
Rental income
Income from sale of assets
(Loss) from sale of investment property
Expense for the Deposit Insurance Fund and the Bank Restructuring Fund
Other income/(expenses), net
Total

	Three months ended on 31 March 2016	Three months ended on 31 March 2015
	(612)	244
	1,071	683
	58	153
	(90)	-
	(8,199)	(8,109)
	(58)	904
	(7,830)	(6,125)

11. Cash and balances with Central Banks*in BGN '000*

Cash on hand
- in BGN
- in foreign currency
Balances with Central Banks
Current accounts and amounts with foreign banks
Total

	31.12.2016	31.12.2015
	95,147	116,330
	33,743	44,450
	641,941	829,211
	518,366	499,874
	1,289,197	1,489,865

12. Financial assets held for trading*in BGN '000*

Bonds and notes issued by:

Bulgarian government, rated BBB-:

- denominated in Bulgarian Leva

- denominated in foreign currencies

European governments, rated AA+:

Foreign banks assessed with A rating

Other issuers – equity instruments (unrated)

Total

	31.03.2016	31.12.2015
	3,316	3,330
	2,060	2,051
	1,063	-
	1,378	1,414
	3,301	3,118
	11,118	9,913

13. Available for sale investments

<i>In thousands of BGN</i>	31.12.2016	31.12.2015
Bonds and notes issued by:		
Bulgarian Government		
- denominated in Bulgarian Leva	217,358	233,817
- denominated in foreign currencies	166,233	186,516
Foreign governments		
- treasury bonds	23,580	23,573
Foreign banks	45,265	57,575
Other issuers – equity instruments	5,788	5,788
Total	458,224	507,269

14. Financial assets held to maturity

<i>in BGN '000</i>	31.03.2016	31.12.2015
Securities held to maturity issued by:		
Foreign governments	-	35,784
Foreign banks	20,164	20,570
Total	20,164	56,354

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

<i>in BGN '000</i>	31.03.2016	31.12.2015
Placements with banks	127,467	98,372
Receivables under resale agreements	5,883	2,006
Other	9,060	9,057
Total	142,410	109,435

(b) Geographical analysis

<i>in BGN '000</i>	31.03.2016	31.12.2015
Domestic banks and financial institutions	17,655	6,920
Foreign banks and other financial institutions	124,755	102,515
Total	142,410	109,435

16. Loans and advances to customers

<i>in BGN '000</i>	31.12.2016	31.12.2015
Retail Banking		
- Consumer loans	476,226	470,914
- Mortgage loans	590,558	594,114
- Credit cards	252,972	251,517
- Other programmes and collateralised financing	140,795	141,144
Small and medium enterprises	510,475	502,421
Microlending	100,684	101,286
Corporate customers	3,766,005	3,795,336
Allowance for impairment	(751,399)	(725,001)
Total	5,086,316	5,131,731

(a) Movement in impairment allowances

<i>in BGN '000</i>	
Balance as at 01 January 2016	725,001
Additional allowances	105,200
Amounts released	(77,784)
Write-offs	(185)
Effect from change in exchange rates	(833)
Balance as at 31 March 2016	751,399

17. Property and equipment

<i>in BGN '000</i>	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
Cost						
At 1 January 2016	17,651	140,384	6,330	25,498	64,665	254,528
Additions	-	-	-	699	-	699
Disposals	-	-1,695	-231	-	-	-1,926
Transfers	-	2,243	-	-2,403	22	-138
At 31 March 2016	17,651	140,932	6,099	23,794	64,687	253,163
Amortisation						
At 1 January 2016	2,881	112,678	5,436	-	31,961	152,956
Accrued during the year	158	2,196	87	-	943	3,384
On disposals	-	-1,693	-231	-	-	-1,924
At 31 March 2015	3,039	113,181	5,292	-	32,904	154,416
Carrying amount						
At 31 March 2016	14,612	27,751	807	23,794	31,783	98,747
At 1 January 2016	14,770	27,706	894	25,498	32,704	101,572

18. Intangible assets

<i>in BGN '000</i>	Software and licences	Total
Cost		
At 1 January 2016	28,548	28,548
Transfers	138	138
At 31 March 2016	28,686	28,686
Amortisation		
At 1 January 2016	17,888	17,888
Accrued during the year	783	783
At 31 March 2016	18,671	18,671
Carrying amount		
At 31 March 2016	10,015	10,015
At 1 January 2016	10,660	10,660

18a. Repossessed Assets can be broken down into:

<i>in BGN '000</i>	31.03.2016	31.12.2015
Land	369,763	365,303
Buildings	382,105	367,290
Machines, equipment and motor vehicles	193,203	192,933
Fixtures and fittings	810	810
Total	945,881	926,336

Repossessed 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 31.03.2016 amounted to BGN 206,113 thousand (31.12.2015 - BGN 206,244 thousand) and includes land and property held to earn rentals or for capital appreciation.

18c. Investments in subsidiaries are as follows:

<i>in BGN '000</i>	% held	31.03.2016	31.12.2015
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%	-	-
Total		36,357	36,357

19. Other assets

<i>in BGN '000</i>	31.03.2016	31.12.2015
Deferred expense	14,728	10,870
Gold	8,413	8,383
Tax receivables	56,701	55,717
Other	31,950	15,477
Total	111,792	90,447

20. Due to banks

<i>in BGN '000</i>	31.03.2016	31.12.2015
Term accounts	-	7,823
Payable on demand	5,008	2,521
Total	5,008	10,344

21. Due to other customers

<i>in BGN '000</i>	31.03.2016	31.12.2015
Retail customers		
- current accounts	664,804	623,832
- term and savings deposits	5,274,124	5,329,861
Businesses and public institutions		
- current accounts	706,315	674,928
- term	377,723	374,259
Total	7,022,966	7,002,880

21a. Ministry of Finance deposit

<i>In thousands of BGN</i>	31.12.2016	31.12.2015
	252,686	450,922

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 quarter of 2015 - BGN 200,000 thousand principal of the liquidity support.

22. Liabilities evidenced by paper

<i>in BGN '000</i>	31.03.2016	31.12.2015
Acceptances under letters of credit	26,272	26,255
Liabilities under repurchase agreements	36,681	26,932
Financing from financial institutions	68,165	80,615
Total	131,118	133,802

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

<i>in BGN '000</i>			
Lender	Interest rate	Maturity	Amortised cost as at 31 March 2016
State Fund Agriculture	2%	06.04.2016 - 15.02.2020	2,824
European Investment Fund – JEREMIE 2	0 % - 1.224%	31.12.2024	58,174
Bulgarian Bank for Development AD	3.50%	30.03.2019	7,167
Total			68,165

<i>in BGN '000</i>			
Lender	Interest rate	Maturity	Amortised cost as at 31 December 2015
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
Total			80,615

23. Perpetual debt

<i>in BGN '000</i>	Principal amount	Interest rate	Amortised cost as at 31 March 2016
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	-	-	-
Total	-		-

<i>in BGN '000</i>	Principal amount	Interest rate	Amortised cost as at 31 December 2015
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	11.82%	45,528
Total	41,073		45,528

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

<i>in BGN '000</i>	Principal amount	Amortised cost as at 31 March 2016
Hybrid debt with principal EUR 40 mio	78,233	78,227
Hybrid debt with principal EUR 60 mio	117,350	127,049
Total	195,583	205,276

<i>in BGN '000</i>	Principal amount	Amortised cost as at 31 December 2015
Hybrid debt with principal EUR 40 mio	78,233	78,207
Hybrid debt with principal EUR 60 mio	117,350	123,837
Total	195,583	202,044

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 BGN '000</i>	31.03.2016	31.12.2015
Liabilities to personnel	2,597	2,597
Other payables	24,338	82,265
Total	26,935	84,862

26. Shareholders

As at 31 March 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 31 March 2016 together with the number and percentage of total issued shares.

	Number of shares	% of issued share capital
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
Total	110,000,000	100

27. Commitments and contingent liabilities

Contingent liabilities

<i>in BGN '000</i>	31.03.2016	31.12.2015
Guarantees		
- in BGN	206,066	217,138
- in foreign currency	83,883	84,803
Total guarantees	289,949	301,941
Unused credit lines	455,014	462,877
Letters of credit	14,758	17,041
Other contingent liabilities	74,665	75,188
Total	834,386	857,047

28. Related party transactions

Type of related party	Parties that control or manage the Bank		Enterprises under common control	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<i>in BGN '000</i>				
Loans	1,298	1,500	30,983	28,156
Deposits and loans received:	7,997	7,836	19,366	65,432
Deposits placed	-	-	9,847	9,822
Off-balance sheet commitments issued by the Bank	2,504	2,484	4,197	5,483

During the first three 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:

V. CHRISTOV

D. KOSTOV

Chief Financial Officer

J. TODOROV

ver2.3

FINV9150	First Investment Bank AD
31.3.2016	Reporting date
stand-alone	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	Cash and cash balances with central banks and other deposits payable on demand	Para. 54 (i) of IAS 1		1 289 197
020	Cash	part 2, item 1 of Appendix V		128 890
030	Cash balances with central banks	part 2, item 2 of Appendix V		641 941
040	Other deposits payable on demand	part 2, item 3 of Appendix V	5	518 366
050	Financial assets held for trading	Para. 8 (a)(ii) of IFRC 7; Para. 9, AG 14 of IAS 39		11 118
060	Derivatives	Para. 9 of IAS 39	10	0
070	Equity	Para. 11 of IAS 32	4	3 301
080	Debt securities	part 1, items 24, 26 of Appendix V	4	7 817
090	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
100	Financial assets at fair value through profit or loss	Para. 8 (a)(i) of IFRC 7; Para. 9 of IAS 39	4	0
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	Financial assets available-for-sale	Para. 8 (d) of IFRC 7; Para. 9 of IAS 39	4	458 231
150	Equity	Para. 11 of IAS 32	4	5 788
160	Debt securities	part 1, items 24, 26 of Appendix V	4	452 443
170	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
180	Loans and receivables	Para. 8 (c) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39; part 1, item 16 of Appendix V	4	5 228 725
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	5 228 725
210	Investments held to maturity	Para. 8 (b) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39	4	20 164
220	Debt securities	part 1, items 24, 26 of Appendix V	4	20 164
230	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
240	Derivatives - hedge accounting	Para. 22 (d) of IFRC 7; Para. 9 of IAS 39	11	2 719
250	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	Para. 89A (a) of IAS 1		0
260	Investments in a subsidiary, jointly-controlled entity or associate	Para. 54 (e) of IAS 1; part 2, item 4 of Appendix V	4, 40	36 357
270	Tangible assets			1 250 742
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	21,42	1 044 629
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	206 113
300	Intangible assets	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		10 015
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	10 015
330	Tax assets	Para. 54 (n)-(o) of IAS 1		1 847
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		1 847
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575		0
360	Other assets	part 2, item 5 of Appendix V		111 793
370	Non-current assets and disposal groups classified as held for sale	Para. 54, (j) of IAS 1; Para. 38 of IFRC 5; part 2, item 6 of Appendix V		0
380	TOTAL ASSETS	Para. 9, (a), IN 6 of IAS 1		8 420 908

FINV9150	First Investment Bank AD
31.3.2016	Reporting date
stand-alone	Basis for application
IFRS	Accounting standard

in BGN '000

1. Balance sheet [statement of financial position]

c010

1.2 Liabilities

		<i>References</i>	<i>Breakdown in table</i>	<i>Carrying amount</i>
				010
010	Financial assets held for trading	<i>Para. 8, (e)(ii) of IFRC 7; Para. 9, AG 14-15 of IAS 39</i>	8	0
020	Derivatives	<i>Para. 9, AG 15(a) of IAS 39</i>	10	0
030	Short positions	<i>AG15 (b) of IAS 39</i>	8	0
040	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	0
050	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	0
060	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	0
070	Financial liabilities at fair value through profit or loss	<i>Para. 8, (e)(i) of IFRC 7; Para. 9 of IAS 39</i>	8	0
080	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	0
090	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	0
100	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	0
110	Financial liabilities at amortised cost	<i>Para. 8, (f) of IFRC 7; Para. 47 of IAS 39</i>	8	7 617 054
120	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	7 317 341
130	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	205 276
140	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	94 437
150	Derivatives - hedge accounting	<i>Para. 22 (b) of IAS 7; Para. 9 of IFRC 39; part 1, item 23 of Appendix V</i>	8	230
160	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	<i>Para. 89A (b) of IAS 39</i>		0
170	Provisions	<i>Para. 10 of IAS 37; Para. 54 (l) of IAS 1</i>	43	6 686
180	Pensions and other subsequent obligations to pay defined post-employment benefits	<i>Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 7 of Appendix V</i>	43	0
190	Other long-term employee benefits	<i>Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 8 of Appendix V</i>	43	0
200	Restructuring	<i>Para. 71 of IAS 37; Para. 84 (a) of IAS 1</i>	43	0
210	Pending legal matters and tax-related court cases	<i>IAS 37, addendum B, examples 6 and 10</i>	43	6 686
220	Loans and guarantees	<i>Appendix C.9 to IAS 37</i>	43	0
230	Other provisions		43	0
240	Tax liabilities	<i>Para. 54 (n)-(o) of IAS 1</i>		8 240
250	Current tax liabilities	<i>Para. 54(n) of IAS 1; Para. 5 of IAS 12</i>		569
260	Deferred tax liability	<i>Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575</i>		7 671
270	Share capital payable upon request	<i>Illustrative example (IE) 33 of IAS 32; IFRC 2; part 2, item 9 of Appendix V</i>		0
280	Other liabilities	<i>part 2, item 10 of Appendix V</i>		20 249
290	Liabilities in disposal groups classified as held for sale	<i>Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, item 11 of Appendix V</i>		0
300	TOTAL LIABILITIES	<i>Para. 9, (b), IN 6 of IAS 1</i>		7 652 459

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FINV9150	First Investment Bank AD
31.3.2016	Reporting date
stand-alone	Basis for application
IFRS	Accounting standard

in BGN '000

1. Balance sheet [statement of financial position]

c010

1.3 Total own funds

		References	Breakdown in table	Carrying amount
				010
010	Equity	<i>Para. 54(r) of IAS 1; Para. 22 of DOB</i>	46	110 000
020	Paid up share capital	<i>Para. 78 (e) of IAS 1</i>		110 000
030	Not fully paid-up capital	<i>Para. 78 (e) of IAS 1; part 2, item 14 of Appendix V</i>		0
040	Premium reserves	<i>Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575</i>	46	97 000
050	Issued capital instruments other than share capital	<i>part 2, items 15-16 of Appendix V</i>	46	
060	Component of the share capital in compound financial instruments	<i>Paras. 28 -29 of IAS 32; part 2, item 15 of Appendix V</i>		
070	Other issued equity instruments	<i>part 2, item 16 of Appendix V</i>		
080	Other own funds	<i>Para. 10 of IFRS 2; part 2, item 17 of Appendix V</i>		
090	Accumulated other comprehensive income	<i>Art. 4, para. 1, item 100 of Reg 575</i>	46	16 186
095	Items which cannot be reclassified as profit or loss	<i>Para. 89A (a) of IAS 1</i>		4 500
100	<i>Tangible assets</i>	<i>Paras. 39 -41 of IAS 16</i>		4 500
110	<i>Intangible assets</i>	<i>Paras. 85 -87 of IAS 38</i>		
120	<i>Actuarial gains or (-) losses on defined benefit plans</i>	<i>Para. 7 of IAS 1</i>		
122	<i>Non-current assets and disposal groups classified as held for sale</i>	<i>Para. 38, IN example 12 of IFRS 5</i>		
124	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	<i>Para. 82(i) of IAS 1; Para. 11 of IAS 28</i>		
128	Items which can be reclassified as profit or loss	<i>Para. 89A (a) of IAS 1</i>		11 686
130	<i>Hedges of net investments in foreign operations [effective portion]</i>	<i>Para. 102(a) of IAS 39</i>		
140	<i>Currency exchange</i>	<i>Para. 52 (b) of IFRS 21; Paras. 32, 38-49 of IAS 21</i>		
150	<i>Derivatives from hedging Cash flow hedges [effective portion]</i>	<i>Para. 23, (c) of IFRS 7; Paras. 95-101 of IAS 39</i>		
160	<i>Financial assets available-for-sale</i>	<i>Para. 20, (a)(ii) of IFRS 7; Para. 55(b) of IAS 39</i>		11 686
170	<i>Non-current assets and disposal groups classified as held for sale</i>	<i>Para. 38, IN example 12 of IFRS 5</i>		
180	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	<i>Para. 82(i) of IAS 1; Para. 11 of IAS 28</i>		
190	Retained earnings	<i>Art. 4, para. 1, item 123 of Reg 575</i>		482 748
200	Revaluation reserve	<i>Para. 30, D5-D8 of IFRS 1; part 2, item 18 of Appendix V</i>		
210	Other reserves	<i>Para. 54 of IAS 1; Para. 78 (e) of IAS 1</i>		39 861
220	Profit or loss from the write-off of investments in subsidiaries, associates and joint ventures	<i>Para. 28 of IAS 11; part 2, item 19 of Appendix V</i>		
230	Other	<i>part 2, item 19 of Appendix V</i>		39 861
240	(-) Repurchased own shares	<i>Para. 79 (a)(vi) of IFRS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, item 20 of Appendix V</i>	46	
250	Profit or loss attributable to the owners of the parent company	<i>Para. 28 of IAS 27; Para. 81B(b)(ii) of IAS 1</i>	2	22 654
260	(-) Interim dividends	<i>Para. 35 of IAS 32</i>		
270	Minority interests [Non-controlling interests]	<i>Para. 4 of IAS 27; Para. 54 (r) of IAS 1, Para. 27 of IAS 27</i>		
280	Accumulated other comprehensive income	<i>Paras. 27-28 of IAS 27; Art. 4, Para. 1, item 100 of Reg 575</i>	46	
290	Other items	<i>Paras. 27 -28 of IAS 27</i>	46	
300	TOTAL SHAREHOLDERS' EQUITY	<i>Para. 9 (c), IN 6 of IAS 1</i>	46	768 449
310	TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	<i>IAS 1, IN 6</i>		8 420 908

Vassil Christov
Chief Executive Officer

Dimitar Kostov
Executive Director

Jivko Todorov
Chief Financial Officer

ver2.3

FINV9150 First Investment Bank AD

31.3.2016 Reporting date

stand-alone Basis for application

IFRS Accounting standard

in BGN '000

2. Profit and Loss Account

c010

		References	Breakdown in table	Current period
				010
010	Interest income	Para. 97 of IAS 1; Para. 35, (b) of IAS 18; part 2, item 21 of Appendix V	16	112 667
020	Financial assets held for trading	Para. 20, (a)(i) of IFRC 7; part 2, item 24 of Appendix V		73
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		2 851
050	Loans and receivables	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (a) of IAS 39		109 699
060	Investments held to maturity	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (b) of IAS 39		44
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	(Interest expense)	Para. 97 of IAS 1; part 2, item 21 of Appendix V	16	35 029
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		35 015
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		14
150	(Expense for share capital payable upon request)	Para. 11 of IFRIC 2		0
160	Dividend income	Para. 35, (b), (v) of IAS 18; part 2, item 28 of Appendix V		0
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	Fee and commission income	Para. 20 (c) of IFRS 7	22	23 999
210	(Fee and commission expense)	Para. 20 (c) of IFRS 7	22	3 679
220	Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss	Para. 20, (a), (ii) to (v) of IAS 7; part 2, item 97 of Appendix V	16	3 104
230	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39		1 179
240	Loans and receivables	Para. 20, (a), (iv) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39		1 925
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	Net profits or (-) losses from financial assets and liabilities held for trading	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16	236
290	Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16,45	0
300	Net profits or (-) losses from hedge accounting	Para. 24 of IFRS 7; part 2, item 30 of Appendix V	16	0
310	Net exchange rate differences [profit (-) loss]	Para. 28 of IAS 21; Para. 52 (a)		2 069
330	Net profits or (-) losses from write-off of non-financial assets	Para. 34 of IAS 1	45	0
340	Other operating income	part 2, items 141-143 of Appendix V	45	1 969
350	(Other operating expense)	part 2, items 141-143 of Appendix V	45	9 793
355	NET TOTAL OPERATING INCOME			95 543
360	(Administrative expenses)			38 736
370	(Personnel costs)	Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1	44	14 485
380	(Other administrative expenses)			24 251
390	(Amortisation)	Paras. 102, 104 of IAS 1		4 167
400	(Property, Plant and Equipment)	Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16		3 384

2. Profit and Loss Account

c010

		<i>References</i>	Breakdown in table	Current period
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>		783
430	(Provisions or (-) reversed provisions)	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	43	0
440	(Loans and guarantees)			0
450	(Other provisions)			0
460	(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)	<i>Para. 20, (e) of IFRC 7</i>	16	27 416
470	(Financial assets assessed by the expense method)	<i>Para. 20, (e) of IFRC 7; Para. 66 of IAS 39</i>		0
480	(Financial assets available-for-sale)	<i>Para. 20, (e) of IFRC 7; Para. 67 of IAS 39</i>		0
490	Loans and receivables	<i>Para. 20, (e) of IFRC 7; Para. 63 of IAS 39</i>		27 416
500	(Investments held to maturity)	<i>Para. 20, (e) of IFRC 7; Para. 63 of IAS 39</i>		0
510	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	<i>Paras. 40 -43 of IAS 28</i>	16	0
520	(Impairment or (-) reversed impairment of non-financial assets)	<i>Para. 126(a)-(b) of IAS 36</i>	16	0
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 IFRC 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	Negative goodwill in profit or loss	<i>B64, (n)(i) to IFRC 3</i>		0
590	Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate	<i>Para. 82, (c) of IAS 1</i>		0
600	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	<i>Para. 37 of IFRS 5; part 2, item 27 of Appendix V</i>		0
610	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5</i>		25 224
620	(Tax expense or (-) income relating to the profit or loss from current operations)	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		2 570
630	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	<i>IN 6 of IAS 1</i>		22 654
640	Profit or (-) loss after tax from discontinued operations	<i>Para. 82, (e) of IAS 1; Para. 33, (a), Para. 33 A of IFRC 5</i>		0
650	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRC 5</i>		0
660	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) of IFRC 5</i>		0
670	PROFIT OR (-) LOSS FOR THE YEAR	<i>Para. 82 (f) of IAS 1</i>		22 654
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>		22 654

Vassil Christov
Chief Executive Officer

Dimitar Kostov
Executive Director

Jivko Todorov
Chief Financial Officer

This document was prepared in compliance with Art. 33, Para. 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 31 March 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.

CHIEF EXECUTIVE OFFICER:

EXECUTIVE DIRECTOR:

(signed)

(signed)

VASSIL CHRISTOV

DIMITAR KOSTOV

INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 March 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 quarter 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 quarter 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.

Review of the activities of Fibank as at 31 March 2016 on unconsolidated basis

- *Assets as at 31 March 2016*

The balance sheet assets of the Bank as at 31.03.2016 reached BGN 8,421 million, a decrease by 3% compared to 31.12.2015. Receivables from clients amounted to BGN 5,086 million – a decrease by BGN 45 million compared to 31.12.2015.

- *Unconsolidated profit at 31 March 2016*

The net profit of the Bank at 31 March 2016 amounted to BGN 22,647 thousand, i.e. BGN 21,175 thousand more than the first quarter of 2015, an increase by 1439%. The total revenue from banking operations for the first quarter of 2016 amounted to BGN 103,359 thousand, which is an increase by BGN 18,207 thousand compared to the same period of 2015. The net interest income amounted to BGN 77,630 thousand, and the net income from fees and commissions – to BGN 20,320 thousand.

- *Capital resources*

The capital adequacy ratio of Fibank as at 31 March 2016 reached 14.53 %. The Tier 1 capital adequacy was 14.49%.

- *Liquidity*

The liquidity ratio of Fibank, calculated in accordance with the requirements of Ordinance No 11 of the BNB, reached 22.75 % at 31 March 2016, showing a stable liquidity position.

- *A total of 160 branches and offices throughout the country*

As at 31 March 2016, First Investment Bank AD had a total of 160 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.

Appendix 1

**INFORMATION AS AT 31 March 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 quarter 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:

	As at 31 Dec 2015		As at 31 March 2016	
	Number of shares	% of capital	Number of shares	% of capital
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:

Members of the Managing Board	As at 31 Dec 2015		As at 31 March 2016	
	Number of shares	% of capital	Number of shares	% of capital
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	

* Appointment as member of the Managing Board was listed in the Commercial Register on 24.12.2015

** Appointment as member of the Managing Board was listed in the Commercial Register on 12.01.2016

Members of the Supervisory Board	As at 31 Dec 2015		As at 31 March 2016	
	Number of shares	% of capital	Number of shares	% of capital
Evgeni Lukanov	168 739	0,1	No change	
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 31 March 2016 no events have occurred beyond the ordinary activity of the Bank.

Appendix 2

**INFORMATION AS AT 31 March 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 31.03.2016, 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)

Dimitar Kostov
Executive Director
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, Dimitar Kostov Kostov, 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 31 March 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 31 March 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)

Dimitar Kostov
Executive Director
Member of the MB

(signed)

Jivko Todorov
Chief Financial Officer

28 April 2016