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

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

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2017

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 consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2017, containing:

1. Financial statements as at 31.03.2017 as per Art. 100o, para. 4(1) with relation to Art. 100o[1], Para. 7 of POSA;
2. Notes to the financial statements as at 31.03.2017;
3. Interim activity report under Art. 100o, para. 4(2) with relation to Art. 100o[1], Para. 7 of POSA;
4. Declaration under Art. 100o, para. 4(3) with relation to Art. 100o[1], Para. 7 of POSA;

Sincerely,

(signed)	*(signed)*
Nedelcho Nedelchev Chief Executive Officer Chairman of the MB	Vasil Hristov Executive Director Member of the MB

FIRST INVESTMENT BANK AD

Consolidated statement of cash flows for the three months ended 31 March 2017

unaudited

in BGN '000

	three months ended on 31 March 2017	three months ended on 31 March 2016
Net cash flow from operating activities		
Net profit	20 436	24 382
Adjustment for non-cash items		
Allowance for impairment	16 565	27 545
Net interest income	(64 176)	(80 614)
Depreciation and amortization	4 044	4 302
Tax expense	2 400	2 895
Loss from sale and write-off of tangible and intangible fixed assets, net	151	13
(Profit) from sale of other assets, net	(932)	(14)
	(21 512)	**(21 491)**
Change in operating assets		
(Increase)/decrease in financial instruments held for trading	317	(1 193)
(Increase)/decrease in available for sale investments	(139 603)	36 966
(Increase) in loans and advances to banks and financial institutions	(2 858)	(3 319)
(Increase)/decrease in loans to customers	(14 729)	239
Net (increase) in other liabilities	(5 922)	(20 475)
	(162 795)	**12 218**
Change in operating liabilities		
Increase in due to banks	11 275	1 787
(Decrease) in amounts owed to other depositors	(95 630)	(164 915)
Net (decrease) in other liabilities	(881)	(56 914)
	(85 236)	**-220 042**
Interest received	106 479	114 842
Dividends received	22	-
Interest paid	(27 908)	(47 586)
Paid profit tax, net	(632)	(104)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(191 582)**	**(162 163)**
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(1 221)	(762)
Sale of tangible and intangible fixed assets	261	14
Sale of other assets	8 893	1 165
Decrease in investments	135 919	42 811
NET CASH FLOW FROM INVESTING ACTIVITIES	**143 852**	**43 228**
Financing activities		
Increase/(decrease) in borrowings	72 488	(4 542)
Repayment of perpetual debt	-	(41 055)
NET CASH FLOW FROM FINANCING ACTIVITIES	**72 488**	**(45 597)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**24 758**	**(164 532)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**1 681 732**	**1 612 257**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1 706 490**	**1 447 725**

NEDELCHO NEDELCHEV
Chief Executive Officer

MAYA OYFALOSH
Executive Director

VASSIL CHRISTOV
Executive Director

SVETOZAR POPOV
Executive Director

SVETOSLAV MOLDOVANSKI
Executive Director

Jivko Todorov
Chief Financial Officer

FIRST INVESTMENT BANK AD

Consolidated statement of comprehensive income for the three months ended 31 March 2017

unaudited

	three months ended on 31 March 2017	three months ended on 31 March 2016	
Interest income	92 130	116 563	-24 433
Interest expense	(27 954)	(35 949)	7 995
Net interest income	**64 176**	**80 614**	**-16 438**
Fee and commission income	25 700	24 848	852
Fee and commission expense	(4 349)	(3 822)	(527)
Net fee and commission income	**21 351**	**21 026**	**325**
Net trading income	3 923	2 586	1 337
Other net operating income	4 554	3 616	938
TOTAL INCOME FROM BANKING OPERATIONS	**94 004**	**107 842**	**-13 838**
Administrative expenses	(48 513)	(45 088)	(3 425)
Allowance for impairment	(16 565)	(27 545)	10 980
Other expenses, net	(6 090)	(7 932)	1 842
PROFIT BEFORE TAX	**22 836**	**27 277**	**-4 441**
Income tax expense	**(2 400)**	**(2 895)**	**495**
GROUP PROFIT AFTER TAX	**20 436**	**24 382**	**-3 946**
Other comprehensive income for the period			
Items which should or may be reclassified as profit or loss			
Exchange rate differences from translation of foreign operations	(200)	(265)	65
Revaluation reserve on available for sale investments	1 576	2 564	(988)
Total other comprehensive income	**1 376**	**2 299**	**(923)**
TOTAL COMPREHENSIVE INCOME	**21 812**	**26 681**	**-4 869**
Net profit attributable to:			
Ordinary equity holders	20 408	24 352	-3 944
Non-controlling interest	28	30	(2)
Total comprehensive income attributable to:			
Ordinary equity holders	21 784	26 651	-4 867
Non-controlling interest	28	30	(2)
Basic and diluted earnings per share (BGN)	**0.19**	**0.22**	**-0.04**

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Executive Director

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FIRST INVESTMENT BANK AD

Consolidated statement of the financial position as at 31 March 2017

unaudited

	31 March 2017	31 December 2016
ASSETS		
Cash and balances with Central Banks	1 673 291	1 639 888
Financial assets held for trading	9 228	9 562
Investments available for sale	758 564	619 836
Financial assets held to maturity	126 545	262 437
Loans and advances to banks and other financial institutions	46 100	51 863
Loans and advances to customers	5 025 945	5 044 850
Property and equipment	94 712	97 239
Intangible assets	9 478	10 186
Derivatives held for risk management	1 633	1 818
Deferred tax assets	6	6
Current tax assets	320	320
Repossessed assets	1 032 022	1 034 501
Investment Property	222 111	222 267
Other assets	100 989	95 082
TOTAL ASSETS	**9 100 944**	**9 089 855**
LIABILITIES AND CAPITAL		
Due to banks	14 623	3 348
Due to other customers	7 810 559	7 911 911
Liabilities evidenced by paper	142 978	70 367
Hybrid debt	214 385	208 740
Derivatives held for risk management	122	-
Deferred tax liabilities	15 173	15 168
Current tax liabilities	2 525	595
Other liabilities	21 931	22 890
TOTAL LIABILITIES	**8 222 296**	**8 233 019**
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 865	39 865
Revaluation reserve on available for sale investments	22 119	20 543
Revaluation reserve on property	4 500	4 500
Reserve from translation of foreign operations	-2 243	-2 043
Retained earnings	604 921	584 513
TOTAL SHAREHOLDERS' EQUITY	**876 162**	**854 378**
Non-controlling interest	2 486	2 458
TOTAL GROUP EQUITY	**878 648**	**856 836**
TOTAL LIABILITIES AND GROUP EQUITY	**9 100 944**	**9 089 855**

NEDELCHO NEDELCHEV
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Executive Director

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Executive Director

SVETOSLAV MOLDOVANSKI
Executive Director

JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Consolidated statement of changes in equity for the three months ended 31 March 2017

unaudited

in BGN '000

	Issued share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Revaluation reserve on property	Reserve from translation of foreign operations	Statutory reserve	Non-controlling interest	Total
Balance at 01 January 2016	**110 000**	**97 000**	**485 805**	**12 737**	**4 500**	**- 2 416**	**39 865**	**2 355**	**749 846**
Total comprehensive income for the period									
Net profit for the three months ended on 31 March 2016	-	-	24 352	-	-	-	-	30	24 382
Other comprehensive income for the period									
Revaluation reserve on available for sale investments	-	-	-	2 564	-	-	-	-	2 564
Reserve from translation of foreign operations	-	-	-	-	-	(265)	-	-	(265)
Balance as at 31 March 2016	**110 000**	**97 000**	**510 157**	**15 301**	**4 500**	**- 2 681**	**39 865**	**2 385**	**776 527**
Balance as at 01 January 2017	**110 000**	**97 000**	**584 513**	**20 543**	**4 500**	**- 2 043**	**39 865**	**2 458**	**856 836**
Total comprehensive income for the period									
Net profit for the three months ended on 31 March 2017	-	-	20 408	-	-	-	-	28	20 436
Other comprehensive income for the period									
Revaluation reserve on available for sale investments	-	-	-	1 576	-	-	-	-	1 576
Reserve from translation of foreign operations	-	-	-	-	-	(200)	-	-	(200)
Balance as at 31 March 2017	**110 000**	**97 000**	**604 921**	**22 119**	**4 500**	**- 2 243**	**39 865**	**2 486**	**878 648**

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**ADDENDUM TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST INVESTMENT BANK AD
AS AT 31/03/2017**

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.

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.

The consolidated financial statements of the Bank as at and for the quarter ended 31 March 2017 comprise the Bank and its subsidiaries, together referred to as the “Group”.

The Group has foreign operations in Cyprus (Cyprus Branch) and Albania (subsidiary).

(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.

(d) New standards, amendments and interpretations effective as of 01 January 2017

At the reporting date no amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective as of 1 January 2017.

2. Significant accounting policies

The accounting policy applied by the Group 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 2016 г.

(a) Income recognition

(i) Interest income and expense

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 Group 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 Group 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 Group.

(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

(i) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Negative goodwill arising on acquisition is re-assessed and any excess remaining after the reassessment is recognised in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards) and relate to past services, then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interest

Non-controlling interest is measured at its proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss, they are recognised directly in equity.

(iii) Subsidiaries

Subsidiaries are those enterprises controlled by the Bank. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group income, expenses, balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Bulgarian leva, which is the Group'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 assets and liabilities of foreign operations are translated to Bulgarian leva at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bulgarian leva at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. The functional currency of the foreign operations in Albania is determined by the management to be the Albanian Lek.

(d) Financial assets

The Group 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.

2 Significant accounting policies, continued

(d) Financial assets, continued

(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 Group 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 Group's management has the positive intention and ability to hold to maturity. Were the Group 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 Group'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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When applicable, the Group 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 Group 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 Group 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 Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group, when holding portfolios of financial assets and financial liabilities, is exposed to market risk and credit risk. If the Group 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 Group 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 Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group 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 Group is recognised as a separate asset or liability.

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

The Group 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 Group 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 Group 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 central banks and short-term highly liquid accounts and advances to banks with original maturity of up to three months.

(f) Investments

Investments that the Group holds for the purpose of short-term profit taking are classified as financial assets for trading. Debt investments that the Group 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 Group 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 recognized in profit or loss over the period of the borrowings using the effective yield method.

If the Group 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 Group 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 borrows 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) Financial assets remeasured at fair value through differences in equity

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	10, 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, which are acquired by the Group, 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, 20
• 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 Group 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 Group agrees to pay, at a stipulated future date, a draft drawn on it for a specified amount. The Group’s acceptances primarily arise from documentary credits stipulating payment for the goods to be made a certain number of days after receipt of required documents. The Group 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 Group enters into off-statement of financial position commitments such as guarantees and letters of credit. The Group recognizes provision for impairment on 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 Group 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 2017 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 4 - 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 19 - 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 Group 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 Group 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 Group 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 individually significant 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) Assessment 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 Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. Many parts of Albanian and Cyprus tax legislation remain untested and there is uncertainty about the interpretation that the fiscal authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the tax authorities are available. 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) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for the Bank's ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) 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 Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Bank has an obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art. 222, § 3 of the Labor 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 Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are 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 Group 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 Group 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.

(u) Insurance Contracts

Classification of insurance contracts

Contracts in which the Group undertakes significant insurance risk of a third party (insured party) through compensation to the insured party or another beneficiary in case of a specific uncertain future event (insured event) which has a negative impact on the insured party or the beneficiary, are classified as insurance contracts.

Insurance risk is every risk, which is not financial risk. Financial risk is any risk related to probable future change in one or several of the following: interest, price of the security, market prices, currency prices, credit rating, credit index or other variable- if there are the non-financial variables, the variable is not specific for the counterparties. Insurance contracts may also transfer part of the financial risk.

Written premiums

Written premiums are recognized as income on the basis of the due premium from the insured individuals for the underwriting year, which begins during the financial year, or the due single premium instalment for the total period of insurance coverage of the insurance contracts signed within the financial year. Gross written premiums are not recognized when future cash flows related to them are not guaranteed. Written premiums are presented gross of the due agents' commissions.

Reversed premiums

Reversed insurance premiums are insurance premiums for which there has been an violation of the General terms of the insurance contract or a change in the terms of the contract. Reversed premiums within the current year, related to policies written within the current year, decrease the Gross Written Premiums of the Group. Reversed premiums within the current year, related to policies written within the previous year, increase the Gross Written Premiums of the Group.

Unearned-premium reserve

The unearned premium reserve is formed to cover the claims and administrative expenses, which are expected to arise on the respective type of insurance contract after the end of the reporting period. The basis for calculation of the unearned premium reserve corresponds to the base for recognition of the Group's written premiums. The amount of the reserve is calculated under the precise day method, under which the premium is multiplied with a coefficient for deferral. The coefficient for deferral is calculated as a ratio between the number of the days within the following reporting period during which the contract is valid to the total number of days during which the contract is valid.

Unexpired risk reserve

Unexpired risk reserve is formed to cover risks for the period between the end of reporting period and the date on which the insurance contract expires in order to cover the payments and expenses related to these risks which are expected to exceed the UPR formed.

Claims incurred

Claims incurred include claims paid and claims-handling expenses due within the financial year including the change in outstanding claims reserve.

Outstanding claims reserve

Outstanding claims reserve is calculated on the basis all claims from events incurred within the current and previous reporting periods, which have not been paid as of year-end. OCR also includes the total amount of incurred but not reported claims (IBNR), calculated as a percentage from the earned premiums for the financial year and the incurred claims.

Acquisition costs

Acquisition costs include accrued commission expense from agents and brokers.

(v) New standards and interpretations not yet effective

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

- IFRS 9 Financial Instruments (issued on 24 July 2014), effective 1 January 2018, endorsed by the EU on 22 November 2016, published in the Official Journal on 29 November 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, endorsed by the EU on 22 September 2016, published in the Official Journal on 29 October 2016.

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 Bank in preparing these financial statements.

- IFRS 16 Leases (Issued on 13 January 2016); effective 1 January 2019
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 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), IASB Effective Date has been deferred indefinitely.
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (issued on 19 January 2016), effective 1 January 2017.
- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016), effective 1 January 2017.
- Clarifications to IFRS 15: Revenue from Contracts with Customers (issued on 12 April 2016), effective 1 January 2018.
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016), effective 1 January 2018.
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016), effective 1 January 2018.
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016), effective 1 January 2018.
- Annual improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016), effective 1 January 2018/1 January 2017.
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

(issued on 8 December 2016), effective 1 January 2018.

3 Segment Reporting

Segment information is presented in respect of the Group'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 Group operates principally in Bulgaria, but also has operations in Cyprus and Albania.

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

in BGN '000	**Bulgarian operations**		**Foreign operations**		**Total**	
	three months ended on 31/03/2017	**three months ended on 31/03/2016**	**three months ended on 31/03/2017**	**three months ended on 31/03/2016**	**three months ended on 31/03/2017**	**three months ended on 31/03/2016**
Interest income	88.531	111.753	3.599	4.810	92.130	116.563
Interest expense	(27,188)	(35,034)	(766)	(915)	(27,954)	(35,949)
Net interest income	**61,343**	**76,719**	**2,833**	**3,895**	**64,176**	**80,614**
Fee and commission income	24,689	23,979	1,011	869	25,700	24,848
Fee and commission expense	(4,209)	(3,705)	(140)	(117)	(4,349)	(3,822)
Net fee and commission income	**20,480**	**20,274**	**871**	**752**	**21,351**	**21,026**
Net trading income	**3,478**	**2,270**	**445**	**316**	**3,923**	**2,586**
Administrative expenses	**(46,629)**	**(43,156)**	**(1,884)**	**(1,932)**	**(48,513)**	**(45,088)**
	31.03.2017	**31.12.2016**	**31.03.2017**	**31.12.2016**	**31.03.2017**	**31.12.2016**
Assets	**8,811,359**	**8,807,868**	**289,585**	**281,987**	**9,100,944**	**9,089,855**
Liabilities	**7,885,696**	**7,888,777**	**336.600**	**344.242**	**8,222,296**	**8,233,019**

The table below shows assets and liabilities and income and expense by business segments as at 31/03/2017:

in thousands of BGN **Business**	**Assets**	**Liabilities**	**Interest income**	**Interest expense**	**Net fee and commission income**	**Net trading income**	**Other net operating income**
Commercial banking	3,590,733	1,299,678	54,231	(1,212)	5,997	-	1,456
Retail Banking	1,435,212	6,510,881	33,726	(20,172)	9,384	-	-
Card services	-	-	-	-	4,642	-	-
Treasury	2,615,361	93,663	4,173	(806)	134	3,923	1,037
Other	1,459,638	318,074	-	(5,764)	1,194	-	2,061
Total	**9,100,944**	**8,222,296**	**92,130**	**(27,954)**	**21,351**	**3,923**	**4,554**

4. Financial assets and liabilities

Accounting classification and fair values

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

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

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

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

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

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

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

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

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

in thousands of BGN **31 March 2017**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	9,228	-	-	9,228
Investments available for sale	647,150	110,904	-	758,054
Derivatives held for risk management	1,633	(122)	-	1,511
Total	**658,011**	**110,782**	**-**	**768,793**

in BGN '000 **31 December 2016**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	9,562	-	-	9,562
Investments available for sale	488,317	131,009	-	619,326
Derivatives held for risk management	1,795	23	-	1,818
Total	**499,674**	**131,032**	**-**	**630,706**

Capital investments amounting to BGN 510 thousand at 31 March 2017 and at 31 December 2017 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

31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,673,291	-	1,673,291	1,673,291
Financial assets held to maturity	73,164	55,895	-	129,059	126,545
Loans and advances to banks and other financial institutions	-	46,100	-	46,100	46,100
Loans and advances to customers	-	674,291	4,362,582	5,036,873	5,025,945
Total	**73,164**	**2,449,577**	**4,362,582**	**6,885,323**	**6,871,881**
Liabilities					
Due to banks	-	14,623	-	14,623	14,623
Due to other customers	-	2,506,100	5,340,437	7,846,537	7,810,559
Liabilities evidenced by paper	-	142,855	-	142,855	142,978
Hybrid debt	-	214,385	-	214,385	214,385
Total	**-**	**2,877,963**	**5,340,437**	**8,218,400**	**8,182,545**

31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,639,888	-	1,639,888	1,639,888
Financial assets held to maturity	222,501	41,327	-	263,828	262,437
Loans and advances to banks and other financial institutions	-	51,863	-	51,863	51,863
Loans and advances to customers	-	613,378	4,442,689	5,056,067	5,044,850
Total	**222,501**	**2,346,456**	**4,442,689**	**7,011,646**	**6,999,038**
Liabilities					
Due to banks	-	3,348	-	3,348	3,348
Due to other customers	-	2,690,515	5,221,451	7,911,966	7,911,911
Liabilities evidenced by paper	-	70,343	-	70,343	70,367
Hybrid debt	-	208,740	-	208,740	208,740
Total	**-**	**2,972,946**	**5,221,451**	**8,194,397**	**8,194,366**

5. Net interest income

in thousands of BGN	**three months ended on 31/03/2017**	**three months ended on 31/03/2016**
Interest income		
Accounts with and placements to banks and financial institutions	143	217
Retail Banking	31,324	30,691
Corporate customers	45,214	68,821
Small and medium enterprises	9,017	10,344
Microlending	2,402	2,016
Debt instruments	4,030	4,474
	92,130	**116,563**
Interest expense		
Deposits from banks	(4)	(12)
Deposits from other customers	(21,384)	(31,287)
Liabilities evidenced by paper	(261)	(180)
Perpetual debt	-	(1,184)
Hybrid debt	(5,645)	(3,232)
Interest on assets cost	(650)	(50)
Lease agreements and other	(10)	(4)
	(27,954)	**(35,949)**
Net interest income	**64,176**	**80,614**

6. Net fee and commission income

in thousands of BGN	three months ended on 31/03/2017	three months ended on 31/03/2016
Fee and commission income		
Letters of credit and guarantees	725	1,291
Payment operations	5,171	3,976
Customer accounts	7,105	7,015
Card services	7,787	6,908
Other	4,912	5,658
	25,700	**24,848**
Fee and commission expense		
Letters of credit and guarantees	(78)	(51)
Payment systems	(535)	(441)
Card services	(3,145)	(2,854)
Other	(591)	(476)
	(4,349)	**(3,822)**
Net fee and commission income	**21,351**	**21,026**

7. Net trading income

in thousands of BGN	three months ended on 31/03/2017	three months ended on 31/03/2016
Net trading income arises from:		
- Debt instruments	107	37
- Equities	112	196
- Foreign exchange rate fluctuations	3,704	2,353
Net trading income	**3,923**	**2,586**

8. Other net operating income

in thousands of BGN	three months ended on 31/03/2017	three months ended on 31/03/2016
Other net operating income arising from:		
Net income/(expense) from transactions and revaluation of gold and precious metals	6	(612)
-rental income	2,055	1,071
- Debt instruments	1,032	1,179
- Gain on administration of loans acquired through business combination	1,456	1,925
- other	5	53
Other net operating income	**4,554**	**3,616**

9. Administrative expenses

in thousands of BGN	three months ended on 31/03/2017	three months ended on 31/03/2016
General and administrative expenses comprise:		
- Personnel cost	15,765	15,229
- Depreciation and amortisation	4,044	4,302
- Advertising	4,710	2,639
- Building rent expense	8,354	8,315
-Telecommunication, software and other computer maintenance	2,916	3,362
- Other expenses for external services	12,724	11,241
Total	**48,513**	**45,088**

10. Allowance for impairment

in thousands of BGN	three months ended on 31/03/2017	three months ended on 31/03/2016
Write-downs		
Loans and advances to customers	(24,797)	(106,345)
Reversal of write-downs		
Loans and advances to customers	8,232	78,800
Impairment, net	**(16,565)**	**(27,545)**

11. Other expenses, net

	three months ended on 31/03/2017	three months ended on 31/03/2016
Income from sale of assets	1,705	58
(Loss) from sale of investment property	(94)	(90)
Dividend income	22	-
Net earned insurance premiums	742	784
Cost of guarantee schemes	(9,408)	(8,206)
Claims incurred	(438)	(369)
Other income/(expenses), net	1,381	(109)
Other expenses, net	**(6,090)**	**(7,932)**

12. Earnings per share

	three months ended on 31/03/2017	three months ended on 31/03/2016
Net profit attributable to shareholders (in thousands of BGN)	20,408	24,352
Average weighted number of ordinary shares held *(in thousands)*	110,000	110,000
Earnings per share (BGN)	**0.19**	**0.22**

The basic earnings per share, calculated in accordance with IAS 33, are based on the profit attributable to ordinary equity holders of the Bank. In 2017 as in the previous year, no conversion or option rights were outstanding. The diluted earnings per share, therefore, correspond to the basic earnings per share.

13. Cash and balances with Central Banks

in thousands of BGN	**31.03.2017**	**31.12.2016**
Cash on hand		
- in BGN	100,711	107,233
- in foreign currency	47,849	52,636
Balances with Central Banks	1,196,195	1,157,101
Current accounts and amounts with local banks	24	19
Current accounts and amounts with foreign banks	328,512	322,899
Total	**1,673,291**	**1,639,888**

14. Financial assets held for trading

in thousands of BGN	**31.03.2017**	**31.12.2016**
Bonds and notes issued by:		
Bulgarian government, rated BBB-		
- denominated in BGN	3,744	4,195
- denominated in foreign currencies	15	107
Foreign banks, rated BB	1,476	1,369
Other issuers – equity instruments (unrated)	3,993	3,891
Total	**9,228**	**9,562**

15. Investments available for sale

In thousands of BGN	**31.03.2017**	**31.12.2016**
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	213,216	225,709
- denominated in foreign currencies	178,513	172,842
Foreign governments		
- treasury bills	239,827	100,334
- treasury bonds	89,870	62,188
Foreign banks	21,888	44,302
Other issuers – equity instruments	15,250	14,461
Total	**758,564**	**619,836**

16. Financial assets held to maturity

in thousands of BGN	**31.03.2017**	**31.12.2016**
Securities held to maturity issued by:		
Foreign governments	105,712	241,475
Foreign banks	20,833	20,962
Total	**126,545**	**262,437**

17. Loans and advances to banks and other financial institutions

(a) Analysis by type

in thousands of BGN	**31.03.2017**	**31.12.2016**
Placements with banks	12,317	15,952
Receivables under resale agreements	4,972	4,970
Other	28,811	30,941
Total	**46,100**	**51,863**

(b) Geographical analysis

in thousands of BGN	**31.03.2017**	**31.12.2016**
Domestic banks and financial institutions	17,246	29,318
Foreign banks and other financial institutions	28,854	22,545
Total	**46,100**	**51,863**

18. Loans and advances to customers

in thousands of BGN			**31.03.2017**
Retail Banking	**Gross value**	**Allowance for impairment**	**Net value**
- Consumer loans	532,975	(33,294)	499,681
- Mortgage loans	566,854	(29,464)	537,390
- Credit cards	253,780	(29,948)	223,832
- Other programmes and collateralised financing	88,516	-	88,516
Small and medium enterprises	627,931	(75,482)	552,449
Microlending	113,169	(27,376)	85,793
Corporate customers	3,692,729	(654,445)	3,038,284
Total	**5,875,954**	**(850,009)**	**5,025,945**

in thousands of BGN			**31.12.2016**
Retail Banking	**Gross value**	**Allowance for impairment**	**Net value**
- Consumer loans	497,524	(30,214)	467,310
- Mortgage loans	570,543	(29,863)	540,680
- Credit cards	254,867	(27,885)	226,982
- Other programmes and collateralised financing	130,568	-	130,568
Small and medium enterprises	612,093	(73,058)	539,035
Microlending	108,561	(26,372)	82,189
Corporate customers	3,705,033	(646,947)	3,058,086
Total	**5,879,189**	**(834,339)**	**5,044,850**

(a) Movement in impairment allowances

in BGN '000	
Balance as at 01 January 2017	**834,339**
Additional allowances	24,797
Amounts released	(8,232)
Receivables written off through an allowance account	(323)
Effect from change in exchange rates	(572)
Balance as at 31 March 2017	**850,009**

31 March 2017		*in thousands of BGN*
Class of exposure	**Gross amount of loans and advances to customers**	**Carrying amount of loans and advances to customers**
Performing		
Collectively impaired	4,362,582	4,351,654
Non-performing		
Collectively impaired	459,712	242,529
Individually impaired	1,053,660	431,762
Total	**5,875,954**	**5,025,945**

31 December 2016		*in thousands of BGN*
Class of exposure	**Gross amount of loans and advances to customers**	**Carrying amount of loans and advances to customers**
Performing		
Collectively impaired	4,442,689	4,431,472
Non-performing		
Collectively impaired	424,778	216,323
Individually impaired	1,011,722	397,055
Total	**5,879,189**	**5,044,850**

As at 31 March 2017 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 1,255,244 thousand (31 Dec 2016: BGN 1,029,246 thousand)

19. Property and equipment

	Land and Buildings	**Fixtures and fittings**	**Motor vehicles**	**Assets under Construction**	**Leasehold Improvements**	**Total**
in thousands of BGN						
Cost						
At 1 January 2017	**17,651**	**147,683**	**6,630**	**25,647**	**66,703**	**264,314**
Additions	**-**	5		1,217	6	1,228
Exchange rates and other adjustments		(26)	(2)	(2)	(11)	(41)
Write-offs	(137)	(851)		(291)		(1,279)
Transfers	137	943	20	(1,750)	554	(96)
At 31 March 2017	**17,651**	**147,754**	**6,648**	**24,821**	**67,252**	**264,126**
Amortisation						
At 1 January 2017	**3,515**	**121,168**	**5,751**	**-**	**36,641**	**167,075**
Exchange rates and other adjustments	-	(23)	(1)	-	(9)	(33)
Charge for the period	159	2,121	88	**-**	871	3,239
For write offs	(17)	(850)	-	**-**		(867)
At 31 March 2017	**3,657**	**122,416**	**5,838**	**-**	**37,503**	**169,414**
Carrying amount						
At 31 March 2017	**13,994**	**25,338**	**810**	**24,821**	**29,749**	**94,712**
At 1 January 2017	**14,136**	**26,515**	**879**	**25,647**	**30,062**	**97,239**

20. Intangible assets

	Software and licences	**Goodwill**	**Total**
in thousands of BGN			
Cost			
At 1 January 2017	**31,601**	**674**	**32,275**
Additions	4		4
Exchange rates and other adjustments	(8)	-	(8)
Write-offs	(5)	-	(5)
Transfers	96	-	96
At 31 March 2017	**31,688**	**674**	**32,362**
Amortisation			
At 1 January 2017	**22,089**	**-**	**22,089**
Exchange rates and other adjustments	(5)		(5)
Charge for the period	805		805
Write-offs	(5)		(5)
At 31 March 2017	**22,884**	**-**	**22,884**
Carrying amount			
At 31 March 2017	**8,804**	**674**	**9,478**
At 1 January 2017	**9,512**	**674**	**10,186**

21. Repossessed assets

in thousands of BGN	**31.03.2017**	**31.12.2016**
Land	401,000	403,748
Buildings	469,759	469,470
Machines, plant and vehicles	160,453	160,473
Fixtures and fittings	810	810
Total	**1,032,022**	**1,034,501**

Repossessed assets acquired as collateral are measured at the lower of cost and net realisable value. The net realizable value of the lands and buildings is approximately equal to their fair value.

21a. Movements in investment property

in thousands of BGN	
Balance as at 01 January 2017	**222.267**
Write-offs upon sale	(156)
Balance as at 31 March 2017	**222,111**

21b. Other assets

in thousands of BGN	**31.03.2017**	**31.12.2016**
Deferred expense	13,062	10,003
Gold	7,369	7,104
Tax receivables	249	6,093
Other	80,309	71,882
Total	**100,989**	**95,082**

22. Due to banks

In thousands of BGN	**31.03.2017**	**31.12.2016**
Term deposits	11,511	-
Payable on demand	3,112	3,348
Total	**14,623**	**3,348**

23. Due to other customers

In thousands of BGN	**31.03.2017**	**31.12.2016**
Retail customers		
- current accounts	909,903	870,576
- term and savings deposits	5,600,978	5,723,396
Businesses and public institutions		
- current accounts	900,629	926,679
- term deposits	399,049	391,260
Total	**7,810,559**	**7,911,911**

24. Liabilities evidenced by paper

in thousands of BGN	**31.03.2017**	**31.12.2016**
Acceptances under letters of credit	21,602	21,602
Liabilities under repurchase agreements	5,786	-
Debt related to agreements for full swap of profitability	73,254	-
Financing from financial institutions	42,336	48,765
Total	**142,978**	**70,367**

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

in thousands of BGN

Lender	Interest rate	Maturity	Amortised cost as at 31/03/2017
State Fund Agriculture	2%	16.05.2017 - 15.02.2020	599
European Investment Fund – JEREMIE 2	0 % - 1.312%	30/09/2025	36,959
Bulgarian Bank for Development AD	3.50%	30.03.2019	4,778
Total			**42,336**

in BGN '000

Lender	Interest rate	Maturity	Amortised cost as at 31/12/2016
State Fund Agriculture	2%	20.01.2017 - 15.02.2020	690
European Investment Fund – JEREMIE 2	0 % - 1.329%	30/09/2025	42,050
Bulgarian Bank for Development AD	3.50%	30.03.2019	6,025
Total			**48,765**

25. Hybrid debt

in thousands of BGN

	Principal amount	Amortised cost as at 31 March 2017
Hybrid debt with principal EUR 40 mio	78,233	87,370
Hybrid debt with principal EUR 60 mio	117,350	127,015
Total	**195,583**	**214,385**

in BGN '000

	Principal amount	Amortised cost as at 31 December 2016
Hybrid debt with principal EUR 40 mio	78,233	84,910
Hybrid debt with principal EUR 60 mio	117,350	123,830
Total	**195,583**	**208,740**

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 bond issues were admitted for trading at the Luxembourg Stock Exchange in 2014 based on prospects approved by the Luxembourg Commission de Surveillance du Secteur Financier.

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

26. Other liabilities

in thousands of BGN	31.03.2017	31.12.2016
Liabilities to personnel	2,322	2,367
Insurance contract provisions	-	2,017
Provisions for pending court cases	1,144	1,144
Other payables	18,465	17,362
Total	**21,931**	**22,890**

27. Shareholders

As at 31 March 2017 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 2017 together with the number and percentage of total issued shares.

	Number of shares	% of issued share capital
Mr. Ivailo Dimitrov Mutafchiev	46,750,000	42.50
Mr. Tzeko Todorov Minev	46,750,000	42.50
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	15.00
Total	**110,000,000**	**100.00**

In the first quarter of 2017, as in the previous year, the Bank did not distribute dividends.

28. Commitments and contingent liabilities

Contingent liabilities

in thousands of BGN	**31.03.2017**	**31.12.2016**
Guarantees	213,918	215,258
Unused credit lines	437,999	416,566
Letters of credit	23,831	16,315
Other contingent liabilities	62,166	72,242
Total	**737,914**	**720,381**

29. Related party transactions

Type of related party	**Parties that control or manage the Bank**		**Enterprises under common control**	
in BGN '000	**31 March 2017**	**31 December 2016**	**31 March 2017**	**31 December 2016**
Loans	1,272	1,363	1,593	1,554
Deposits and loans received:	7,896	7,831	13,444	3,325
Deposits placed	-	-	9,847	9,822
Off-balance sheet commitments	2,237	2,259	632	464

During the first three months of 2017:

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
(signed)
N. NEDELCHEV

Executive Director
(signed)
V. CHRISTOV

Executive Director:
(signed)
M. OYFALOSH

Executive Director:
(signed)
S. MOLDOVANSKI

Executive Director:
(signed)
S. POPOV

Chief Financial Officer
(signed)
J. TODOROV

INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 March 2017

(consolidated)

prepared under Art. 100o, para. 4(2) with relation to Art. 100o[1], Para. 7 of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(2) and (7) 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

In the first quarter of 2017 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 as at 31 March 2017:

- The unconsolidated unaudited financial statements of First Investment Bank AD at 31 December 2016 were published on 30 January 2017;
- On 02 March 2017 First Investment Bank AD published its consolidated unaudited financial statements at 31 December 2016;
- On 16.03.2017 an invitation to minority shareholders of First Investment Bank to meet representatives of the Bank's management was published;
- The annual unconsolidated (audited) financial statements of First Investment Bank AD at 31 December 2016 were published on 17 March 2017;
- Information about a meeting of minority shareholders with the management of First Investment Bank was published on 24.03.2017.

Review of the activities of Fibank as at 31 March 2017 on consolidated basis

- *Balance sheet as at 31 March 2017*

The balance sheet assets of the Group as at 31.03.2017 reached BGN 9,101 million, an increase by BGN 11 million compared to 31.12.2016. During the first quarter the financial liabilities at amortised cost decreased by BGN 12 million net. The amounts due to banks increased by BGN 11 million, and other attracted funds increased by BGN 73 million. Deposits from other customers as at 31.03.2017 amounted to BGN 7,811 million. The Group's equity in Q1 2017 increased by BGN 22 million, mainly due to the BGN 20.4 million profit generated. Receivables from clients amounted to BGN 5,026 million.

- *Consolidated profit at 31 March 2017*

The net profit of the Group for Q1 2017 amounted to BGN 20,436 thousand. The total revenue from banking operations for the period amounted to BGN 94,004 thousand. The net interest income amounted to BGN 64,176 thousand, and the net income from fees and commissions – to BGN 21,351 thousand.

- *Capital resources*

The capital adequacy ratio of Fibank as at 31 March 2017 reaches 16.46 %, an increase by 1.33 pp compared to 31.12.2016. The Tier 1 capital adequacy was 16.44%, and the tier one ratio was 13.37%. During the period the Bank was in compliance with and significantly above the regulatory capital requirements.

- *Liquidity*

The liquidity ratio of Fibank, calculated in accordance with the requirements of Ordinance No 11 of the BNB, reached 27.60 % at 31 March 2017, showing a stable liquidity position.

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

As at 31 March 2016, First Investment Bank AD had a total of 156 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank.

Appendix 1

INFORMATION AS AT 31 March 2017
UNDER ART. 33, PARA. 1, P. 7
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

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

At the reporting date no amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective as of 1 January 2017.

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 2016.

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

During the first three months of 2017 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 2017.

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:

	at 31 Dec 2016		*at 31 Mar 2017*	
	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	*at 31 Dec 2016*		*at 31 Mar 2017*	
	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	

Members of the Supervisory Board	*at 31 Dec 2016*		*at 31 Mar 2017*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Evgeni Lukanov	337 139	0,31	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 2017 no events have occurred beyond the ordinary activity of the Bank.

Appendix 2

INFORMATION AS AT 31 March 2017
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

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 31.03.2017, 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)
Nedelcho Nedelchev
Chief Executive Officer
MB Chair

(signed)
Vassil Christov
Executive Director
MB Member

(signed)
Svetoslav Moldovansky
Executive Director
MB Member

(signed)
Maya Oyfalosh
Executive Director
MB Member

(signed)
Svetozar Popov
Executive Director
MB Member

(signed)
Jivko Todorov
Chief Financial Officer
MB Member

ver2.5

FINV9150	First Investment Bank AD
31.3.2017	*Reporting date*
consolidated	*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*		**1 673 291**
020	Cash	*part 2, item 1 of Appendix V*		148 490
030	Cash balances with central banks	*part 2, item 2 of Appendix V*		1 196 195
040	Other deposits payable on demand	*part 2, item 3 of Appendix V*	5	328 606
050	**Financial assets held for trading**	*Para. 8, (a)(ii) of IFRC 7; Para. 9, AG 14 of IAS 39*		**9 228**
060	Derivatives	*Para. 9 of IAS 39*	10	0
070	Equity	*Para. 11 of IAS 32*	4	3 992
080	Debt securities	*part 1, items 24, 26 of Appendix V*	4	5 236
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	**758 564**
150	Equity	*Para. 11 of IAS 32*	4	15 250
160	Debt securities	*part 1, items 24, 26 of Appendix V*	4	743 314
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	**5 072 047**
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	5 072 047
210	**Investments held to maturity**	*Para. 8 (b) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39*	4	**126 545**
220	Debt securities	*part 1, items 24, 26 of Appendix V*	4	126 545
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	**0**
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	**0**
270	**Tangible assets**			316 823
280	Property, Plant and Equipment	*Para. 6 of IAS 16; Para. 54 (a) of IAS 1*	21, 42	94 712
290	Investment Property	*Para. 5 of IAS 40; Para. 54 (b) of IAS 1*	21, 42	222 111
300	**Intangible assets**	*Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575*		**9 478**
310	Goodwill	*Para. B67, (d) of IFRC 3; Art. 4, Para. 1, item 113 of Reg 575*		673
320	Other intangible assets	*Paras. 8, 118 of IAS 38*	21, 42	8 805
330	**Tax assets**	*Para. 54 (n)-(o) of IAS 1*		**326**
340	Current tax assets	*Para. 54(n) of IAS 1; Para. 5 of IAS 12*		320
350	Deferred tax assets	*Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575*		6
360	**Other assets**	*part 2, item 5 of Appendix V*		**1 134 642**
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*		**9 100 944**

DECLARATION
under Art. 100o, para. 4(3) with relation to Art.100o[1], Para. 7 of the Public Offering of Securities Act (POSA) and Art. 33a[2], para. 2 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

The undersigned, Nedelcho Nedelchev, Chief Executive Officer and Chair of the Managing Board of First Investment Bank AD, Vassil Christov, Svetoslav Moldovnsky, Maya Oyfalosh and Svetozar Popov, Executive Directors and members of the Managing Board of First Investment Bank AD, and Jivko 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 (consolidated) of First Investment Bank AD as at31 March 2017, 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 and the consolidated entities;
- the interim report on the activities of First Investment Bank AD as at 31 March2017contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)
Nedelcho Nedelchev
Chief Executive Officer
MB Chair

(signed)
Vassil Christov
Executive Director
MB Member

(signed)
Svetoslav Moldovansky
Executive Officer
MB Chair

(signed)
Maya Oyfalosh
Executive Director
MB Member

(signed)
Svetozar Popov
Executive Officer
MB Chair

(signed)
Jivko Todorov
Chief Financial Officer
MB Member

30 May 2017