

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

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

Re: Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2015

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2015, containing:

1. Financial statements as at 31.12.2015 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 31.12.2015;
3. Interim activity report under Art. 100o, para. 4(2) of POSA;
4. Declaration under Art. 100o, para. 4(3) of POSA;
5. Information pursuant to Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities.

Sincerely,

(signed)

Vassil Christov
Chief Executive Officer
Chairman of the MB

(signed)

Maya Oyfalosh
Executive Director
Member of the MB

FIRST INVESTMENT BANK AD

Unconsolidated statement of comprehensive income for the year ended 31 December 2015

unaudited

in BGN '000

	2015	2014
Interest income	470 650	503 731
Interest expense	(218 270)	(227 462)
Net interest income	252 380	276,269
Fee and commission income	99 384	101 450
Fee and commission expense	(17 914)	(19 421)
Net fee and commission income	81 470	82 029
Net trading income	11 340	12 934
Other net operating income	62 785	14 060
TOTAL INCOME FROM BANKING OPERATIONS	407 975	385 292
Administrative expenses	(172 518)	(178 310)
Allowance for impairment	(327 422)	(291 827)
Other income, net	106 305	119 406
PROFIT BEFORE TAX	14 340	34 561
Income tax expense	(1 653)	(3 980)
NET PROFIT	12 687	30 581
Other comprehensive income for the period		
Items which should or may be reclassified as profit or loss		
Revaluation reserve on available for sale investments	4 430	3 811
Total other comprehensive income	4 430	3 811
TOTAL COMPREHENSIVE INCOME	17 117	34 392

VASSIL CHRISTOV

Chief Executive Officer

MAYA OYFALOSH

Executive Director

Jivko Todorov

Chief Financial Officer

FIRST INVESTMENT BANK AD
Unconsolidated statement of the financial position as at 31 December 2015
 unaudited

	<i>in BGN '000</i>	
	31.12.2015	31.12.2014
ASSETS		
Cash and balances with Central Banks	1 489 865	1 629 121
Financial assets held for trading	9 913	8 887
Available for sale investments	543 625	485 674
Financial assets held to maturity	56 354	29 253
Loans and advances to banks and other financial institutions	136 790	80 559
Loans and advances to customers	5 104 376	5 734 295
Property and equipment	101 572	104 806
Intangible assets	10 660	13 410
Derivatives held for risk management	3 357	4 019
Current tax assets	1 847	94
Reposessed assets	926 336	517 391
Investment Property	206 244	-
Other assets	90 447	38 326
TOTAL ASSETS	8 681 386	8 645 835
LIABILITIES AND CAPITAL		
Due to banks	10 344	10 229
Due to other customers	7 002 880	6 507 864
Ministry of Finance deposit	450 922	901,844
Liabilities evidenced by paper	133 802	177 544
Perpetual debt	45 528	103 160
Hybrid debt	202 044	195,447
Deferred tax liability	5 214	3 333
Current tax liabilities	264	912
Other liabilities	84 862	17 093
TOTAL LIABILITIES	7 935 860	7 917 426
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 861	39 861
Revaluation reserve on available for sale investments	11 273	6 843
Revaluation reserve on property	4 500	4 500
Retained earnings	482 892	470 205
TOTAL SHAREHOLDERS' EQUITY	745 526	728 409
TOTAL LIABILITIES AND GROUP EQUITY	8 681 386	8 645 835
VASSIL CHRISTOV Chief Executive Officer		
MAYA OYFALOSH Executive Director		
Jivko Todorov Chief Financial Officer		

FIRST INVESTMENT BANK AD
Unconsolidated statement of shareholders' equity for the year ended 31 December 2015
 unaudited

in BGN '000

	Issued share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Revaluation reserve on property	Statutory reserve	Total
Balance at 01 January 2014	110 000	97 000	284 211	3 032	4 500	39 861	538 604
Total comprehensive income for the period							
Net profit for the year ended 31 December 2014	-	-	30 581	-	-	-	30 581
Other comprehensive income for the period							
Revaluation reserve on available for sale investments	-	-	-	3 811	-	-	3 811
Gain on bargain purchase of subsidiary recognised at merger	-	-	152 310	-	-	-	152 310
Unionbank EAD profit for the five month period from October 2013 to February 2014 recognised at merger	-	-	3 103	-	-	-	3 103
Balance at 31 December 2014	110 000	97 000	470 205	6 843	4 500	39 861	728 409
Total comprehensive income for the period							
Net profit for 2015	-	-	12 687	-	-	-	12 687
Other comprehensive income for the period							
Revaluation reserve on available for sale investments	-	-	-	4 430	-	-	4 430
Balance at 31 December 2015	110 000	97 000	482 892	11 273	4 500	39 861	745 526

VASSIL CHRISTOV
 Chief Executive Officer
 MAYA OYFALOSH
 Executive Director
 Jivko Todorov
 Chief Financial Officer

FIRST INVESTMENT BANK AD

Unconsolidated statement of cash flows for the year ended 31 December 2015

unaudited

in BGN '000

	2015	2014
Net cash flow from operating activities		
Net profit	12 687	30 581
Adjustment for non-cash items		
Allowance for impairment	327 422	291 827
Net interest income	(252 380)	(276 269)
Depreciation and amortization	17 150	18 966
Tax expense	1 653	3 980
(Profit) from sale and write-off of tangible and intangible fixed assets, net	(105)	(74)
(Profit) from sale of other assets, net	(3 199)	(161 239)
	103 228	(92 228)
Change in operating assets		
(Increase) in financial instruments held for trading	(1 014)	(2 353)
(Increase) in available for sale investments	(53 897)	(81 164)
(Increase)/decrease in loans and advances to banks and financial institutions	(20 088)	16 615
(Increase) in loans to customers	(259 624)	(169 072)
(Increase)/decrease in other assets	(51 136)	16 623
	(385 759)	(219 351)
Change in operating liabilities		
Increase in due to banks	115	18 701
Increase in amounts owed to other depositors	66 152	193 495
Net increase in other liabilities	67 446	7 417
	133 713	219 613
Interest received	501 782	438 681
Interest paid	(236 687)	(271 869)
Dividends received	1 290	546
Tax on profit, paid	(2 666)	(3 740)
	114 901	71 652
NET CASH FLOW FROM OPERATING ACTIVITIES	114 901	71 652
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(11 461)	(11 204)
Sale of tangible and intangible fixed assets	400	382
Sale of other assets	30 457	200 907
(Increase)/decrease of investments	(139 039)	177 976
	(119 643)	368 061
NET CASH FLOW FROM INVESTING ACTIVITIES	(119 643)	368 061
Financing activities		
(Decrease) in borrowings	(43 655)	(40 981)
Repayment of subordinated debt	-	(24 655)
Repayment of perpetual debt	(54 762)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(98 418)	(65 636)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(103 159)	374 077
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1 682 887	1 308 810
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1 579 728	1 682 887

VASSIL CHRISTOV

Chief Executive Officer

MAYA OYFALOSH

Executive Director

Jivko Todorov

Chief Financial Officer

**ADDENDUM TO THE UNAUDITED UNCONSOLIDATED INTERIM FINANCIAL
STATEMENTS OF FIRST INVESTMENT BANK AD
AT 31/12/2015**

NOTES

1. Basis of preparation

(a) Statute

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

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

The Bank has foreign operations in Cyprus.

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

(b) Statement of compliance

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

(c) Presentation

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

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention.

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

(d) New standards, amendments and interpretations effective as of 1 January 2015

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

- Annual Improvements 2011 - 2013 (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 18 December 2014, published in the Official Journal on 19 December 2014; EU effective date 1 January 2015
- IFRIC 21 Levies (issued on 20 May 2013) effective 1 January 2014, endorsed by the EU on 13 June 2014, published in the Official Journal on 14 June 2014; EU effective date 17 June 2014

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

2. Significant accounting policies

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2014 r.

(a) Income recognition

(i) Interest income

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

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

(a) Income recognition, continued

(ii) Fees and Commissions

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

(iii) Net trading income

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

(iv) Dividend income

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

(b) Basis of consolidation of subsidiaries

Investments in subsidiaries are stated at cost.

(c) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined.

(iii) Foreign operations

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

(d) Financial assets

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity

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

(iv) Available-for-sale

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

(v) Recognition

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

(vi) Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in profit or loss. Gains and

losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired. At this time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in profit or loss.

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

(vii) Fair value measurement principles

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

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

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

2. Significant accounting policies, continued

(d) Financial assets, continued

(vii) Fair value measurement principles, continued

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

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

(viii) Derecognition

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

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

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

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

(e) Cash and cash equivalents

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

(f) Investments

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

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as liabilities to either banks or customers.

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

(h) Borrowings

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

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

(i) Offsetting

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

(j) Impairment of Assets

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

(i) Loans and advances

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

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

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

The Bank applies the principles of individual and portfolio assessment of risk exposures depending on the exposure classification (performing/non-performing) and

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

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

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

Fully impaired risk exposures are written off where there are 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.

(j) Impairment, continued

(ii) Available for sale financial assets

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

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

(k) Property and equipment

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

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

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

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

(l) Intangible assets

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

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

Assets	%
• Licences	10 - 15
• Software and licences	8 - 50

(m) Investment Property

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both. The Bank has chosen for its accounting policy to account for investment property using the fair value model. 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.

(n) Provisions

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

(o) Acceptances

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

(p) Off balance sheet commitments

In the ordinary course of its business, the Bank enters into off-statement of financial position commitments such as guarantees and letters of credit. The Bank recognizes provision for 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 Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 31 December 2015 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 17 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information.

(i) Impairment losses on loans and advances

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

Individual impairment on loans and advances of the Bank is based on the best assessment of the Management for the present value of future cash flows. When evaluating these cash flows the Management makes an assessment of the financial position of every borrower and the net realizable value of the collateral of the loan. Each impaired asset for an individually significant exposure is assessed individually while the strategy for reimbursement and the evaluation of the cash flows, considered as reimbursable, are approved independently by the Credit Committee. Cash flows could be realized from loan repayments, sale of the collateral, operations with the collateral and others depending on the individual situation and the terms of the loan contract. The expected net realizable value of the collateral is regularly reviewed and

it is based on a combination of internal appraisal of the fair value, conducted by internal appraisers, and external independent appraisal reports. The expected future cash flows are discounted at the initial effective interest rate of the financial asset.

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

The accuracy of the impairment depends on the evaluation of the future cash flows when determining the individual impairment and on the assumptions made and the parameters used in the model when determining the group impairment.

(ii) Impairment of repossessed assets from collaterals

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

(iii) Income taxes

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

(s) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Termination benefits

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

Short-term employee benefits

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

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

(t) New standards and interpretations not yet effective

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

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (issued on 21 November 2013), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 9 January 2015, EU effective date 1 February 2015
- Annual Improvements 2010 - 2012 (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 17 December 2014, published in the Official Journal on 09 January 2015; EU effective date 01 February 2015
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014), effective 1 January 2016, endorsed by the EU on 23 November 2015, published in the Official Journal on 24 November 2015
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014), effective 1 January 2016, endorsed by the EU on 24 November 2015, published in the Official Journal on 25 November 2015
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014)), effective 1 January

2016, endorsed by the EU on 2 December 2015, published in the Official Journal on 3 December 2015

- Annual improvements to IFRSs 2012-2014 (issued on 25 September 2014), effective 1 January 2016, endorsed by the EU on 15 December 2015, published in the Official Journal on 16 December 2015
- Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014), effective 1 January 2016, endorsed by the EU on 18 December 2015, published in the Official Journal on 19 December 2015
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014), effective 1 January 2016, endorsed by the EU on 18 December 2015, published in the Official Journal on 23 December 2015

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

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

- IFRS 9 Financial Instruments (issued on 24 July 2014), effective 1 January 2018.
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014), effective 1 January 2016
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015), effective 1 January 2018
- 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 IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation Exception (issued on 18 December 2014), effective 1 January 2016

3. Segment Reporting

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

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

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

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

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

<i>in BGN '000</i>	Bulgarian operations		Foreign operations		Total	
	2015	2014	2015	2014	2015	2014
Interest income	450,946	468,361	19,704	35,370	470,650	503,731
Interest expense	(217,753)	(226,902)	(517)	(560)	(218,270)	(227,462)
Net interest income	233,193	241,459	19,187	34,810	252,380	276,269
Fee and commission income	98,601	100,238	783	1,212	99,384	101,450
Fee and commission expense	(17,906)	(19,417)	(8)	(4)	(17,914)	(19,421)
Net fee and commission income	80,695	80,821	775	1,208	81,470	82,029
Net trading income	11,256	12,796	84	138	11,340	12,934
Administrative expenses	(171,484)	(177,431)	(1,034)	(879)	(172,518)	(178,310)
Assets	8,613,767	8,103,805	67,619	542,030	8,681,386	8,645,835
Liabilities	7,906,958	7,877,307	28,902	40,119	7,935,860	7,917,426

The table below shows assets and liabilities and income and expense by business segments as at 31 December 2015.

<i>in BGN '000</i>	Assets	Liabilities	Interest income	Interest expense	Net fee and commission income	Net trading income	Other net operating income
Commercial banking	3,682,441	1,500,109	317,438	(25,111)	28,404	-	59,741
Retail Banking	1,421,935	5,953,693	140,161	(174,902)	33,308	-	-
Card services	-	-	-	-	16,102	-	-
Treasury	2,203,533	37,276	13,051	(98)	1,838	11,340	3,044
Other	1,373,477	444,782	-	(18,159)	1,818	-	-
Total	8,681,386	7,935,860	470,650	(218,270)	81,470	11,340	62,785

4. Financial assets and liabilities

Accounting classification and fair values

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

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs are observable data for a given asset or liability. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

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

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

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

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

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

- verification of observable pricing;
- a review and approval process for new models and changes to models involving Risk Management division and 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 Management division.

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Risk Management 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.
- Significant valuation issues are reported to the Audit Committee of the Bank.

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

in BGN '000

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

in BGN '000

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets held for trading	8,887	-	-	8,887
Available for sale investments	397,540	45,975	-	443,515
Derivatives held for risk management	3,463	556	-	4,019
Total	409,890	46,531	-	456,421

Capital investments amounting to BGN 42,144 thousand at 31 December 2015 and BGN 42,159 thousand at 31 December 2014 are presented in the statements at their acquisition cost, because their fair value cannot be reliably measured.

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

in BGN '000

31 December 2015	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,489,865	-	1,489,865	1,489,865
Financial assets held to maturity	35,652	20,178	-	55,830	56,354
Loans and advances to banks and other financial institutions	-	136,790	-	136,790	136,790
Loans and advances to customers	-	692,731	4,401,158	5,093,889	5,104,376
Total	35,652	2,339,564	4,401,158	6,776,374	6,787,385
Liabilities					
Due to banks	-	10,344	-	10,344	10,344
Due to other customers	-	2,149,926	4,852,462	7,002,388	7,002,880
Ministry of Finance	-	-	450,602	450,602	450,922
Liabilities evidenced by paper	-	133,752	-	133,752	133,802
Perpetual debt	-	45,491	-	45,491	45,528
Hybrid debt	-	201,616	-	201,616	202,044
Total	-	2,541,129	5,303,064	7,844,193	7,845,520

in BGN '000

31 December 2014	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,629,121	-	1,629,121	1,629,121
Financial assets held to maturity	9,778	18,452	-	28,230	29,253
Loans and advances to banks and other financial institutions	-	80,559	-	80,559	80,559
Loans and advances to customers	-	686,148	5,040,873	5,727,021	5,734,295
Total	9,778	2,414,280	5,040,873	7,464,931	7,473,228
Liabilities					
Due to banks	-	10,229	-	10,229	10,229
Due to other customers	-	1,819,294	4,678,097	6,497,391	6,507,864
Ministry of Finance	-	-	890,165	890,165	901,844
Liabilities evidenced by paper	-	176,865	-	176,865	177,544
Perpetual debt	-	103,005	-	103,005	103,160
Hybrid debt	-	181,636	-	181,636	195,447
Total	-	2,291,029	5,568,262	7,859,291	7,896,088

5. Net interest income

in BGN '000	2015	2014
Interest income		
Accounts with and placements to banks and financial institutions	389	1,986
Retail Banking	133,111	132,719
Corporate customers	280,724	319,365
Small and medium enterprises	36,714	32,952
Microlending	7,050	6,238
Debt instruments	12,662	10,471
	470,650	503,731
Interest expense		
Deposits from banks	(77)	(7)
Deposits from other customers	(200,013)	(218,619)
Liabilities evidenced by paper	(2,330)	(4,222)
Subordinated term debt	-	(2,189)
Perpetual debt	(9,231)	(12,187)
Hybrid debt	(6,598)	9,804
Lease agreements and other	(21)	(42)
	(218,270)	(227,462)
Net interest income	252,380	276,269

6. Net fee and commission income

in BGN '000

	2015	2014
Fee and commission income		
Letters of credit and guarantees	6,135	6,471
Payments transactions	14,287	15,125
Customer accounts	22,584	22,539
Card services	29,199	28,850
Other	27,179	28,465
	99,384	101,450
Fee and commission expense		
Letters of credit and guarantees	(291)	(190)
Payment systems	(1,815)	(1,902)
Card services	(13,097)	(15,040)
Other	(2,711)	(2,289)
	(17,914)	(19,421)
Net fee and commission income	81,470	82,029

7. Net trading income

in BGN '000

	2015	2014
Net trading income/(expense) arises from:		
- Debt instruments	154	776
- Equities	(59)	53
- Foreign exchange rate fluctuations	11,245	12,105
Net trading income	11,340	12,934

8. Other net operating income

in BGN '000

	2015	2014
Other net operating income arising from:		
- Debt instruments	3,044	2,577
- Gain on administration of loans acquired through business combination	59,741	11,483
Other net operating income	62,785	14,060

9. Administrative expenses

in BGN '000

	2015	2014
General and administrative expenses comprise:		
- Personnel cost	57,268	60,412
- Depreciation and amortisation	17,150	18,966
- Advertising	14,035	13,140
- Building rent expense	32,489	28,777
- Telecommunication, software and other computer maintenance	10,909	10,155
- Administration, consultancy, audit and other costs	40,667	46,860
Administrative expenses	172,518	178,310

10. Allowance for impairment

in BGN '000

	2015	2014
Write-downs		
Loans and advances to customers	(396,948)	(316,864)
Reversal of write-downs		
Loans and advances to customers	69,526	25,037
Impairment, net	(327,422)	(291,827)

10a. Other income/(expenses), net

in BGN '000

	2015	2014
Net income from transactions and revaluation of gold and precious metals	785	619
Rental income	4,222	2,332
Income from sale of assets	3,036	158,604
Revaluation of investment property	111,940	-
Dividend income	1,290	546
Premium contribution to the Deposit Insurance Fund	(32,886)	(33,308)
Instalment to the Bank Restructuring Fund	(8,647)	-
Expense for provisions for pending court cases	(6,686)	-
Other income/(expenses), net	33,251	(9,387)
Total	106,305	119,406

11. Cash and balances with Central Banks

<i>in BGN '000</i>	2015	2014
Cash on hand		
- in BGN	116,330	117,178
- in foreign currency	44,450	46,178
Balances with Central Banks	829,210	820,051
Current accounts and amounts with foreign banks	499,875	645,714
Total	1,489,865	1,629,121

12 Financial assets held for trading

<i>in BGN '000</i>	2015	2014
Bonds and notes issued by:		
Bulgarian government, rated BBB-:		
- denominated in Bulgarian Leva	3,330	4,317
- denominated in foreign currencies	2,051	14
Foreign banks	1,414	1,367
Other issuers – equity instruments (unrated)	3,118	3,189
Total	9,913	8,887

13 Available for sale investments

<i>In thousands of BGN</i>	2015	2014
Bonds and notes issued by:		
Bulgarian Government		
- denominated in Bulgarian Leva	233,817	179,418
- denominated in foreign currencies	186,516	193,792
Foreign governments		
- treasury bonds	23,573	24,281
Local authorities	-	51
Bulgarian banks	-	1,955
Foreign banks	57,575	44,018
Other issuers – equity instruments	5,788	5,788
Investments in subsidiaries	36,356	36,371
Total	543,625	485,674

Investments in subsidiaries are as follows:

<i>in BGN '000</i>	% held	2015	2014
Entity:			
First Investment Finance B.V., Netherlands	100%	3,947	3,947
Diners Club Bulgaria AD	94.79%	5,443	5,443
First Investment Bank – Albania Sh.a.	100%	23,419	23,419
Debita OOD	70%	105	105
Realtor OOD	51%	77	77
Fi Health Insurance AD	59.10%	3,315	3,315
Framas Enterprises Limited	100%	-	15
Balkan Financial Services EAD	100%	50	50
Turnaround Management EOOD	100%	-	-
Creative Investment EOOD	100%	-	-
Lega Solutions EOOD	100%	-	-
AMC Imoti EOOD	100%	-	-
Total		36,356	36,371

The merger of Unionbank EAD in First Investment Bank AD was listed in the Commercial Register on 4 March 2014. By force of law with the record in the Commercial Register Unionbank EAD was delisted as a company and all its rights and obligations were transferred to First Investment Bank AD as its universal successor. The process of IT and technological merger, as well as the accounting merger of the two banks were successfully completed on 4 March 2014.

14 Financial assets held to maturity

<i>in BGN '000</i>	2015	2014
Securities held to maturity issued by:		
Foreign governments	35,784	9,773
Foreign banks	20,570	19,480
Total	56,354	29,253

15 Loans and advances to banks and other financial institutions

(a) Analysis by type

<i>in BGN '000</i>	2015	2014
Placements with banks	98,372	72,433
Receivables under resale agreements (see Note 26)	29,361	-
Other	9,057	8,126
Total	136,790	80,559

(b) Geographical analysis

<i>in BGN '000</i>	2015	2014
Domestic banks and financial institutions	34,275	18,558
Foreign banks and other financial institutions	102,515	62,001
Total	136,790	80,559

16. Loans and advances to customers

<i>in BGN '000</i>	2015	2014
Retail Banking	1,457,689	1,275,612
Small and medium enterprises	502,421	493,584
Microlending	101,286	88,984
Corporate customers	3,767,981	4,391,755
Allowance for impairment	(725,001)	(515,640)
Total	5,104,376	5,734,295

(a) Movement in impairment allowances

<i>in BGN '000</i>	
Total Balance as at 01 January 2015	515,640
Additional allowances	396,948
Amounts released	(69,526)
Write-offs	(118,061)
Balance at 31 December 2015	725,001

17 Property and equipment

<i>in BGN '000</i>	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
Cost						
At 1 January 2015	17,550	135,816	6,470	25,280	63,060	248,176
Additions		10		11,451		11,461
Disposals	(185)	(3,630)	(155)		(797)	(4,767)
Transfers	286	8,188	15	(11,233)	2,402	(342)
as at 31 December 2015	17,651	140,384	6,330	25,498	64,665	254,528
Amortisation						
At 1 January 2015	2,261	106,861	5,216	-	29,032	143,370
Accrued during the year	628	9,329	375	-	3,726	14,058
On disposals	(8)	(3,512)	(155)	-	(797)	(4,472)
as at 31 December 2015	2,881	112,678	5,436	-	31,961	152,956
Carrying amount						
as at 31 December 2015	14,770	27,706	894	25,498	32,704	101,572
At 1 January 2015	15,289	28,955	1,254	25,280	34,028	104,806

18. Intangible assets

<i>in BGN '000</i>	Software and licences	Total
Cost		
At 1 January 2015	28,206	28,206
Transfers	342	342
as at 31 December 2015	28,548	28,548
Amortisation		
At 1 January 2015	14,796	14,796
Accrued during the year	3,092	3,092
as at 31 December 2015	17,888	17,888
Carrying amount		
as at 31 December 2015	10,660	10,660
At 1 January 2015	13,410	13,410

18a. Repossessed Assets can be broken down into:

<i>in BGN '000</i>	2015	2014
Land	365,303	288,693
Buildings	367,290	210,987
Machines, plant and vehicles	192,933	16,906
Fixtures and fittings	810	805
Total	926,336	517,391

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

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

19 Other assets

<i>in BGN '000</i>	2015	2014
Deferred expense	10,870	13,451
Gold	8,383	9,558
Tax receivables	55,717	210
Other	15,477	15,107
Total	90,447	38,326

20 Due to banks

<i>in BGN '000</i>	2015	2014
Term accounts	7,823	-
Payable on demand	2,521	10,229
Total	10,344	10,229

21. Due to other customers

<i>in BGN '000</i>	2015	2014
Retail customers		
- current accounts	623,832	575,876
- term and savings deposits	5,329,861	4,969,307
Businesses and public institutions		
- current accounts	674,928	593,399
- term	374,259	369,282
Total	7,002,880	6,507,864

21a. Ministry of Finance deposit

With decision C(2014)8959 of 25.11.14 the European Commission, DG Competition, approved the provision of liquid support to First Investment Bank AD in the form of a deposit amounting to BGN 900 mln. for a period of 18 months and due date 28 May 2016.

In thousands of BGN

2015	2014
450,922	901,844

22. Liabilities evidenced by paper

in BGN '000

	2015	2014
Acceptances under letters of credit	26,255	23,337
Liabilities under repurchase agreements (see Note 26)	26,932	-
Financing from financial institutions	80,615	137,778
Other term liabilities	-	16,429
Total	133,802	177,544

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

in BGN '000

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

in BGN '000

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2014
State Fund Agriculture	1.97% - 2.00%	06.03.2015 - 20.09.2019	6,524
European Investment Fund – JEREMIE 2	0 % - 1.22%	31.12.2024	68,495
Bulgarian Bank for Development AD	3.50 - 5.00%	20.03.2017 - 30.03.2019	62,759
Total			137,778

23. Perpetual debt

in BGN '000

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

in BGN '000

	Principal amount	Interest rate	Amortised cost as at 31 December 2014
Step-up Guaranteed Perpetual Subordinated Bonds EUR 27 mio	52,807	12.71%	57,628
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	11.82%	45,532
Total	93,880		103,160

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

In August 2015 the Bank repaid the Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 27 mio to First Investment Finance B.V. after obtaining permission from the Bulgarian National Bank. At 31.12.2015 the Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 21 mio were included in Tier 2 capital with 70% of their initial value.

24. Hybrid debt

in BGN '000

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

in BGN '000

	Principal amount	Amortised cost as at 31 December 2014
Hybrid debt with original principal EUR 40 mio	78,233	78,127
Hybrid debt with original principal EUR 60 mio	117,350	117,320
Total	195,583	195,447

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

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

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

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

25. Other liabilities

in BGN '000

	2015	2014
Liabilities to personnel	2,597	2,234
Other payables	82,265	14,859
Total	84,862	17,093

26. Repurchase and resale agreements

The Bank raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing of interest-bearing assets, depending on the prevailing interest rates.

At 31 December 2015 assets sold under repurchase agreements were as follows:

in BGN '000

Fair value of underlying assets	Carrying amount of corresponding liabilities
---------------------------------	---

Bulgarian government securities	26,780	26,932
Total	26,780	26,932

At 31 December 2014 no assets were sold under repurchase agreements.

The Bank also purchases financial instrument under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds of customers. At 31 December 2015 assets purchased subject to agreements to resell them are as follows:

<i>in BGN '000</i>	Fair value of underlying assets	Carrying amount of liabilities
Bulgarian government securities	30,024	29,361
Total	30,024	29,361

At 31 December 2014 there were no assets purchased under repurchase agreements.

27. Shareholders

As at 31 December 2015 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 December 2015 together with the number and percentage of total issued shares.

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

28. Commitments and contingent liabilities

Contingent liabilities

<i>in BGN '000</i>	2015	2014
Guarantees		
- in BGN	217,138	192,548
- in foreign currency	84,803	94,132
Total guarantees	301,941	286,680
Unused credit lines	462,877	440,942
Letters of credit	17,041	14,151
Other contingent liabilities	75,188	81,874
Total	857,047	823,647

29. Related party transactions

Type of related party	Parties that control or manage the Bank		Enterprises under common control	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
<i>in BGN '000</i>				
Loans	1,500	765	28,156	34,214
Deposits and loans received:	7,836	10,346	65,432	122,306
Deposits placed		-	9,822	-
Off-balance sheet commitments issued by the Bank	2,484	2,117	5,483	4,827

In 2015:

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

Chief Executive Officer

Executive Director:

V. CHRISTOV

M. OYFALOSH

Chief Financial Officer

J. TODOROV

INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 December 2015
(non-consolidated)

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

In 2015 First Investment Bank AD (Fibank, the Bank) continued its successful development as an innovative, stable and reliable bank institution.

Highlights in the activity of Fibank in 2015:

- The unconsolidated unaudited financial statements of First Investment Bank AD at 31 December 2014 were published on 30 January 2015;
- On 03 February 2015 Fibank submitted amended unaudited consolidated and unconsolidated financial statements at 30 September 2014;
- On 4 March 2015 First Investment Bank AD published its consolidated unaudited financial statements at 31 December 2014;
- The annual unconsolidated (audited) financial statements of First Investment Bank AD at 31 December 2014 were published on 01 April 2015, and the annual consolidated (audited) financial statements at 31 December 2014 were published on 24 April 2015;
- The unconsolidated (unaudited) financial statements of First Investment Bank AD at 31 March 2015 was published on 30 April 2015;
- On 12 May 2015 First Investment Bank published notice for the annual general meeting of shareholders;
- Information about FIBank's ratings from Fitch Ratings was published on 20 May 2015;

- The consolidated (unaudited) financial statements of First Investment Bank AD at 31 March 2015 – were published on 02 June 2015;
- A summary of resolutions made by the annual general meeting of shareholders held on 15 June 2015 was published on 16 June, followed by the minutes from the AGM on 17 June 2015;
- On 8 July 2015 FIBank published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD;
- On 27 July 2015 FIBank published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) and Art. 85, Para. 1(7) of Ordinance No. 38 on the requirements to the activities of investment intermediaries regarding changes in the composition of the Supervisory Board of First Investment Bank AD – new member of the Supervisory Board, Mr. J. Koskelo;
- The unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2015 were published on 30 July 2015 and the consolidated (unaudited) financial statements of First Investment Bank AD as at the same date were published on 31.08.2015.
- The unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2015 were published on 30 October 2015 and the consolidated (unaudited) financial statements of First Investment Bank AD as at the same date were published on 30.11.2015;
- On 24 November 2015 First Investment Bank published a notification regarding changes in the composition of the Managing Board and in the organizational structure of the Bank: establishment of the Chief Executive Officer function, the Chief Risk Officer function and the Chief Compliance Officer function, the appointment of the Chief Financial Officer Mr. Jivko Todorov as member of the Managing Board and dismissal of Mr. Ivaylo Ivanov, Mr. Chavdar Zlatev, Ms. Mariana Sadjaklieva and Ms. Milka Todorova as members of the Managing Board, re-election of executive directors Mr. Dimitar Kostov, Mr. Vassil Christov and Mr. Svetoslav Moldovansky as members of the Managing Board for a new mandate, the establishment of the Leadership Committee. The notice of changes was listed in the Commercial Register with the

Recordation Agency on 24 December 2015 and the notification was published on 28 December 2015;

- On 28 December 2015 First Investment Bank published an invitation to the annual meeting with minority shareholders to be held on 1 February 2016.

Review of the activities of Fibank as at 31 December 2015 on unconsolidated basis

- *Assets as at 31 December 2015*

The balance sheet assets of the Bank as at 31.12.2015 increased by BGN 36 million, or by 0.41% compared to 31.12.2014, reaching BGN 8,681 million. Receivables from clients amounted to BGN 5,104 million – a decrease by BGN 630 million compared to 31.12.2014.

- *Unconsolidated profit at 31 December 2015*

The net profit of the Bank at 31 December 2015 amounted to BGN 12,687 thousand. The total revenue from banking operations for the same period amounted to BGN 407,975 thousand. The net interest income amounted to BGN 252,380 thousand and the net income from fees and commissions – to BGN 81,470 thousand.

- *Capital resources*

The capital adequacy ratio of Fibank as at 31 December 2015 reached 14.92 %. The Tier 1 capital adequacy was 14.42%. The capital ratios were calculated according to the CRD4 framework.

- *Liquidity*

The liquidity ratio of Fibank, calculated in accordance with the requirements of Ordinance No 11 of the BNB, reached 25.36 % at 31 December 2015, showing a stable liquidity position.

- *A total of 162 branches and offices throughout the country*

As at 31 December 2015, First Investment Bank AD had a total of 162 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 December 2015
UNDER ART. 33, PARA. 1, P. 6
OF ORDINANCE No2**

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

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

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

- *Annual Improvements 2011 - 2013 of (issued on 12 December 2013), effective 1 July 2014, endorsed by the EU on 18 December 2014, published in the Official Journal on 19 December 2014; EU effective date 1 January 2015*
- *IFRIC 21 Levies (issued on 20 May 2013) effective 1 January 2014, endorsed by the EU on 13 June 2014, published in the Official Journal on 14 June 2014; EU effective date 17 June 2014*

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

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

Framas Enterprises Limited, a subsidiary of First Investment Bank, was dissolved on 7 December 2015.

*Changes were made to the Board of Directors of First Investment Bank's subsidiary Diners Club Bulgaria AD, UIN 121230735, and were duly listed in the Commercial Register.*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 2015.

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

<i>as at 30 Sept 2015</i>		<i>as at 31 Dec 2015</i>	
<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>

Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

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

Members of the Managing Board	at 30 Sept 2015		at 30 Dec 2015	
	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	
Ivaylo Ivanov*	0	0	No change	
Mariana Sadzhaklieva*	0	0	No change	
Milka Todorova*	4935	0,004	No change	
Chavdar Zlatev*	523	0,00	No change	
Jivko Todorov**	See **	See **	0	0.00

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

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

Members of the Supervisory Board	at 30 Sept 2015		at 31 Dec 2015	
	Number of shares	% of capital	Number of shares	% of capital
Evgeni Lukanov	168 739	0,1	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

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

No events have occurred.

h) information about loans granted by the issuer or any of its subsidiaries, guarantees provided or liabilities assumed to a single entity or its subsidiary, including related parties, indicating the nature of relations between the issuer and the entity, outstanding principal amount, interest rate, maturity date, initial amount of the liability, term and conditions:

First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 31 December 2015 no events have occurred beyond the ordinary activity of the Bank.

Appendix 2

**INFORMATION AS AT 31 December 2015
UNDER ART. 33, PARA. 3
OF ORDINANCE NO2**

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

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

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

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

As at 31.12.2015, no changes have occurred in transactions concluded with related parties that have significant impact on the financial position or performance of First Investment Bank AD.

(signed)

Vassil Christov
Chief Executive Officer
Chairman of the MB

(signed)

Maya Oyfalosh
Executive Director
Member of the MB

(signed)

Jivko Todorov
Chief Financial Officer
Member of the MB

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

**Information on circumstances
which occurred by 31 December 2015
and which may have an impact on the price of First Investment Bank shares**

1. Quarterly unconsolidated financial statements (unaudited) of First Investment Bank AD as at 31.12.2014 – Registered at FSC under incoming No. 10-05-2667/30.01.2015;
2. Amended unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2014 – Registered at FSC under incoming No. 10-05-2826/03.02.2015;
3. Amended consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2014 – Registered at FSC under incoming No. 10-05-2834/03.02.2015;
4. Quarterly consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2014 – Registered at FSC under incoming No. 10-05-5153/04.03.2015;
5. Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2014 – Registered at FSC under incoming No. 10-05-7835/01.04.2015;
6. Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 December 2014 – Registered at FSC under incoming No. 10-05-9499/23.04.2015;
7. Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2015 – Registered at FSC under incoming No. 10-05-10500/30.04.2015;
8. Notice of the annual general meeting of shareholders of First Investment Bank AD – Registered at FSC under incoming No. 10-05-11215/12.05.2015;
9. First Investment Bank Ratings from Fitch Ratings – Registered at FSC under incoming No. 10-05-12031/20.05.2015;
10. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2015 – Registered at FSC under incoming No. 10-05-13255/02.06.2015;
11. Results from the annual general meeting of shareholders of First Investment Bank AD held on 15 June 2015 – Registered at FSC under incoming No. 10-05-14374/16.06.2015;
12. Minutes from the annual general meeting of shareholders of First Investment Bank AD held on 15 June 2015 – Registered at FSC under incoming No. 10-05-14549/17.06.2015;
13. Notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD – Registered at FSC under incoming No. 10-05-16481/08.07.2015;
14. Notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) and Art. 85, Para. 1(7) of Ordinance No. 38 on the requirements to the activities of investment intermediaries regarding changes in the composition of the Supervisory Board of First Investment Bank AD – new member of the

- Supervisory Board, Mr. J. Koskelo – Registered at FSC under incoming No. 10-05-18046/27.07.2015;
15. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2015 – Registered at FSC under incoming No. 10-05-18687/30.07.2015;
 16. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2015 – Registered at FSC under incoming No. 10-05-21166/31.08.2015;
 17. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2015 – Registered at FSC under incoming No. 10-05-26082/30.10.2015;
 18. Notification of changes in the managing bodies and in the organizational structure of First Investment Bank AD - Registered at FSC under incoming No. 10-05-27920/24.11.2015;
 19. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2015 – Registered at FSC under incoming No. 10-05-28375/30.11.2015;
 20. Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding changes in the managing bodies of First Investment Bank AD which have been published in the Commercial Register – Registered at FSC under incoming No. 10-05-30428/28.12.2015;
 21. Invitation to the annual meeting of minority shareholders of First Investment Bank AD – Registered at FSC under incoming No. 10-05-30523/29.12.2015.

CHIEF EXECUTIVE OFFICER:

EXECUTIVE DIRECTOR:

(signed)

(signed)

VASSIL CHRISTOV

MAYA OYFALOSH

FINV9150	First Investment Bank AD
31.12.2015	Reporting date
stand-alone	Basis for application
IFRS	Accounting standard

in BGN '000

1. Balance sheet [statement of the 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		1 499 643
020	Cash	part 2, item 1 of Appendix V		160 781
030	Cash balances with central banks	part 2, item 2 of Appendix V		829 210
040	Other deposits payable on demand	part 2, item 3 of Appendix V	5	509 652
050	Financial assets held for trading	Para. 8 (a)(ii) of IFRC 7; Para. 9, AG 14 of IAS 39		9 913
060	Derivatives	Para. 9 of IAS 39	10	0
070	Equity	Para. 11 of IAS 32	4	3 119
080	Debt securities	part 1, items 24, 26 of Appendix V	4	6 794
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	507 268
150	Equity	Para. 11 of IAS 32	4	5 788
160	Debt securities	part 1, items 24, 26 of Appendix V	4	501 480
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	5 231 389
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	5 231 389
210	Investments held to maturity	Para. 8 (b) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39	4	56 354
220	Debt securities	part 1, items 24, 26 of Appendix V	4	56 354
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	3 357
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	40	36 357
270	Tangible assets			1 232 699
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	21,42	1 026 455
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	206 244
300	Intangible assets	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		10 660
310	Goodwill	Para. B67, (d) of IFRC 3; Art. 4, Para. 1, item 113 of Reg 575		0
320	Other intangible assets	Paras. 8, 118 of IAS 38	21, 42	10 660
330	Tax assets	Para. 54 (n)-(o) of IAS 1		1 847
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		1 847
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575		0
360	Other assets	part 2, item 5 of Appendix V		90 447
370	Non-current assets and disposal groups classified as held for sale	Para. 54, (j) of IAS 1; Para. 38 of IFRC 5; part 2, item 6 of Appendix V		0
380	TOTAL ASSETS	Para. 9, (a), IN 6 of IAS 1		8 679 934

FINV9150	First Investment Bank AD
31.12.2015	Reporting date
stand-alone	Basis for application
IFRS	Accounting standard

in BGN '000

1. Balance sheet [statement of the financial position]

c010

1.2 Liabilities

		References	Breakdown in table	Carrying amount
				010
010	Financial liabilities held for trading	Para. 8, (e)(ii) of IFRC 7; Para. 9, AG 14-15 of IAS 39	8	0
020	Derivatives	Para. 9, AG 15(a) of IAS 39	10	0
030	Short positions	AG15 (b) of IAS 39	8	0
040	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	0
050	Issued debt securities	part 1, item 31 of Appendix V	8	0
060	Other financial liabilities	part 1, items 32-34 of Appendix V	8	0
070	Financial liabilities at fair value through profit or loss	Para. 8, (e)(i) of IFRC 7; Para. 9 of IAS 39	8	0
080	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	0
090	Issued debt securities	part 1, item 31 of Appendix V	8	0
100	Other financial liabilities	part 1, items 32-34 of Appendix V	8	0
110	Financial liabilities at amortised cost	Para. 8, (f) of IFRC 7; Para. 47 of IAS 39	8	7 845 520
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V	8	7 491 078
130	Issued debt securities	part 1, item 31 of Appendix V	8	202 044
140	Other financial liabilities	part 1, items 32-34 of Appendix V	8	152 398
150	Derivatives - hedge accounting	Para. 22 (b) of IAS 7; Para. 9 of IFRC 39; part 1, item 23 of Appendix V	8	0
160	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	Para. 89A (b) of IAS 39		0
170	Provisions	Para. 10 of IAS 37; Para. 54 (l) of IAS 1	43	6 686
180	Pensions and other subsequent obligations to pay defined post-employment benefits	Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 7 of Appendix V	43	0
190	Other long-term employee benefits	Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 8 of Appendix V	43	0
200	Restructuring	Para. 71 of IAS 37; Para. 84 (a) of IAS 1	43	0
210	Pending legal matters and tax-related court cases	IAS 37, addendum B, examples 6 and 10	43	6 686
220	Loans and guarantees	Appendix C.9 to IAS 37	43	0
230	Other provisions		43	0
240	Tax liabilities	Para. 54 (n)-(o) of IAS 1		5 478
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		264
260	Deferred tax liability	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		5 214
270	Share capital payable upon request	Illustrative example (IE) 33 of IAS 32; IFRC 2; part 2, item 9 of Appendix V		0
280	Other liabilities	part 2, item 10 of Appendix V		76 724
290	Liabilities in disposal groups classified as held for sale	Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, item 11 of Appendix V		0
300	TOTAL LIABILITIES	Para. 9, (b), IN 6 of IAS 1		7 934 408

FINV9150	First Investment Bank AD
31.12.2015	Reporting date
stand alone	Basis for application
IFRS	Accounting standard

1. Balance sheet [statement of the financial position]

c010

1.3 Total own funds

		References	Breakdown in table	Carrying amount
				010
010	Equity	Para. 54(r) of IAS 1; Para. 22 of DOB	46	110 000
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	Para. 78 (e) of IAS 1; part 2, item 14 of Appendix V		0
040	Premium reserves	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	97 000
050	Issued capital instruments other than share capital	part 2, items 15-16 of Appendix V	46	
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 15 of Appendix V		
070	Other issued equity instruments	part 2, item 16 of Appendix V		
080	Other own funds	Para. 10 of IFRS 2; part 2, item 17 of Appendix V		
090	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	15 773
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		4 500
100	Tangible assets	Paras. 39 -41 of IAS 16		4 500
110	Intangible assets	Paras. 85 -87 of IAS 38		
120	Actuarial gains or (-) losses on defined benefit plans	Para. 7 of IAS 1		
122	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		
124	Share of the other comprehensive income of subsidiaries, associates and joint ventures	Para. 82(i) of IAS 1; Para. 11 of IAS 28		
128	Items which can be reclassified as profit or loss	Para. 89A (a) of IAS 1		11 273
130	Hedges of net investments in foreign operations [effective portion]	Para. 102(a) of IAS 39		
140	Currency exchange	Para. 52 (b) of IFRS 21; Paras. 32, 38-49 of IAS 21		
150	Derivatives from hedging Cash flow hedges [effective portion]	Para. 23, (c) of IFRS 7; Paras. 95-101 of IAS 39		
160	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRS 7; Para. 55(b) of IAS 39		11 273
170	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		
180	Share of the other comprehensive income of subsidiaries, associates and joint ventures	Para. 82(i) of IAS 1; Para. 11 of IAS 28		
190	Retained earnings	Art. 4, para. 1, item 123 of Reg 575		470 205
200	Revaluation reserve	Para. 30, D5-D8 of IFRS 1; part 2, item 18 of Appendix V		
210	Other reserves	Para. 54 of IAS 1; Para. 78 (e) of IAS 1		39 861
220	Profit or loss from the write-off of investments in subsidiaries, associates and joint ventures	Para. 28 of IAS 11; part 2, item 19 of Appendix V		
230	Other	part 2, item 19 of Appendix V		39 861
240	(-) Repurchased own shares	Para. 79 (a)(vi) of IFRS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, item 20 of Appendix V	46	
250	Profit or loss attributable to the owners of the parent company	Para. 28 of IAS 27; Para. 81B(b)(ii) of IAS 1	2	12 687
260	(-) Interim dividends	Para. 35 of IAS 32		
270	Minority interests [Non-controlling interests]	Para. 4 of IAS 27; Para. 54 (r) of IAS 1, Para. 27 of IAS 27		
280	Accumulated other comprehensive income	Paras. 27-28 of IAS 27; Art. 4, Para. 1, item 100 of Reg 575	46	
290	Other items	Paras. 27 -28 of IAS 27	46	
300	TOTAL SHAREHOLDERS' EQUITY	Para. 9 (c), IN 6 of IAS 1	46	745 526
310	TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	IAS 1, IN 6		8 679 934

VASSIL CHRISTOV
Chief Executive Officer

MAYA OYFALOSH
Executive Director

Jivko Todorov
Chief Financial Officer

ver2.3

FINV9150 First Investment Bank AD

31.12.2015 Reporting date

stand-alone Basis for application

IFRS Accounting standard

in BGN '000

2. Profit and Loss Account

c010

		References	Breakdown in table	Current period
				010
010	Interest income	Para. 97 of IAS 1; Para. 35, (b) of IAS 18; part 2, item 21 of Appendix V	16	470 651
020	Financial assets held for trading	Para. 20, (a)(i) of IFRC 7; part 2, item 24 of Appendix V		324
030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		0
040	Financial assets available-for-sale	Para. 20, (b) of IFRC 7; Para. 55, (b) of IAS 39; Para. 9 of IAS 39		12 095
050	Loans and receivables	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (a) of IAS 39		457 989
060	Investments held to maturity	Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (b) of IAS 39		243
070	Derivatives — hedge accounting, interest rate risk	Para. 9 of IAS 39; part 2, item 23 of Appendix V		0
080	Other assets	part 2, item 25 of Appendix V		0
090	(Interest expense)	Para. 97 of IAS 1; part 2, item 21 of Appendix V	16	218 270
100	(Financial liabilities held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, item 24 of Appendix V		0
110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		0
120	(Financial liabilities at amortised cost)	Para. 20 (b) of IFRC 7; Para. 47 of IAS 39		218 248
130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, item 23 of Appendix V		0
140	(Other liabilities)	part 2, item 26 of Appendix V		22
150	(Expense for share capital payable upon request)	Para. 11 of IFRIC 2		0
160	Dividend income	Para. 35, (b), (v) of IAS 18; part 2, item 28 of Appendix V		1 290
170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRC 7		9
180	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRC 7; Para. 9 of IAS 39		0
190	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39		1 281
200	Fee and commission income	Para. 20 (c) of IFRS 7	22	99 384
210	(Fee and commission expense)	Para. 20 (c) of IFRS 7	22	17 914
220	Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss	Para. 20, (a), (ii) to (v) of IAS 7; part 2, item 97 of Appendix V	16	62 785
230	Financial assets available-for-sale	Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39		3 043
240	Loans and receivables	Para. 20, (a), (iv) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39		59 742
250	Investments held to maturity	Para. 20, (a), (iii) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39		0
260	Financial liabilities at amortised cost	Para. 20, (a), (v) of IFRC 7; Para. 56 of IAS 39		0
270	Other			0
280	Net profits or (-) losses from financial assets and liabilities held for trading	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16	95
290	Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss	Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39	16,45	0
300	Net profits or (-) losses from hedge accounting	Para. 24 of IFRS 7; part 2, item 30 of Appendix V	16	0
310	Net exchange rate differences [profit (-) loss]	Para. 28 of IAS 21; Para. 52 (a)		11 245
330	Net profits or (-) losses from write-off of non-financial assets	Para. 34 of IAS 1	45	0
340	Other operating income	part 2, items 141-143 of Appendix V	45	155 163
350	(Other operating expense)	part 2, items 141-143 of Appendix V	45	1 889
355	NET TOTAL OPERATING INCOME			562 540
360	(Administrative expenses)			196 943
370	(Personnel costs)	Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1	44	58 286
380	(Other administrative expenses)			138 657
390	(Amortisation)	Paras. 102, 104 of IAS 1		17 149
400	(Property, Plant and Equipment)	Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16		14 058
410	(Investment Property)	Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40		0
420	(Other intangible assets)	Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38		3 091
430	(Provisions or (-) reversed provisions)	Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1	43	6 686
440	(Loans and guarantees)			0
450	(Other provisions)			6 686

2. Profit and Loss Account

c010

		<i>References</i>	Breakdown in table	Current period
460	(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)	<i>Para. 20, (e) of IFRC 7</i>	16	327 422
470	(Financial assets assessed by the expense method)	<i>Para. 20, (e) of IFRC 7; Para. 66 of IAS 39</i>		0
480	(Financial assets available-for-sale)	<i>Para. 20, (e) of IFRC 7; Para. 67 of IAS 39</i>		0
490	Loans and receivables	<i>Para. 20, (e) of IFRC 7; Para. 63 of IAS 39</i>		327 422
500	(Investments held to maturity)	<i>Para. 20, (e) of IFRC 7; Para. 63 of IAS 39</i>		0
510	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	<i>Paras. 40 -43 of IAS 28</i>	16	0
520	(Impairment or (-) reversed impairment of non-financial assets)	<i>Para. 126(a)-(b) of IAS 36</i>	16	0
530	(Property, Plant and Equipment)	<i>Para. 73, (e), (v)-(vi) of IAS 16</i>		0
540	(Investment Property)	<i>Para. 79, (d), (v) of IAS 40</i>		0
550	(Goodwill)	<i>B67, (d), (v) of IFRC 3; Para. 124 of IAS 36</i>		0
560	(Other intangible assets)	<i>Para. 118, (e), (iv)-(v) of IAS 38</i>		0
570	(Other)	<i>Para. 126(a)-(b) of IAS 36</i>		0
580	Negative goodwill in profit or loss	<i>B64, (n)(i) to IFRC 3</i>		0
590	Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate	<i>Para. 82, (c) of IAS 1</i>		0
600	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	<i>Para. 37 of IFRS 5; part 2, item 27 of Appendix V</i>		0
610	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5</i>		14 340
620	(Tax expense or (-) income relating to the profit or loss from current operations)	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		1 653
630	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	<i>IN 6 of IAS 1</i>		12 687
640	Profit or (-) loss after tax from discontinued operations	<i>Para. 82, (e) of IAS 1; Para. 33, (a), Para. 33 A of IFRC 5</i>		0
650	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRC 5</i>		0
660	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) of IFRC 5</i>		0
670	PROFIT OR (-) LOSS FOR THE YEAR	<i>Para. 82 (f) of IAS 1</i>		12 687
680	Relating to minority interests [non-controlling interests]	<i>Para. 83, (a)(i) of IAS 1</i>		0
690	Attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>		12 687

VASSIL CHRISTOV
Chief Executive Officer

MAYA OYFALOSH
Executive Director

Jivko Todorov
Chief Financial Officer

DECLARATION

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

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

- the financial statements (non-consolidated) of First Investment Bank AD as at 31 December 2015, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 31 December 2015 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Vassil Christov
Chief Executive Officer
Chairman of the MB

(signed)

Maya Oyfalosh
Executive Director
Member of the MB

(signed)

Jivko Todorov
Chief Financial Officer

01 February 2016