

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

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

Re: Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 30 Sept 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 30 September 2015, containing:

1. Financial statements as at 30.09.2015 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 30.09.2015;
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)*

Dimitar Kostov  
Executive Director  
Chairman of the MB

*(signed)*

Maya Oyfalosh  
Executive Director  
Member of the MB

## FIRST INVESTMENT BANK AD

**Unconsolidated statement of shareholders' equity for the nine months ended 30 September 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
<b>Balance at 01 January 2014</b>	<b>110 000</b>	<b>97 000</b>	<b>284 211</b>	<b>3 032</b>	<b>4 500</b>	<b>39 861</b>	<b>538 604</b>
<b>Total comprehensive income for the period</b>							
Net profit for the nine months ended on 30 September 2014	-	-	24 169	-	-	-	24 169
<b>Other comprehensive income for the period</b>							
Revaluation reserve on available for sale investments	-	-	-	1 493	-	-	1 493
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
<b>Balance at 30 September 2014</b>	<b>110 000</b>	<b>97 000</b>	<b>463 793</b>	<b>4 525</b>	<b>4 500</b>	<b>39 861</b>	<b>719 679</b>
<b>Balance at 01 January 2015</b>	<b>110 000</b>	<b>97 000</b>	<b>470 205</b>	<b>6 843</b>	<b>4 500</b>	<b>39 861</b>	<b>728 409</b>
<b>Total comprehensive income for the period</b>							
Net profit for the nine months ended on 30 September 2015	-	-	9 952	-	-	-	9 952
<b>Other comprehensive income for the period</b>							
Revaluation reserve on available for sale investments	-	-	-	(1 539)	-	-	(1 539)
<b>Balance at 30 September 2015</b>	<b>110 000</b>	<b>97 000</b>	<b>480 157</b>	<b>5 304</b>	<b>4 500</b>	<b>39 861</b>	<b>736 822</b>

DIMITAR KOSTOV

Executive Director

MAYA OYFALOSH

Executive Director

Jivko Todorov

Chief Financial Officer

FIRST INVESTMENT BANK AD  
**Unconsolidated statement of the financial position as at 30 September 2015**  
 unaudited

	<i>in BGN '000</i>	
	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>ASSETS</b>		
Cash and balances with Central Banks	1 310 641	1 629 121
Financial assets held for trading	13 219	8 887
Available for sale investments	620 904	485 674
Financial assets held to maturity	204 176	29 253
Loans and advances to banks and other financial institutions	116 027	80 559
Loans and advances to customers	5 810 714	5 734 295
Property and equipment	103 504	104 806
Intangible assets	11 361	13 410
Derivatives held for risk management	3 455	4 019
Current tax assets	737	94
Repossessed assets	536 152	517 391
Other assets	43 611	38 326
<b>TOTAL ASSETS</b>	<b>8 774 501</b>	<b>8 645 835</b>
<b>LIABILITIES AND CAPITAL</b>		
Due to banks	3 168	10 229
Due to other customers	7 086 830	6 507 864
Ministry of Finance deposit	512 606	901 844
Liabilities evidenced by paper	172 569	177 544
Perpetual debt	44 267	103 160
Hybrid debt	198 768	195 447
Deferred tax liability	3 105	3 333
Current tax liabilities	-	912
Other liabilities	16 366	17 093
<b>TOTAL LIABILITIES</b>	<b>8 037 679</b>	<b>7 917 426</b>
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 861	39 861
Revaluation reserve on available for sale investments	5 304	6 843
Revaluation reserve on property	4 500	4 500
Retained earnings	480 157	470 205
<b>SHAREHOLDERS' EQUITY</b>	<b>736 822</b>	<b>728 409</b>
<b>TOTAL LIABILITIES AND GROUP EQUITY</b>	<b>8 774 501</b>	<b>8 645 835</b>
DIMITAR KOSTOV Executive Director		
MAYA OYFALOSH Executive Director		
Jivko Todorov Chief Financial Officer		

## FIRST INVESTMENT BANK AD

**Unconsolidated statement of comprehensive income for the nine months ended 30 September 2015**

unaudited

*in BGN '000*

	nine months ended 30 September 2015	nine months ended 30 September 2014
Interest income	355 753	380 160
Interest expense	(170 914)	(199 955)
<b>Net interest income</b>	<b>184 839</b>	<b>180 205</b>
Fee and commission income	71 456	75 007
Fee and commission expense	(14 089)	(14 550)
<b>Net fee and commission income</b>	<b>57 367</b>	<b>60 457</b>
Net trading income	8 077	10 463
Other net operating income	9 380	11 396
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>	<b>259 663</b>	<b>262 521</b>
Administrative expenses	(130 776)	(134 345)
Allowance for impairment	(98 761)	(85 898)
Other expenses, net	(19 121)	(15 423)
<b>PROFIT BEFORE TAX</b>	<b>11 005</b>	<b>26 855</b>
<b>Income tax expense</b>	<b>(1 053)</b>	<b>(2 686)</b>
<b>NET PROFIT</b>	<b>9 952</b>	<b>24 169</b>
<b>Other comprehensive income for the period</b>		
<b>Items which should or may be reclassified as profit or loss</b>		
Revaluation reserve on available for sale investments	(1 539)	1 493
<b>Total other comprehensive income</b>	<b>(1 539)</b>	<b>1 493</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>8 413</b>	<b>25 662</b>

DIMITAR KOSTOV

Executive Director

MAYA OYFALOSH

Executive Director

Jivko Todorov

Chief Financial Officer

FIRST INVESTMENT BANK AD  
 Unconsolidated statement of cash flows for the nine months ended 30 September 2015  
 unaudited

in BGN '000

	nine months ended 30 September 2015	nine months ended 30 September 2014
<b>Net cash flow from operating activities</b>		
Net profit	9 952	24 169
<b>Adjustment for non-cash items</b>		
Allowance for impairment	98 761	85 898
Net interest income	(184 839)	(180 205)
Depreciation and amortization	12 838	14 166
Tax expense	1 053	2 686
(Profit) from sale and write-off of tangible and intangible fixed assets, net	(105)	(11)
(Profit) from sale of other assets, net	(241)	(194)
	<b>(62 581)</b>	<b>(53 491)</b>
<b>Change in operating assets</b>		
(Increase) in financial instruments held for trading	(4 331)	(2 449)
(Increase) in available for sale investments	(137 321)	(8 306)
(Increase)/decrease in loans and advances to banks and financial institutions	(39 406)	14 027
(Increase) in loans to customers	(92 178)	(88 431)
(Increase)/decrease in other assets	(5 364)	38 913
	<b>(278 600)</b>	<b>(46 246)</b>
<b>Change in operating liabilities</b>		
Increase/(decrease) in deposits from banks	(7 061)	12 173
Increase/(decrease) in amounts owed to other depositors	163 672	(97 845)
Net increase/(decrease) in other liabilities	(84)	12 984
	<b>156 527</b>	<b>(72 688)</b>
Interest received	230 714	246 902
Interest paid	(145 759)	(197 903)
Dividends received	1 290	546
Tax on profit, paid	(2 666)	(1 959)
	<b>(101 075)</b>	<b>(124 839)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(101 075)</b>	<b>(124 839)</b>
<b>Cash flow from investing activities</b>		
(Purchase) of tangible and intangible fixed assets	(9 780)	(6 901)
Sale of tangible and intangible fixed assets	398	17
Sale of other assets	22 419	5 061
(Increase)/decrease of investments	(174 758)	178 341
	<b>(161 721)</b>	<b>176 518</b>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(161 721)</b>	<b>176 518</b>
<b>Financing activities</b>		
Repayment of subordinated debt	-	(24 655)
Increase/(decrease) in borrowings	(4 884)	(28 615)
Repayment of perpetual debt	(54 762)	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(59 646)</b>	<b>(53 270)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(322 442)</b>	<b>(1 591)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>1 682 887</b>	<b>1 308 810</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>1 360 445</b>	<b>1 307 219</b>

DIMITAR KOSTOV  
 Executive Director  
 MAYA OYFALOSH  
 Executive Director  
 Jivko Todorov  
 Chief Financial Officer

**ADDENDUM TO THE UNAUDITED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF  
FIRST INVESTMENT BANK AD  
AT 30/09/2015**

**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.

**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 г.

**(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.

## **Income recognition, continued**

### **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.

**(d) Financial assets, continued**

**(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.

**2. Significant accounting policies, continued**

(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

Impairment loss on loans and receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If the interest rate for the loan is a floating interest rate, the loan is discounted at the current effective contractual interest rate. Short-term balances are not discounted. The calculation of the present value of estimated future cash flows reflects not only interest and principal payments, but also cash flows that may result from foreclosure less costs for obtaining and selling the collateral for a given exposure.

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. Specific allowance for impairment is accounted for loans for which there is objective evidence of impairment as a result of a past event that occurred after initial recognition of the asset. Objective evidence of impairment includes significant financial difficulty of the issuer or obligor; a breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy; observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets. The portfolio allowance is accounted for decreasing the carrying amount of a portfolio

of loans with similar credit risk characteristics, which are collectively assessed for impairment. The estimated cash flows for a group of similar assets are determined on the basis of past practice and historical loss experience for portfolios with comparable characteristics. Historical loss experience should be adjusted, on the basis of observable data, to reflect the effects of current conditions. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Increases in the allowance account are recognised in profit or loss. When a loan is identified to be not recoverable, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off directly.

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) Financial assets, measured at fair value through other comprehensive income**

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:

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

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

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

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

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

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

**(m) Provisions**

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

**(n) 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.

**(o) 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.

**(p) 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.

**(q) Critical accounting estimates and judgements in applying accounting policies**

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 30 September 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 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.

Critical accounting estimates and judgements in applying accounting policies, continued

**(i) Impairment losses on loans and advances, continued**

Portfolio impairment for collective credit risk is based on the historical experience of the Bank when calculating the probability of default of a regular loan, 40% expected loss given default and 1-year period for identification.

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.

## **(r) 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.

## **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 are allocated based on their geographical location.

<i>in BGN '000</i>	<b>Bulgarian operations</b>		<b>Foreign operations</b>		<b>Total</b>	
	Nine months ended on 30 Sept 2015	Nine months ended on 30 Sept 2014	Nine months ended on 30 Sept 2015	Nine months ended on 30 Sept 2014	Nine months ended on 30 Sept 2015	Nine months ended on 30 Sept 2014
Interest income	339,880	353,937	15,873	26,223	355,753	380,160
Interest expense	(170,450)	(199,543)	(464)	(412)	(170,914)	(199,955)
<b>Net interest income</b>	<b>169,430</b>	<b>154,394</b>	<b>15,409</b>	<b>25,811</b>	<b>184,839</b>	<b>180,205</b>
Fee and commission income	71,157	74,738	299	269	71,456	75,007
Fee and commission expense	(14,083)	(14,547)	(6)	(3)	(14,089)	(14,550)
<b>Net fee and commission income</b>	<b>57,074</b>	<b>60,191</b>	<b>293</b>	<b>266</b>	<b>57,367</b>	<b>60,457</b>
<b>Net trading income</b>	<b>8,019</b>	<b>10,343</b>	<b>58</b>	<b>120</b>	<b>8,077</b>	<b>10,463</b>
<b>Administrative expenses</b>	<b>(130,048)</b>	<b>(133,724)</b>	<b>(728)</b>	<b>(621)</b>	<b>(130,776)</b>	<b>(134,345)</b>
	<b>30/09/2015</b>	<b>31.12.2014</b>	<b>30/09/2015</b>	<b>31.12.2014</b>	<b>30/09/2015</b>	<b>31.12.2014</b>
<b>Assets</b>	<b>8,455,274</b>	<b>8,103,805</b>	<b>319,227</b>	<b>542,030</b>	<b>8,774,501</b>	<b>8,645,835</b>
<b>Liabilities</b>	<b>7,999,652</b>	<b>7,877,307</b>	<b>38,027</b>	<b>40,119</b>	<b>8,037,679</b>	<b>7,917,426</b>

The table below shows assets and liabilities and income and expense by business segments as at 30 September 2015.

<i>in BGN '000</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Interest income</b>	<b>Interest expense</b>	<b>Net fee and commission income</b>	<b>Net trading income</b>	<b>Other net operating income</b>
Commercial banking	4,329,252	1,533,056	236,962	(20,338)	18,680	-	6,874
Retail Banking	1,481,462	6,066,380	108,541	(137,149)	24,821	-	-
Card services	-	-	-	-	11,734	-	-
Treasury	2,232,051	51,479	10,250	(60)	1,070	8,077	2,506
Other	731,736	386,764	-	(13,367)	1,062	-	-
<b>Total</b>	<b>8,774,501</b>	<b>8,037,679</b>	<b>355,753</b>	<b>(170,914)</b>	<b>57,367</b>	<b>8,077</b>	<b>9,380</b>

#### 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*

<b>30 September 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	13,219	-	-	13,219
Available for sale investments	525,881	52,864	-	578,745
Derivatives held for risk management	3,176	279	-	3,455
<b>Total</b>	<b>542,276</b>	<b>53,143</b>	<b>-</b>	<b>595,419</b>

*in BGN '000*

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
<b>Total</b>	<b>409,890</b>	<b>46,531</b>	<b>-</b>	<b>456,421</b>

Capital investments amounting to BGN 42,159 thousand at 30 September 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*

<b>30 September 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total balance sheet value</b>
<b>Assets</b>					
Cash and balances with Central Banks	-	1,310,641	-	1,310,641	1,310,641
Financial assets held to maturity	145,131	58,727	-	203,858	204,176
Loans and advances to banks and other financial institutions	-	116,027	-	116,027	116,027
Loans and advances to customers	-	541,560	5,255,991	5,797,551	5,810,714
<b>Total</b>	<b>145,131</b>	<b>2,026,955</b>	<b>5,255,991</b>	<b>7,428,077</b>	<b>7,441,558</b>
<b>Liabilities</b>					
Due to banks	-	3,168	-	3,168	3,168
Due to other customers	-	1,985,639	5,100,487	7,086,126	7,086,830
Ministry of Finance	-	502,670	-	502,670	512,606
Liabilities evidenced by paper	-	172,464	-	172,464	172,569
Perpetual debt	-	44,228	-	44,228	44,267
Hybrid debt	-	196,381	-	196,381	198,768
<b>Total</b>	<b>-</b>	<b>2,904,550</b>	<b>5,100,487</b>	<b>8,005,037</b>	<b>8,018,208</b>

*in BGN '000*

<b>31 December 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair values</b>	<b>Total balance sheet value</b>
<b>Assets</b>					
Cash and balances with Central Banks	-	1,629,121	-	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
<b>Total</b>	<b>9,778</b>	<b>2,414,280</b>	<b>5,040,873</b>	<b>7,464,931</b>	<b>7,473,228</b>
<b>Liabilities</b>					
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
<b>Total</b>	<b>-</b>	<b>2,291,029</b>	<b>5,568,262</b>	<b>7,859,291</b>	<b>7,896,088</b>

## 5. Net interest income

<i>in BGN '000</i>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
<b>Interest income</b>		
Accounts with and placements to banks and financial institutions	268	1,927
Retail Banking	103,375	97,587
Corporate customers	209,393	244,009
Small and medium enterprises	27,569	24,641
Microlending	5,166	4,556
Debt instruments	9,982	7,440
	<b>355,753</b>	<b>380,160</b>
<b>Interest expense</b>		
Deposits from banks	(47)	(7)
Deposits from other customers	(157,486)	(168,631)
Liabilities evidenced by paper	(2,073)	(3,329)
Subordinated term debt	0	(1,665)
Perpetual debt	(7,970)	(9,115)
Hybrid debt	(3,321)	(17,183)
Lease agreements and other	(17)	(25)
	<b>(170,914)</b>	<b>(199,955)</b>
<b>Net interest income</b>	<b>184,839</b>	<b>180,205</b>

## 6. Net fee and commission income

*in BGN '000*

<b>Fee and commission income</b>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
Letters of credit and guarantees	4,802	4,659
Payments transactions	10,194	11,409
Customer accounts	16,377	16,876
Card services	21,897	21,957
Other	18,186	20,106
	<b>71,456</b>	<b>75,007</b>
<b>Fee and commission expense</b>		
Letters of credit and guarantees	(211)	(105)
Payment systems	(1,354)	(1,436)
Card services	(10,162)	(11,206)
Other	(2,362)	(1,803)
	<b>(14,089)</b>	<b>(14,550)</b>
<b>Net fee and commission income</b>	<b>57,367</b>	<b>60,457</b>

The Bank has made a reclassification of the fee and commission expenses on account of administrative expenses (see note 9) for a total of BGN 4,383 thousand compared to the financial statements at 30 September 2014 in order to present more accurate and clear comparative data.

## 7. Net trading income

*in BGN '000*

<b>Net trading income/(expense) arises from:</b>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
- Debt instruments	(47)	761
- Equities	(146)	185
- Foreign exchange rate fluctuations	8,270	9,517
<b>Net trading income</b>	<b>8,077</b>	<b>10,463</b>

**8. Other net operating income**

<i>in BGN '000</i>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
Other net operating income arising from:		
- Debt instruments	2,506	2,220
- Gain on administration of loans acquired through business combination	6,874	9,176
<b>Other net operating income</b>	<b>9,380</b>	<b>11,396</b>

**9. Administrative expenses**

<i>in BGN '000</i>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
General and administrative expenses comprise:		
- Personnel cost	44,710	46,847
- Depreciation and amortisation	12,838	14,165
- Advertising	10,004	9,004
- Building rent expense	24,312	21,358
- Telecommunication, software and other computer maintenance	8,011	7,699
- Administration, consultancy, audit and other costs	30,901	35,272
<b>Administrative expenses</b>	<b>130,776</b>	<b>134,345</b>

**10. Allowance for impairment**

<i>in BGN '000</i>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
<b>Write-downs</b>		
<i>Loans and advances to customers</i>	(123,227)	(105,945)
<b>Reversal of write-downs</b>		
<i>Loans and advances to customers</i>	24,466	20,047
<b>Impairment, net</b>	<b>(98,761)</b>	<b>(85,898)</b>

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

<i>in BGN '000</i>	<b>Nine months ended on 30 Sept 2015</b>	<b>Nine months ended on 30 Sept 2014</b>
Net income from transactions and revaluation of gold and precious metals	716	651
Rental income	2,240	1,519
Income from sale of assets	88	208
Dividend income	1,290	546
Premium contribution to the Deposit Insurance Fund	(24,597)	(24,740)
Other income/(expenses), net	1,142	6,393
<b>Total</b>	<b>(19,121)</b>	<b>(15,423)</b>

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

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Cash on hand		
- in BGN	91,299	117,178
- in foreign currency	40,165	46,178
Balances with Central Banks	618,285	820,051
Current accounts and amounts with foreign banks	560,892	645,714
<b>Total</b>	<b>1,310,641</b>	<b>1,629,121</b>

**12. Financial assets held for trading**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Bonds and notes issued by:		
Bulgarian government, rated BBB-:		
- denominated in Bulgarian Leva	3,242	4,317
- denominated in foreign currencies	5,455	14
Foreign banks	1,468	1,367
Other issuers – equity instruments (unrated)	3,054	3,189
<b>Total</b>	<b>13,219</b>	<b>8,887</b>

**13. Available for sale investments**

<i>In thousands of BGN</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Bonds and notes issued by:		
Bulgarian Government		
- denominated in Bulgarian Leva	219,875	179,418
- denominated in foreign currencies	185,084	193,792
Foreign governments		
- treasury bonds	120,922	24,281
Local authorities	-	51
Bulgarian banks	1,956	1,955
Foreign banks	50,908	44,018
Other issuers – equity instruments	5,788	5,788
Investments in subsidiaries	36,371	36,371
<b>Total</b>	<b>620,904</b>	<b>485,674</b>

Investments in subsidiaries are as follows:

<i>in BGN '000</i>	% held	<b>30 September 2015</b>	<b>31 December 2014</b>
Entity:			
First Investment Finance B.V., Netherlands	100%	3,947	3,947
Diners Club Bulgaria AD	94.79%	5,443	5,443
First Investment Bank – Albania Sh.a.	100%	23,419	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	15
Balkan Financial Services EAD	100%	50	50
Turnaround Management EOOD	100%	-	-
Creative Investment EOOD	100%	-	-
Lega Solutions EOOD	100%	-	-
AMC Imoti EOOD	100%	-	-
<b>Total</b>		<b>36,371</b>	<b>36,371</b>

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>	<b>30 September 2015</b>	<b>31 December 2014</b>
Securities held to maturity issued by:		
Foreign governments	93,792	9,773
Foreign banks	20,277	19,480
Other	90,107	-
<b>Total</b>	<b>204,176</b>	<b>29,253</b>

#### 15. Loans and advances to banks and other financial institutions

##### (a) Analysis by type

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Placements with banks	75,657	72,433
Receivables under resale agreements (see Note 26)	36,037	-
Other	4,333	8,126
<b>Total</b>	<b>116,027</b>	<b>80,559</b>

##### (b) Geographical analysis

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Domestic banks and financial institutions	37,999	18,558
Foreign banks and other financial institutions	78,028	62,001
<b>Total</b>	<b>116,027</b>	<b>80,559</b>

#### 16. Loans and advances to customers

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Retail Banking	1,482,642	1,275,612
Small and medium enterprises	496,749	493,584
Microlending	101,056	88,984
Corporate customers	4,332,115	4,391,755
Allowance for impairment	(601,848)	(515,640)
<b>Total</b>	<b>5,810,714</b>	<b>5,734,295</b>

##### (a) Movement in impairment allowances

<i>in BGN '000</i>	
<b>Total Balance as at 01 January 2015</b>	<b>515,640</b>
Additional allowances	123,227
Amounts released	(24,466)
Write - offs	(12,553)
<b>Total Balance as at 30 September 2015</b>	<b>601,848</b>

**17. Property and equipment**

<i>in BGN '000</i>	<b>Land and Buildings</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Assets under Construction</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>Cost</b>						
At 1 January 2015	17,550	135,816	6,470	25,280	63,060	248,176
Additions		9		9,771		9,780
Disposals	(185)	(1,732)	(155)			(2,072)
Transfers	122	7,073	3	(8,723)	1,261	(264)
<b>At 30 September 2015</b>	<b>17,487</b>	<b>141,166</b>	<b>6,318</b>	<b>26,328</b>	<b>64,321</b>	<b>255,620</b>
<b>Amortisation</b>						
At 1 January 2015	2,261	106,861	5,216	-	29,032	143,370
Accrued during the year	469	7,028	285	-	2,743	10,525
On disposals	(8)	(1,616)	(155)			(1,779)
<b>At 30 September 2015</b>	<b>2,722</b>	<b>112,273</b>	<b>5,346</b>	<b>-</b>	<b>31,775</b>	<b>152,116</b>
<b>Carrying amount</b>						
<b>At 30 September 2015</b>	<b>14,765</b>	<b>28,893</b>	<b>972</b>	<b>26,328</b>	<b>32,546</b>	<b>103,504</b>
<b>At 1 January 2015</b>	<b>15,289</b>	<b>28,955</b>	<b>1,254</b>	<b>25,280</b>	<b>34,028</b>	<b>104,806</b>

**18. Intangible assets**

<i>in BGN '000</i>	<b>Software and licences</b>	<b>Total</b>
<b>Cost</b>		
At 1 January 2015	28,206	28,206
Transfers	264	264
<b>At 30 September 2015</b>	<b>28,470</b>	<b>28,470</b>
<b>Amortisation</b>		
At 1 January 2015	14,796	14,796
Accrued during the year	2,313	2,313
<b>At 30 September 2015</b>	<b>17,109</b>	<b>17,109</b>
<b>Carrying amount</b>		
<b>At 30 September 2015</b>	<b>11,361</b>	<b>11,361</b>
<b>At 1 January 2015</b>	<b>13,410</b>	<b>13,410</b>

**18a. Repossessed Assets**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Land	291,433	288,693
Buildings	225,766	210,987
Machines and equipment	18,143	16,906
Fixtures and fittings	810	805
<b>Total</b>	<b>536,152</b>	<b>517,391</b>

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

**19. Other assets**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Deferred expense	20,684	13,451
Gold	9,578	9,558
Other	13,349	15,317
<b>Total</b>	<b>43,611</b>	<b>38,326</b>

**20. Due to banks**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Payable on demand	3,168	10,229
<b>Total</b>	<b>3,168</b>	<b>10,229</b>

**21. Due to other customers**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Retail customers		
- current accounts	560,055	575,876
- term and savings deposits	5,506,325	4,969,307
Businesses and public institutions		
- current accounts	643,864	593,399
- term	376,586	369,282
<b>Total</b>	<b>7,086,830</b>	<b>6,507,864</b>

**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.

<i>In thousands of BGN</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
	<b>512,606</b>	<b>901,844</b>

**22. Liabilities evidenced by paper**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Acceptances under letters of credit	21,550	23,337
Liabilities under repurchase agreements (see Note 26)	48,311	-
Financing from financial institutions	87,061	137,778
Other term liabilities	15,647	16,429
<b>Total</b>	<b>172,569</b>	<b>177,544</b>



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

*in BGN '000*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 30 Sept 2015</b>
State Fund Agriculture	2%	06.03.2015 - 20.09.2019	5,957
European Investment Fund – JEREMIE 2	0 % - 1.615%	31.12.2024	68,139
Bulgarian Bank for Development AD	3.50 - 4.00%	20.03.2017 - 30.03.2019	12,965
<b>Total</b>			<b>87,061</b>

*in BGN '000*

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Amortised cost as at 31 December 2014</b>
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
<b>Total</b>			<b>137,778</b>

### 23. Perpetual debt

<i>in BGN '000</i>	<b>Principal amount</b>	<b>Interest rate</b>	<b>Amortised cost as at 30 Sept 2015</b>
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	11.82%	44,267
<b>Total</b>	<b>41,073</b>		<b>44,267</b>
<i>in BGN '000</i>	<b>Principal amount</b>	<b>Interest rate</b>	<b>Amortised cost as at 31 December 2014</b>
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
<b>Total</b>	<b>93,880</b>		<b>103,160</b>

The issue of the Step-Up Subordinated Bonds by First Investment Finance B.V., a limited liability company registered under the laws of the Netherlands and 100% owned by First Investment Bank AD was fully guaranteed by the Bank. After the entry into force of Regulation 575/2013 (effective 1 January 2014) on prudential requirements for credit institutions and investment firms, the 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 30.09.2015 the Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 27 mio were included in Tier 2 capital with 70% of their initial value.

**24. Hybrid debt***in BGN '000*

	<b>Principal amount</b>	<b>Amortised cost as at 30 Sept 2015</b>
Hybrid debt with original principal EUR 40 mio	78,233	78,233
Hybrid debt with original principal EUR 60 mio	117,350	120,535
<b>Total</b>	<b>195,583</b>	<b>198,768</b>

*in BGN '000*

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

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

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

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

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

**25. Other liabilities***in BGN '000*

	<b>30 September 2015</b>	<b>31 December 2014</b>
Liabilities to personnel	2,233	2,234
Other payables	14,133	14,859
<b>Total</b>	<b>16,366</b>	<b>17,093</b>

**26. Repurchase and resale agreements**

<i>in BGN '000</i>	<b>Fair value of underlying assets</b>	<b>Carrying amount of corresponding liabilities</b>
Bulgarian government securities	48,300	48,311
<b>Total</b>	<b>48,300</b>	<b>48,311</b>

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 30 Sept 2015 assets purchased subject to agreements to resell them are as follows:

<i>in BGN '000</i>	<b>Fair value of underlying assets</b>	<b>Carrying amount of liabilities</b>
Bulgarian government securities	36,632	36,037
<b>Total</b>	<b>36,632</b>	<b>36,037</b>

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

**27. Shareholders**

As at 30 September 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 30 September 2015 together with the number and percentage of total issued shares.

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

**28. Commitments and contingent liabilities****Contingent liabilities**

<i>in BGN '000</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Guarantees		
- in BGN	217,470	192,548
- in foreign currency	83,021	94,132
<b>Total guarantees</b>	<b>300,491</b>	<b>286,680</b>
Unused credit lines	459,581	440,942
Letters of credit	20,650	14,151
Other contingent liabilities	81,874	81,874
<b>Total</b>	<b>862,596</b>	<b>823,647</b>

**29. Related party transactions**

Type of related party <i>in BGN '000</i>	Parties that control or manage the Bank		Enterprises under common control	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Loans	1,476	765	28,824	34,214
Deposits and loans received:	7,601	10,346	62,564	122,306
Deposits placed		-		-
Off-balance sheet commitments issued by the Bank	3,174	2,117	4,857	4,827

During the first nine months of 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.

**Executive Director  
(signed)**

**D. KOSTOV**

**Chief Financial Officer**

**(signed)**

**J. TODOROV**

**Executive Director:  
(signed)**

**M. OYFALOSH**

ver2.3

<b>FINV9150</b>	First Investment Bank AD
<b>30 Sept 2015</b>	Reporting date
<b>stand-alone</b>	Basis for application
IFRS	Accounting standard

BGN '000

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

c010

**1.1 Assets**

		<i>References</i>	<i>Breakdown in table</i>	<b>Carrying amount</b>
				010
010	<b>Cash and cash balances with central banks and other deposits payable on demand</b>	<i>Para. 54 (i) of IAS 1</i>		<b>1 310 641</b>
020	Cash	<i>part 2, item 1 of Appendix V</i>		131 464
030	Cash balances with central banks	<i>part 2, item 2 of Appendix V</i>		618 285
040	Other deposits payable on demand	<i>part 2, item 3 of Appendix V</i>	5	560 892
050	<b>Financial assets held for trading</b>	<i>Para. 8 (a)(ii) of IFRIC 7; Para. 9, AG 14 of IAS 39</i>		<b>13 219</b>
060	Derivatives	<i>Para. 9 of IAS 39</i>	10	0
070	Equity	<i>Para. 11 of IAS 32</i>	4	3 055
080	Debt securities	<i>part 1, items 24, 26 of Appendix V</i>	4	10 164
090	Loans and advances	<i>part 1, items 24, 27 of Appendix V</i>	4	0
100	<b>Financial assets at fair value through profit or loss</b>	<i>Para. 8 (a)(i) of IFRIC 7; Para. 9, AG 14 of IAS 39</i>	4	<b>0</b>
110	Equity	<i>Para. 11 of IAS 32</i>	4	0
120	Debt securities	<i>part 1, items 24, 26 of Appendix V</i>	4	0
130	Loans and advances	<i>part 1, items 24, 27 of Appendix V</i>	4	0
140	<b>Financial assets available-for-sale</b>	<i>Para. 8 (d) of IFRIC 7; Para. 9 of IAS 39</i>	4	<b>584 533</b>
150	Equity	<i>Para. 11 of IAS 32</i>	4	5 788
160	Debt securities	<i>part 1, items 24, 26 of Appendix V</i>	4	578 745
170	Loans and advances	<i>part 1, items 24, 27 of Appendix V</i>	4	0
180	<b>Loans and receivables</b>	<i>Para. 8 (c) of IFRIC 7; Para. 9, AG 16, AG 26 of IAS 39; part 1, item 16 of Appendix V</i>	4	<b>5 926 742</b>
190	Debt securities	<i>part 1, items 24, 26 of Appendix V</i>	4	0
200	Loans and advances	<i>part 1, items 24, 27 of Appendix V</i>	4	5 926 742
210	<b>Investments held to maturity</b>	<i>Para. 8 (b) of IFRIC 7; Para. 9, AG 16, AG 26 of IAS 39</i>	4	<b>204 176</b>
220	Debt securities	<i>part 1, items 24, 26 of Appendix V</i>	4	204 176

230	Loans and advances	part 1, items 24, 27 of Appendix V	4	0
240	<b>Derivatives - hedge accounting</b>	Para. 22 (d) of IFRS 7; Para. 9 of IAS 39	11	<b>3 455</b>
250	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (a) of IAS 1		<b>0</b>
260	<b>Investments in a subsidiary, jointly-controlled entity or associate</b>	Para. 54 (e) of IAS 1; part 2, item 4 of Appendix V	40	<b>36 371</b>
270	<b>Tangible assets</b>	-		<b>639 656</b>
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	42	639 656
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	0
300	<b>Intangible assets</b>	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		<b>11 361</b>
310	Goodwill	Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575	-	0
320	Other intangible assets	Paras. 8, 118 of IAS 38	21, 42	11 361
330	<b>Tax assets</b>	Para. 54 (n)-(o) of IAS 1		<b>737</b>
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		737
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575		0
360	<b>Other assets</b>	part 2, item 5 of Appendix V		<b>43 610</b>
370	<b>Non-current assets and disposal groups classified as held for sale</b>	Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 6 of Appendix V		<b>0</b>
380	<b>TOTAL ASSETS</b>	Para. 9, (a), IN 6 of IAS 1		<b>8 774 501</b>

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<b>FINV9150</b>	First Investment Bank AD
<b>30 September 2015</b>	Reporting date
<b>stand-alone</b>	Basis for application
IFRS	Accounting standard

BGN '000

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

c010

**1.2 Liabilities**

		<i>References</i>	<i>Breakdown in table</i>	<i>Carrying amount</i>
				010
010	<b>Financial liabilities held for trading</b>	<i>Para. 8, (e)(ii) of IFRC 7; Para. 9, AG 14-15 of IAS 39</i>	8	<b>0</b>
020	Derivatives	<i>Para. 9, AG 15(a) of IAS 39</i>	10	0
030	Short positions	<i>AG15 (b) of IAS 39</i>	8	0
040	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	0
050	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	0
060	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	0
070	<b>Financial liabilities at fair value through profit or loss</b>	<i>Para. 8, (e)(i) of IFRC 7; Para. 9 of IAS 39</i>	8	<b>0</b>
080	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	0
090	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	0
100	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	0
110	<b>Financial liabilities at amortised cost</b>	<i>Para. 8, (f) of IFRC 7; Para. 47 of IAS 39</i>	8	<b>8 018 208</b>
120	Deposits	<i>Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V</i>	8	7 650 915
130	Issued debt securities	<i>part 1, item 31 of Appendix V</i>	8	198 768
140	Other financial liabilities	<i>part 1, items 32-34 of Appendix V</i>	8	168 525
150	<b>Derivatives - hedge accounting</b>	<i>Para. 22 (b) of IAS 7; Para. 9 of IFRC 39; part 1, item 23 of Appendix V</i>	8	<b>0</b>
160	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	<i>Para. 89A (b) of IAS 39</i>		<b>0</b>
170	<b>Provisions</b>	<i>Para. 10 of IAS 37; Para. 54 (l) of IAS 1</i>	43	<b>0</b>
180	Pensions and other subsequent obligations to pay defined post- employment benefits	<i>Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 7 of Appendix V</i>	43	0
190	Other long-term employee benefits	<i>Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part</i>	43	0

		<i>2, item 8 of Appendix V</i>		
200	Restructuring	<i>Para. 71 of IAS 37; Para. 84 (a) of IAS 1</i>	43	0
210	Pending legal matters and tax-related court cases	<i>IAS 37, addendum B, examples 6 and 10</i>	43	0
220	Loans and guarantees	<i>Appendix C.9 to IAS 37</i>	43	0
230	Other provisions	-	43	0
240	<b>Tax liabilities</b>	<i>Para. 54 (n)-(o) of IAS 1</i>		<b>3 106</b>
250	Current tax liabilities	<i>Para. 54(n) of IAS 1; Para. 5 of IAS 12</i>		0
260	Deferred tax liability	<i>Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575</i>		3 106
270	<b>Share capital payable upon request</b>	<i>Illustrative example (IE) 33 of IAS 32; IFRC 2; part 2, item 9 of Appendix V</i>		<b>0</b>
280	<b>Other liabilities</b>	<i>part 2, item 10 of Appendix V</i>		<b>16 366</b>
290	<b>Liabilities in disposal groups classified as held for sale</b>	<i>Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, item 11 of Appendix V</i>		<b>0</b>
300	<b>TOTAL LIABILITIES</b>	<i>Para. 9, (b), IN 6 of IAS 1</i>		<b>8 037 680</b>



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<b>FINV9150</b>	First Investment Bank AD
<b>30 Sept 2015</b>	Reporting date
<b>stand-alone</b>	Basis for application
IFRS	Accounting standard

BGN '000

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

c010

**1.3 Total own funds**

		References	Breakdown in table	Carrying amount 010
010	<b>Equity</b>	Para. 54(r) of IAS 1; Para. 22 of DOB	46	<b>110 000</b>
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	Para. 78 (e) of IAS 1; part 2, item 14 of Appendix V		0
040	<b>Premium reserves</b>	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	<b>97 000</b>
050	<b>Issued capital instruments other than share capital</b>	part 2, items 15-16 of Appendix V	46	
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 15 of Appendix V		
070	Other issued equity instruments	part 2, item 16 of Appendix V		
080	<b>Other own funds</b>	Para. 10 of IFRS 2; part 2, item 17 of Appendix V		
090	<b>Accumulated other comprehensive income</b>	Art. 4, para. 1, item 100 of Reg 575	46	<b>9 804</b>
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		<b>4 500</b>
100	<i>Tangible assets</i>	Paras. 39 -41 of IAS 16		4 500
110	<i>Intangible assets</i>	Paras. 85 -87 of IAS 38		
120	<i>Actuarial gains or (-) losses on defined benefit plans</i>	Para. 7 of IAS 1		
122	<i>Non-current assets and disposal groups classified as held for sale</i>	Para. 38, IN example 12 of IFRS 5		
124	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	Para. 82(h) of IAS 1; Para. 11 of IAS 28		
128	Items which can be reclassified as profit or loss	Para. 89A (a) of IAS 1		<b>5 304</b>
130	<i>Hedges of net investments in foreign operations [effective portion]</i>	Para. 102(a) of IAS 39		
140	<i>Currency exchange</i>	Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21		
150	<i>Derivatives from hedging Cash flow hedges [effective portion]</i>	Para. 23, (c) of IFRC 7; Paras. 95-101 of IAS 39		
160	<i>Financial assets available-for-sale</i>	Para. 20, (a)(ii) of IFRC 7; Para. 55(b) of IAS 39		5 304
170	<i>Non-current assets and disposal groups classified as held for sale</i>	Para. 38, IN example 12 of IFRS 5		
180	<i>Share of the other comprehensive income of</i>	Para. 82(i) of IAS 1; Para.		

	<i>subsidiaries, associates and joint ventures</i>	<i>11 of IAS 28</i>		
190	<b>Retained earnings</b>	<i>Art. 4, para. 1, item 123 of Reg 575</i>		<b>470 204</b>
200	<b>Revaluation reserve</b>	<i>Para. 30, D5-D8 of IFRS 1; part 2, item 18 of Appendix V</i>		
210	<b>Other reserves</b>	<i>Para. 54 of IAS 1; Para. 78 (e) of IAS 1</i>		<b>39 861</b>
220	Profit or loss from the write-off of investments in subsidiaries, associates and joint ventures	<i>Para. 28 of IAS 11; part 2, item 19 of Appendix V</i>		
230	Other	<i>part 2, item 19 of Appendix V</i>		39 861
240	<b>(-) Repurchased own shares</b>	<i>Para. 79 (a)(vi) of IFRC 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, item 20 of Appendix V</i>	46	
250	<b>Profit or loss attributable to the owners of the parent company</b>	<i>Para. 28 of IAS 27; Para. 81B(b)(ii) of IAS 1</i>	2	<b>9 952</b>
260	<b>(-) Interim dividends</b>	<i>Para. 35 of IAS 32</i>		
270	<b>Minority interests [Non-controlling interests]</b>	<i>Para. 4 of IAS 27; Para. 54 (r) of IAS 1, Para. 27 of IAS 27</i>		
280	Accumulated other comprehensive income	<i>Paras. 27-28 of IAS 27; Art. 4, Para. 1, item 100 of Reg 575</i>	46	
290	Other items	<i>Paras. 27 -28 of IAS 27</i>	46	
300	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<i>Para. 9 (c), IN 6 of IAS 1</i>	46	<b>736 821</b>
310	<b>TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES</b>	<i>IAS 1, IN 6</i>		<b>8 774 501</b>

DIMITAR KOSTOV  
Executive Director

MAYA OYFALOSH  
Executive Director

JIVKO TODOROV  
Chief Financial Officer

ver2.3

**FINV9150** First Investment Bank AD**30 Sept 2015** Reporting date**stand-alone** Basis for application

IFRS Accounting standard

BGN '000

**2. Profit and Loss Account**

c010

		<i>References</i>	Breakdown in table	Current period 010
010	<b>Interest income</b>	<i>Para. 97 of IAS 1; Para. 35, (b) of IAS 18; part 2, item 21 of Appendix V</i>	16	<b>355 753</b>
020	Financial assets held for trading	<i>Para. 20, (a)(i) of IFRC 7; part 2, item 24 of Appendix V</i>		242
030	Financial assets at fair value through profit or loss	<i>Para. 20, (a)(i), Para. B5, (e) of IFRC 7</i>		0
040	Financial assets available-for-sale	<i>Para. 20, (b) of IFRC 7; Para. 55, (b) of IAS 39; Para. 9 of IAS 39</i>		9 746
050	Loans and receivables	<i>Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (a) of IAS 39</i>		345 772
060	Investments held to maturity	<i>Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (b) of IAS 39</i>		-7
070	Derivatives — hedge accounting, interest rate risk	<i>Para. 9 of IAS 39; part 2, item 23 of Appendix V</i>		0
080	Other assets	<i>part 2, item 25 of Appendix V</i>		0
090	<b>(Interest expense)</b>	<i>Para. 97 of IAS 1; part 2, item 21 of Appendix V</i>	16	<b>170 914</b>
100	(Financial liabilities held for trading)	<i>Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, item 24 of Appendix V</i>		0
110	(Financial liabilities at fair value through profit or loss)	<i>Para. 20, (a)(i), Para. B5, (e) of IFRC 7</i>		0
120	(Financial liabilities at amortised cost)	<i>Para. 20 (b) of IFRC 7; Para. 47 of IAS 39</i>		170 897
130	(Derivatives — hedge accounting, interest rate risk)	<i>Para. 9 of IAS 39; part 2, item 23 of Appendix V</i>		0
140	(Other liabilities)	<i>part 2, item 26 of Appendix V</i>		17
150	<b>(Expense for share capital payable upon request)</b>	<i>Para. 11 of IFRIC 2</i>		<b>0</b>
160	<b>Dividend income</b>	<i>Para. 35, (b), (v) of IAS 18; part 2, item 28 of Appendix V</i>		<b>1 290</b>
170	Financial assets held for trading	<i>Para. 20, (a)(i), Para. B5, (e) of IFRC 7</i>		9
180	Financial assets at fair value through profit or loss	<i>Para. 20, (a)(i), Para.</i>		0

		<i>B5, (e) of IFRC 7; Para. 9 of IAS 39</i>		
190	Financial assets available-for-sale	<i>Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39</i>		1 281
200	<b>Fee and commission income</b>	<i>Para. 20 (c) of IFRS 7</i>	22	<b>71 456</b>
210	<b>(Fee and commission expense)</b>	<i>Para. 20 (c) of IFRS 7</i>	22	<b>14 089</b>
220	<b>Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss</b>	<i>Para. 20, (a), (ii) to (v) of IAS 7; part 2, item 97 of Appendix V</i>	16	<b>9 380</b>
230	Financial assets available-for-sale	<i>Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39</i>		2 506
240	Loans and receivables	<i>PPara. 20, (a), (iv) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39</i>		6 874
250	Investments held to maturity	<i>Para. 20, (a), (iii) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39</i>		0
260	Financial liabilities at amortised cost	<i>Para. 20, (a), (v) of IFRC 7; Para. 56 of IAS 39</i>		0
270	Other			0
280	<b>Net profits or (-) losses from financial assets and liabilities held for trading</b>	<i>Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39</i>	16	<b>-192</b>
290	<b>Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss</b>	<i>Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39</i>	16, 45	<b>0</b>
300	<b>Net profits or (-) losses from hedge accounting</b>	<i>Para. 24 of IFRS 7; part 2, item 30 of Appendix V</i>	16	<b>0</b>
310	<b>Net exchange rate differences [profit (-) loss]</b>	<i>Para. 28 of IAS 21; Para. 52 (a) of IAS 1</i>		<b>8 269</b>
330	<b>Net profits or (-) losses from write-off of non-financial assets</b>	<i>Para. 34 of IAS 1</i>	45	<b>0</b>
340	<b>Other operating income</b>	<i>part 2, items 141-143 of Appendix V</i>	45	<b>6 387</b>
350	<b>(Other operating expense)</b>	<i>part 2, items 141-143 of Appendix V</i>	45	<b>2 176</b>
355	<b>NET TOTAL OPERATING INCOME</b>			<b>265 164</b>
360	<b>(Administrative expenses)</b>			<b>142 561</b>
370	(Personnel costs)	<i>Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1</i>	44	44 711
380	(Other administrative expenses)			97 850
390	<b>(Amortisation)</b>	<i>Paras. 102, 104 of IAS 1</i>		<b>12 838</b>
400	(Property, Plant and Equipment)	<i>Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16</i>		10 525
410	(Investment Property)	<i>Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40</i>		0
420	(Other intangible assets)	<i>Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38</i>		2 313
430	<b>(Provisions or (-) reversed provisions)</b>	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	43	<b>0</b>
440	(Loans and guarantees)			0
450	(Other provisions)			0
460	<b>(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)</b>	<i>Para. 20, (e) of IFRC 7</i>	16	<b>98 760</b>

470	(Financial assets assessed by the expense method)	Para. 20, (e) of IFRC 7; Para. 66 of IAS 39		0
480	(Financial assets available-for-sale)	Para. 20, (e) of IFRC 7; Para. 67 of IAS 39		0
490	Loans and receivables	Para. 20, (e) of IFRC 7; Para. 63 of IAS 39		98 760
500	(Investments held to maturity)	Para. 20, (e) of IFRC 7; Para. 63 of IAS 39		0
510	<b>(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)</b>	Paras. 40 -43 of IAS 28	16	<b>0</b>
520	<b>(Impairment or (-) reversed impairment of non-financial assets)</b>	Para. 126(a)-(b) of IAS 36	16	<b>0</b>
530	(Property, Plant and Equipment)	Para. 73, (e), (v)-(vi) of IAS 16		0
540	(Investment Property)	Para. 79, (d), (v) of IAS 40		0
550	(Goodwill)	B67, (d), (v) of IFRC 3; Para. 124 of IAS 36		0
560	(Other intangible assets)	Para. 118, (e), (iv)-(v) of IAS 38		0
570	(Other)	Para. 126(a)-(b) of IAS 36		0
580	<b>Negative goodwill in profit or loss</b>	B64, (n)(i) to IFRC 3		<b>0</b>
590	<b>Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate</b>	Para. 82, (c) of IAS 1		<b>0</b>
600	<b>Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations</b>	Para. 37 of IFRS 5; part 2, item 27 of Appendix V		<b>0</b>
610	<b>PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS</b>	Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5		<b>11 005</b>
620	<b>(Tax expense or (-) income relating to the profit or loss from current operations)</b>	Para. 8, (d) of IAS 1; Para. 77 of IAS 12		<b>1 053</b>
630	<b>PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS</b>	IN 6 of IAS 1		<b>9 952</b>
640	<b>Profit or (-) loss after tax from discontinued operations</b>	Para. 82, (e) of IAS 1; Para. 33, (a), Para. 33 A of IFRC 5		<b>0</b>
650	Profit or (-) loss before tax from discontinued operations	Para. 33, (b)(i) of IFRC 5		0
660	(Tax expense or (-) income related to discontinued operations)	Para. 33, (b)(i) of IFRC 5		0
670	<b>PROFIT OR (-) LOSS FOR THE YEAR</b>	Para. 82 (f) of IAS 1		<b>9 952</b>
680	Relating to minority interests [non-controlling interests]	Para. 83, (a)(i) of IAS 1		0
690	Attributable to the owners of the parent company	Para. 81B (b)(ii) of IAS 1		9 952

DIMITAR KOSTOV

Executive Director

MAYA OYFALOSH

Executive Director

JIVKO TODOROV

Chief Financial Officer

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

During the first nine months of 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 the first nine months of 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.

*Review of the activities of Fibank as at 30 September 2015 on unconsolidated basis*

- *Assets as at 30 September 2015*

The balance sheet assets of the Bank as at 30.09.2015 increased by BGN 129 million, or by 1.49% compared to 31.12.2014, reaching BGN 8,775 million. Receivables from clients amounted to BGN 5,811 million – an increase by BGN 76 million compared to 31.12.2014.

- *Unconsolidated profit at 30 September 2015*

The net profit of the Bank at 30 September 2015 amounted to BGN 9,952 thousand. The total revenue from banking operations for the same period amounted to BGN 259,663 thousand. The net interest income amounted to BGN 184,839 thousand and the net income from fees and commissions – to BGN 57,367 thousand.

- *Capital resources*

The capital adequacy ratio of Fibank as at 30 September 2015 reached 14.50 %. The Tier 1 capital adequacy was 14.02%. 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 22.97 % at 30 September 2015, showing a stable liquidity position.

- *A total of 163 branches and offices throughout the country*

As at 30 September 2015, First Investment Bank AD had a total of 163 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 30 September 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

*During the first nine months of 2015 no changes to the accounting policy of First Investment Bank AD were made.*

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

*See „c” below.*

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:

*During the first nine months of 2015 there have been no changes in the economic group of First Investment Bank AD.*

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 June 2015</i>		<i>as at 30 Sept 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 June 2015		at 30 Sept 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	0	0
Mariana Sadzhaklieva	0	0	0	0
Milka Todorova	4935	0,004	4935	0,004
Chavdar Zlatev	523	0,00	523	0,00

Members of the Supervisory Board	at 30 June 2015		at 30 Sept 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 (SB member since 27.7.2015)	-	-	0	0,00

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

*No events have occurred.*

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

*First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 30 September 2015 no events have occurred beyond the ordinary activity of the Bank.*

**Appendix 2**

**INFORMATION AS AT 30 September 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 30.09.2015, 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)

Dimitar Kostov  
Executive Director  
Chairman of the MB

(signed)

Maya Oyfalosh  
Executive Director  
Member of the MB

(signed)

Jivko Todorov  
Chief Financial Officer

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

**Information on circumstances  
which occurred by 30 June 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.

EXECUTIVE DIRECTOR:

EXECUTIVE DIRECTOR:

(signed)

(signed)

DIMITAR KOSTOV

MAYA OYFALOSH

## **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 Dimitar Kostov Kostov, Executive Director 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 of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (non-consolidated) of First Investment Bank AD as at 30 September 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 30 September 2015 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Dimitar Kostov  
Executive Director  
Chairman of the MB

(signed)

Maya Oyfalosh  
Executive Director  
Member of the MB

(signed)

Jivko Todorov  
Chief Financial Officer

30 October 2015