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

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

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 г.

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019, containing:

1. Financial statements as at 30.06.2019 as per Art. 100o, para. 2 and para. 4(1) with relation to Art. 100o, para. 5 of POSA;
2. Notes to the financial statements as at 30.06.2019;
3. Interim activity report under Art. 100o, para. 4(2) and with relation to Art. 100o, para. 5 of POSA;
4. Declaration under Art. 100o, para. 4(3) and in connection with Art. 100o, para. 5 of POSA.

Sincerely,

(signed)

Svetozar Popov
Executive Director
Member of the MB

(signed)

Chavdar Zlatev
Executive Director
Member of the MB

FIRST INVESTMENT BANK AD

Consolidated statement of profit or loss and of other comprehensive income for the six months ended 30 June 2019

unaudited

in BGN '000

	Six months ended 30 June 2019	**Six months ended 30 June 2018**
Interest income	154 751	161 213
Interest expense	(31 287)	(32 111)
Net interest income	**123 464**	**129 102**
Fee and commission income	61 629	57 807
Fee and commission expense	(12 028)	(9 792)
Net fee and commission income	**49 601**	**48 015**
Net trading income	7 633	4 038
Other net operating income	6 687	8 511
TOTAL INCOME FROM BANKING OPERATIONS	**187 385**	**189 666**
Administrative expenses	(111 800)	(100 642)
Allowance for impairment	(25 328)	(44 540)
Other income/(expenses), net	59 523	(438)
PROFIT BEFORE TAX	**109 780**	**44 046**
Income tax expense	(11 460)	5 625
GROUP PROFIT AFTER TAX	**98 320**	**49 671**
Other comprehensive income for the period		
Items which should or may be reclassified as profit or loss		
Exchange rate differences from translation of foreign operations	296	2 048
Revaluation reserve of investments in securities	4 563	180
Total other comprehensive income	**4 859**	**2 228**
TOTAL COMPREHENSIVE INCOME	**103 179**	**51 899**
Net profit attributable to:		
Ordinary equity holders	98 108	49 594
Non-controlling interest	212	77
Total comprehensive income attributable to:		
Ordinary equity holders	102 967	51 822
Non-controlling interest	212	77
Basic and diluted earnings per share *(BGN)*	**0,89**	**0,45**

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Consolidated statement of the financial position as at 30 June 2019

unaudited		*in BGN '000*
	30.06.2019	**31.12.2018**
ASSETS		
Cash and balances with Central Banks	1 750 144	1 674 754
Investments in securities	714 022	802 321
Loans and advances to banks and other financial institutions	73 693	125 483
Loans and advances to customers	6 076 031	5 716 062
Property and equipment	85 040	83 951
Intangible assets	13 208	14 402
Derivatives held for risk management	886	905
Current tax assets	159	605
Repossessed assets	714 525	812 934
Investment Property	414 751	242 558
Other assets	125 336	112 706
TOTAL ASSETS	**9 967 795**	**9 586 681**
LIABILITIES AND CAPITAL		
Due to banks	4 899	3 024
Due to other customers	8 654 100	8 342 691
Liabilities evidenced by paper	111 555	121 120
Subordinated term debt	3 943	-
Hybrid debt	210 159	208 786
Derivatives held for risk management	1 099	88
Deferred tax liabilities	14 024	2 774
Current tax liabilities	172	259
Other liabilities	18 393	61 667
TOTAL LIABILITIES	**9 018 344**	**8 740 409**
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 865	39 865
Revaluation reserve of investments in securities	22 358	17 795
Revaluation reserve on property	4 500	4 500
Reserve from translation of foreign operations	1 691	1 395
Other reserves and retained earnings	671 195	573 087
TOTAL SHAREHOLDERS' EQUITY	**946 609**	**843 642**
Non-controlling interest	2 842	2 630
TOTAL GROUP EQUITY	**949 451**	**846 272**
TOTAL LIABILITIES AND GROUP EQUITY	**9 967 795**	**9 586 681**

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Consolidated statement of shareholders' equity for the six months ended 30 June 2019

unaudited

in BGN '000

	Issued share capital	Share premium	Other reserves and retained earnings	Revaluation reserve of investments in securities	Revaluation reserve on property	Reserve from translation of foreign operations	Statutory reserve	Non-controlling interest	Total
Balance at 01 January 2018	**110 000**	**97 000**	**673 571**	**21 431**	**4 500**	**(1 525)**	**39 865**	**2 508**	**947 350**
Initial application of IFRS 9									
Impairment loss	-	-	(276 776)	64	-	-	-	(36)	(276 748)
Revaluation reserve of investments in securities	-	-	4 904	(3 293)	-	-	-	-	1 611
Change in balances as at 1 January 2018	**110 000**	**97 000**	**401 699**	**18 202**	**4 500**	**(1 525)**	**39 865**	**2 472**	**672 213**
Total comprehensive income for the period									
Net profit for the year ended 31 December 2018	-	-	171 388	-	-	-	-	158	171 546
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-		(407)	-	-	-	-	(407)
Reserve from translation of foreign operations	-	-	-	-	-	2 920	-	-	2 920
Balance as at 31 December 2018	**110 000**	**97 000**	**573 087**	**17 795**	**4 500**	**1 395**	**39 865**	**2 630**	**846 272**
Total comprehensive income for the period									
Net profit for the six months ended on 30/06/2019	-	-	98 108	-	-	-	-	212	98 320
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-	-	4 563	-	-	-	-	4 563
Reserve from translation of foreign operations	-	-	-	-	-	296	-	-	296
Balance as at 30 June 2019	**110 000**	**97 000**	**671 195**	**22 358**	**4 500**	**1 691**	**39 865**	**2 842**	**949 451**

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Consolidated statement of cash flows for the six months ended 30 June 2019
unaudited

in BGN '000

	Six months ended 30 June 2019	Six months ended 30 June 2018
Net cash flow from operating activities		
Net profit	98 320	49 671
Adjustment for non-cash items		
Allowance for impairment	25 328	44 540
Net interest income	(123 464)	(129 102)
Depreciation and amortization	7 312	7 457
Tax expense	11 460	(5 625)
Loss from sale and write-off of tangible and intangible fixed assets, net	2	11
(Profit) from sale of other assets, net	(821)	(1 720)
(Positive) revaluation of investment property	(72 940)	(13 669)
	(54 803)	**(48 437)**
Change in operating assets		
Decrease in financial assets at fair value through profit or loss	155	28 012
(Increase)/decrease in financial assets at fair value in other comprehensive income	103 983	(38 253)
(Increase) in loans and advances to banks and financial institutions	(6 162)	(1 170)
(Increase) in loans to customers	(387 485)	(339 757)
Net decrease in other assets	(12 370)	(7 976)
	(301 879)	**(359 144)**
Change in operating liabilities		
Increase/(decrease) in deposits from banks	1 909	(1 087)
Increase in amounts owed to other depositors	308 445	290 600
Net (decrease) in other liabilities	(44 041)	(16 701)
	266 313	**272 812**
Interest received	154 965	135 583
Interest paid	(26 885)	(44 009)
Dividends received	60	66
Paid profit tax, net	(446)	(2 972)
NET CASH FLOW FROM OPERATING ACTIVITIES	**37 325**	**(46 101)**
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(7 200)	(8 958)
Sale of tangible and intangible fixed assets	5	20
Sale of other assets	5 153	8 900
(Increase)/decrease of investments	(12 172)	7 475
NET CASH FLOW FROM INVESTING ACTIVITIES	**(14 214)**	**7 437**
Financing activities		
Increase/(decrease) in borrowings	(9 632)	56 295
Increase in subordinated liabilities	3 912	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**(5 720)**	**56 295**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**17 391**	**17 631**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**1 787 893**	**1 520 697**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1 805 284**	**1 538 328**

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer

ADDENDUM TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF FIRST INVESTMENT BANK AD AS AT 30/06/2019

NOTES

1. Basis of preparation

(a) Statute

First Investment Bank AD (the Bank) was incorporated in 1993 in the Republic of Bulgaria and has its registered office in Sofia, at 37 Dragan Tzankov Blvd.

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

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

The consolidated financial statements of the Bank as at and for the six months ended 30 June 2019 comprise the Bank and its significant subsidiaries, together referred to as the “Group”.

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

Statement of compliance

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

(b) Presentation

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

The financial statements are prepared in accordance with the fair value principle of derivative financial instruments, financial instruments recognised at fair value in profit or loss, as well as assets recognised at fair value in other comprehensive income. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention.

(c) New standards, amendments and interpretations effective as of 01 January 2019

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

- IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;
- IAS 28 Foreign Currency Transactions and Advance Consideration (issued on 12 October 2017), endorsed by the EU on 08 February 2019, published in the Official Journal on 11 February 2019
- Amendments to IAS 19: Prepayment Features with Negative Compensation (issued on 07 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019

The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank’s accounting policies with the exception of the application of IFRS 16.

IFRS 16 Leases, effective as of 1 January 2019, replaces the instructions to IAS 17 Leases and makes changes to the accounting for leases, especially for lessees.

According to IAS 17 lessees were required to distinguish between finance leases (recognised in the balance sheet) and operating leases (off-balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting lease payments to be made and the right-of-use asset for almost all lease agreements.

IASB envisaged exemptions for short-term leases or leases of low-value assets; these exemptions may only be applied by the lessee.

Lessor accounting remains largely unchanged.

According to IFRS 16, a lease agreement or an agreement containing a lease, is an agreement which grants the right to control the use of an asset over a given period of time against remuneration.

The management is in the process of assessing the effect from application of the standard, but cannot yet provide quantitative information. The following steps have been undertaken:

- All agreements are subjected to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;
- A decision is to be made which transition approach to opt for - either a full or a modified retrospective transition approach (which means that comparative information will not be restated). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. The decision which approach to choose is important because it cannot be changed later.
- Current disclosures on financial lease and operating lease agreements are being assessed, since they might be the basis for determining the capitalised amount and may become right-of-use assets.
- It is being determined what accounting simplification is applicable to lease agreements and whether the right to exemption will be used.
- The requirements to the existing IT system are being reviewed;
- the additional required disclosures are being assessed.

Management does not expect a significant effect from application of this standard, since in the analysed rental agreements to which the Bank is a party as a tenant:

- The right to control the asset is not transferred because in practice the Bank's ability to receive substantially all of the economic benefits from use of the asset in practice is limited. In essence, all rental agreements to which the Bank is a party deprive it of the right to sublease the property to third parties.
- In the analysed rental agreements, the right to control the use of the asset is not transferred, and the bank is limited in making relevant decisions regarding how to use the rented asset, as it can only make decisions related to the operating use and maintenance of said asset. In essence, as regards all rental agreements, the Bank has no right to change the approved manner of use for the property by making a decision to use it for purposes different from those initially approved. The lessor, on the other hand, being the owner, may at any time change the instructions for use given upon the initial agreement. This in practice deprives the bank as lessee of the full right to control the use of the asset.
- Due to the reasons listed above the Group assumes that a significant portion of the rental agreements to which the Bank is a party as a lessee do not fall within the scope of the definition for lease.

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

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

- IFRS 17 Insurance Contracts (issued on 18 May 2017)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018), effective 1 January 2020
- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018), effective 1 January 2020.
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018), effective 01 January 2020

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 2018, with the exception of the disclosed effect from the application of IFRS 16.

(a) Income recognition

(i) Interest income and expense

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

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

(ii) Fees and Commissions

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

(iii) Net trading income

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

(iv) Dividend income

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

(b) Basis of consolidation

(i) Business Combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

(ii) Non-controlling interest

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

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

(iii) Subsidiaries

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

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

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

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

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Bulgarian leva, which is the Group's functional and presentation currency.

(ii) Transactions and balances

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated to Bulgarian leva at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bulgarian leva at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. The functional currency of the foreign operations in Albania is determined by the management to be the Albanian Lek.

(d) Financial assets

(i) Recognition

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Group initially recognizes trade and other receivables on the date of transaction. Advances to customers are recognised when cash is advanced to the borrowers. At initial recognition, the Bank measures all financial assets at fair value plus, in the case of financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Group classifies financial assets in the following categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. Management determines the classification of investments at initial recognition according to the business model for management of the specific class of financial assets and the contractual features of the cash flows associated with that financial asset.

(ii) Financial assets at amortised cost

Debt instruments held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows and where the contractual cash flows give rise only to principal and interest payments are recognised at amortised cost. After the initial recognition assets are booked at amortised cost.

Recognition at amortised cost requires application of the effective interest rate method. The amortised cost of a financial asset is the value at which the financial asset was initially recognised, minus the principal repayments plus or minus the amortisation accrued by using the effective interest rate method for each difference between the initial value and the value at the maturity date and minus impairment.

(Iii) Financial assets at fair value through other comprehensive income

Debt instruments held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows or to sell the asset and where the contractual cash flows give rise only to principal and interest payments are recognised at fair value in other comprehensive income. After initial recognition, the asset is measured at fair value with changes in fair value in revaluation reserve of investments in securities (other comprehensive income). When the debt instrument is written off, the profit or loss accrued and recognised in other comprehensive income is transferred to profit or loss.

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

The position contains two categories: financial assets held for trading and financial assets not classified in the above two categories. A financial asset is classified in this category if it was acquired for the purpose of short-term sale or if its contractual characteristics do not meet the requirement for generating payments of only principal and interest. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Group does not designate any debt instrument as at fair value through profit or loss to remove or significantly reduce an accounting mismatch.

(v) Capital instruments at fair value through other comprehensive income

The Group may make an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. When the equity instrument is written off, the profit or loss accrued and recognised in other comprehensive income is directly transferred to other reserves and retained earnings.

(vi) Fair value measurement principles

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

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

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

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

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

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

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

(vii) Derecognition

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

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

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

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

(e) Cash and cash equivalents

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

(f) Investments

Investments that the Group holds for the purpose of short-term profit taking or repurchases are classified as financial assets for trading. Investments in debt instruments held by the Group as part of a business model for the purpose of collecting contractual cash flows are classified as financial assets at amortised cost. Investments in debt instruments held by the Group as part of a business model for the purpose of collecting contractual cash flows and sale are classified as financial assets at fair value in other comprehensive income. All other investments, including those whose contractual terms do not meet the requirement for generation of only principal and interest payments are classified as recognised at fair value in profit or loss.

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

The Group enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised.

The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale are reported as liabilities to either banks or other customers.

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

(h) Borrowings

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

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

(i) Offsetting

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

(j) Impairment of financial assets

The Group recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as loss allowance.

Whether credit risk is significantly increased or not is determined based on the following factors and events for the debtor or the exposure:

- Internal behavioural scoring of natural persons, companies and institutions whose exposures are above the threshold for significance;
- Decrease in credit rating (internal or external) by a given number of notches for companies and institutions whose exposures are above the threshold for significance.
- Delinquencies;
- Other factors.

(k) Property and equipment

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

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

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

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

(l) Intangible assets

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

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

Assets	%
• Licenses and trademarks	14 - 20
• Software and licences	8 - 50

(m) Investment Property

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

(n) Provisions

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

(o) Acceptances

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

(p) Off-balance sheet commitments

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

(q) Taxation

Tax on the profit for the year comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted by the statement of financial position date, and any adjustment of tax payable for previous years.

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

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

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

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

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 30 June 2019 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 15 - 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) Assessment of repossessed assets from collaterals

Assets accepted as collateral are recognized at the lower of the cost of acquisition and the net realizable value. When evaluating the net realizable value of the assets the Bank 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).

(ii) Income taxes

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

(s) Earnings per share

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

(t) Employee benefits

- Defined contribution plans

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

- Defined benefit plans

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

The Bank has an obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art. 222, § 3 of the 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 Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

- Short-term employee benefits

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

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

(u) Insurance Contracts

Classification of insurance contracts

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

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

Written premiums

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

Reversed premiums

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

Unearned-premium reserve

The unearned premium reserve is formed to cover the claims and administrative expenses, which are expected to arise on the respective type of insurance contract after the end of the reporting period. The basis for calculation of the unearned premium reserve corresponds to the base for recognition of the Group's written premiums.

The amount of the reserve is calculated under the precise day method, under which the premium is multiplied with a coefficient for deferral. The coefficient for deferral is calculated as a ratio between the number of the days within the following reporting period during which the contract is valid to the total number of days during which the contract is valid.

Unexpired risk reserve

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

Claims incurred

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

Outstanding claims reserve

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

Acquisition costs

Acquisition costs include accrued commission expense from agents and brokers.

3. Segment Reporting

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

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

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

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

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

in BGN '000	**Bulgarian operations**		**Foreign operations**		**Total**	
	Six months ended 30/06/2019	**Six months ended 30/06/2018**	**Six months ended 30/06/2019**	**Six months ended 30/06/2018**	**Six months ended 30/06/2019**	**Six months ended 30/06/2018**
Interest income	145,825	152,581	8,926	8,632	154,751	161,213
Interest expense	(29,581)	(30,815)	(1,706)	(1,296)	(31,287)	(32,111)
Net interest income	**116,244**	**121,766**	**7,220**	**7,336**	**123,464**	**129,102**
Fee and commission income	58,197	55,141	3,432	2,666	61,629	57,807
Fee and commission expense	(11,614)	(9,404)	(414)	(388)	(12,028)	(9,792)
Net fee and commission income	**46,583**	**45,737**	**3,018**	**2,278**	**49,601**	**48,015**
Net trading income	**7,093**	**4,706**	**540**	**(668)**	**7,633**	**4,038**
Administrative expenses	**(106,270)**	**(96,173)**	**(5,530)**	**(4,469)**	**(111,800)**	**(100,642)**
	30.06.2019	**31.12.2018**	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Assets	**9,504,960**	**9,202,397**	**462,835**	**384,284**	**9,967,795**	**9,586,681**
Liabilities	**8,366,127**	**8,189,960**	**652,217**	**550,449**	**9,018,344**	**8,740,409**

The table below shows assets and liabilities and income and expense by business segments as at 30 June 2019.

In BGN '000

Business	**Assets**	**Liabilities**	**Interest income**	**Interest expense**	**Net fee and commission income**	**Net trading income**	**Other net operating income**
Corporate customers	3,257,740	816,401	63,159	(435)	11,722	-	120
Small and medium enterprises	914,397	581,822	21,056	(560)	8,981	-	14
Retail Banking	1,903,894	7,255,877	62,475	(16,738)	28,126	-	210
Treasury	2,538,745	79,338	8,061	(2,049)	822	7,633	3,602
Other	1,353,019	284,906	-	(11,505)	(50)	-	2,741
Total	**9,967,795**	**9,018,344**	**154,751**	**(31,287)**	**49,601**	**7,633**	**6,687**

4. Financial assets and liabilities

Accounting classification and fair values

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- where a number of quotes for the same financial instrument have been obtained, how fair value has been determined using those quotes.

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

in thousands of BGN

30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	8,274	17,549	14	25,837
Financial assets at fair value through other comprehensive income	542,471	132,338	490	675,299
Derivatives held for risk management	886	(1,099)	-	(213)
Total	**551,631**	**148,788**	**504**	**700,923**

In BGN '000

31.12.2018 г.	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	8,542	17,488	14	26,044
Financial assets at fair value through other comprehensive income	634,916	140,123	490	775,529
Derivatives held for risk management	905	(88)	-	817
Total	**644,363**	**157,523**	**504**	**802,390**

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

In thousands of BGN

30 June 2019	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,750,144	-	1,750,144	1,750,144
Financial assets at amortised cost	12,082	972	-	13,054	12,886
Loans and advances to banks and other financial institutions	-	73,693	-	73,693	73,693
Loans and advances to customers	-	835,719	5,409,477	6,245,196	6,076,031
Total	**12,082**	**2,660,528**	**5,409,477**	**8,082,087**	**7,912,754**
Liabilities					
Due to banks	-	4,899	-	4,899	4,899
Due to other customers	-	3,822,351	4,842,732	8,665,083	8,654,100
Liabilities evidenced by paper	-	111,546	-	111,546	111,555
Subordinated term debt	-	3,943	-	3,943	3,943
Hybrid debt	-	210,159	-	210,159	210,159
Total	**-**	**4,152,898**	**4,842,732**	**8,995,630**	**8,984,656**

In BGN '000

31.12.2018 г.	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,674,754	-	1,674,754	1,674,754
Financial assets at amortised cost	-	862	-	862	748
Loans and advances to banks and other financial institutions	-	125,483	-	125,483	125,483
Loans and advances to customers	-	785,611	5,168,012	5,953,623	5,716,062
Total	**-**	**2,586,710**	**5,168,012**	**7,754,722**	**7,517,047**
Liabilities					
Due to banks	-	3,024	-	3,024	3,024
Due to other customers	-	3,559,273	4,791,901	8,351,174	8,342,691
Liabilities evidenced by paper	-	121,087	-	121,087	121,120
Hybrid debt	-	208,786	-	208,786	208,786
Total	**-**	**3,892,170**	**4,791,901**	**8,684,071**	**8,675,621**

5. Net interest income

in thousands of BGN	Six months ended 30.06.2019	Six months ended 30.06.2018
Interest income		
Accounts with and placements to banks and financial institutions	923	759
Revenue from interest on liabilities	8	-
Retail Banking	58,884	60,896
Corporate customers	63,159	73,037
Small and medium enterprises	21,056	18,963
Microlending	3,591	4,216
Debt instruments	7,130	3,342
	154,751	**161,213**
Interest expense		
Deposits from banks	(95)	(64)
Deposits from other customers	(17,733)	(19,471)
Liabilities evidenced by paper	(363)	(385)
Hybrid debt	(11,348)	(11,348)
Subordinated term debt	(31)	-
Interest on assets cost	(1,715)	(799)
Lease agreements and other	(2)	(44)
	(31,287)	**(32,111)**
Net interest income	**123,464**	**129,102**

6. Net fee and commission income

in thousands of BGN	Six months ended 30.06.2019	Six months ended 30.06.2018
Fee and commission income		
Letters of credit and guarantees	2,214	1,502
Payment operations	11,349	10,384
Customer accounts	16,367	14,893
Card services	17,061	16,547
Other	14,638	14,481
	61,629	**57,807**
Fee and commission expense		
Letters of credit and guarantees	(344)	(143)
Payment systems	(1,495)	(902)
Card services	(7,782)	(7,181)
Other	(2,407)	(1,566)
	(12,028)	**(9,792)**
Net fee and commission income	**49,601**	**48,015**

7. Net trading income

in thousands of BGN	Six months ended 30.06.2019	Six months ended 30.06.2018
Net trading income arises from:		
- Debt instruments	(10)	(72)
- Equities	62	(103)
- Foreign exchange rate fluctuations	7,581	4,213
Net trading income	**7,633**	**4,038**

8. Other net operating income

In BGN '000	**Six months ended 30.06.2019**	**Six months ended 30.06.2018**
Other net operating income arising from:		
-net income from transactions and revaluation of gold and precious metals	160	337
Rental income	2,581	4,309
- Debt instruments	3,715	2,130
- Equities	(113)	-
- income from management of assigned receivables	-	588
- Gain on administration of loans acquired through business combination	344	1,147
Other net operating income	**6,687**	**8,511**

9. Administrative expenses

in thousands of BGN	**Six months ended 30.06.2019**	**Six months ended 30.06.2018**
General and administrative expenses comprise:		
- Personnel cost	35,217	34,446
- Depreciation and amortisation	7,312	7,457
- Advertising	7,698	6,682
- Building rent expense	18,189	16,890
-Telecommunication, software and other computer maintenance	6,136	5,992
- Other expenses for external services	37,248	29,175
Administrative expenses	**111,800**	**100,642**

10. Allowance for impairment

in thousands of BGN	**Six months ended 30.06.2019**	**Six months ended 30.06.2018**
Write-downs		
Loans and advances to customers	(36,181)	(104,314)
Investments in non-consolidated subsidiaries	-	(178)
Off balance sheet commitments	(1,779)	-
Reversal of write-downs		
Loans and advances to customers	12,626	59,952
(v) Capital instruments at fair value through other comprehensive income	6	-
Off balance sheet commitments	-	-
Impairment cost, net	**(25,328)**	**(44,540)**

10a. Other income/(expenses), net

in thousands of BGN	**Six months ended 30.06.2019**	**Six months ended 30.06.2018**
Income from sale of assets	748	1,419
Revaluation of investment property	72,940	13,669
Income from sale of investment property	11	-
Dividend income	60	66
Net earned insurance premiums	2,211	2,121
Cost of guarantee schemes	(16,189)	(17,054)
Claims incurred	(1,354)	(1,363)
Other income, net	1,096	704
Total	**59,523**	**(438)**

10b. Earnings per share

	Six months ended 30.06.2019	Six months ended 30.06.2018
Net profit attributable to shareholders (in thousands of BGN)	98,108	49,594
Average weighted number of ordinary shares held (in thousands)	110,000	110,000
Earnings per share (BGN)	**0.89**	**0.45**

The basic earnings per share, calculated in accordance with IAS 33, are based on the profit attributable to ordinary equity holders of the Bank. In 2019 as in the previous year, no conversion or option rights were outstanding. The diluted earnings per share, therefore, correspond to the basic earnings per share.

11. Cash and balances with Central Banks

in thousands of BGN	**30.06.2019**	**31.12.2018**
Cash on hand		
- in BGN	127,931	123,104
- in foreign currency	45,581	56,504
Balances with Central Banks	1,199,833	1,063,080
Current accounts and amounts with local banks	-	-
Current accounts and amounts with foreign banks	376,799	432,066
Total	**1,750,144**	**1,674,754**

12. Investments in securities

In thousands of BGN	**30.06.2019**	**31.12.2018**
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	156,470	182,617
- denominated in foreign currencies	140,406	141,639
Foreign governments		
- treasury bills	203,552	263,313
- treasury bonds	159,563	148,645
Corporates	490	17,574
Foreign banks	31,597	26,480
Other issuers – equity instruments	21,944	22,053
Total	**714,022**	**802,321**
Of which financial assets:		
at fair value through other comprehensive income	675,299	775,529
at amortised cost	12,886	748
at fair value through profit and loss	25,837	26,044
Total	**714,022**	**802,321**

13. Loans and advances to banks and other financial institutions

(a) Analysis by type

in thousands of BGN	**30.06.2019**	**31.12.2018**
Placements with banks	46,326	23,059
Receivables under resale agreements	7,912	4,985
Other	19,455	97,439
Total	**73,693**	**125,483**

(b) Geographical analysis

in thousands of BGN	**30.06.2019**	**31.12.2018**
Domestic banks and financial institutions	11,668	28,912
Foreign banks and other financial institutions	62,025	96,571
Total	**73,693**	**125,483**

14. Loans and advances to customers

in thousands of BGN			**30/06/2019**
	Gross value	**Allowance for impairment**	**Amortised cost**
Retail Banking			
- Consumer loans	821,375	(50,991)	770,384
- Mortgage loans	822,782	(27,931)	794,851
- Credit cards	207,173	(33,118)	174,055
- Other programmes and collateralised financing	5,084	-	5,084
Small and medium enterprises	941,974	(27,577)	914,397
Microlending	164,937	(5,417)	159,520
Corporate customers	3,663,127	(405,387)	3,257,740
Including receivables from financial lease	370,228	(11,043)	359,185
Total	**6,626,452**	**(550,421)**	**6,076,031**

In BGN '000			**31.12.2018 г.**
	Gross value	**Allowance for impairment**	**Amortised cost**
Retail Banking			
- Consumer loans	750,285	(49,731)	700,554
- Mortgage loans	752,581	(26,362)	726,219
- Credit cards	202,095	(31,303)	170,792
- Other programmes and collateralised financing	6,231	-	6,231
Small and medium enterprises	879,136	(38,880)	840,256
Microlending	140,422	(21,196)	119,226
Corporate customers	3,734,634	(581,850)	3,152,784
Including receivables from financial lease	389,909	(11,480)	378,429
Total	**6,465,384**	**(749,322)**	**5,716,062**

(a) Movement in impairment allowances

in BGN '000	
Balance as at 01 January 2019	**749,322**
Additional allowances	36,181
Amounts released	(12,626)
Write-offs	(222,615)
Effect from change in exchange rates	102
Other	57
Balance as at 30 June 2019	**550,421**

Distribution of trade receivables and impairment as adjustment for financial assets (receivables from customers) according to the requirements of IFRS9:

	30/06/2019		31/12/2018	
in thousands of BGN	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Gross amount of loans and advances to customers**	**Allowance for impairment**
Exposures without increase of credit risk after the initial recognition (phase 1)	3,925,895	27,434	3,882,962	28,912
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,435,970	94,119	1,167,056	90,655
Non-performing (impaired) exposures (phase 3)	1,264,587	428,868	1,415,366	629,755
Total	**6,626,452**	**550,421**	**6,465,384**	**749,322**

30 June 2019			*in thousands of BGN*
Class of exposure	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Carrying amount of loans and advances to customers**
Performing			
Collectively impaired	5,361,865	(121,553)	5,240,312
Nonperforming			
Collectively impaired	336,656	(117,221)	219,435
Individually impaired	927,931	(311,647)	616,284
Total	**6,626,452**	**(550,421)**	**6,076,031**

31 December 2018			*in thousands of BGN*
Class of exposure	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Carrying amount of loans and advances to customers**
Performing			
Collectively impaired	5,050,018	(119,567)	4,930,451
Nonperforming			
Collectively impaired	352,361	(150,491)	201,870
Individually impaired	1,063,005	(479,264)	583,741
Total	**6,465,384**	**(749,322)**	**5,716,062**

As at 30 June 2019 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 883,353 thousand (31 December 2018: BGN 837,374 thousand).

15. Property and equipment

in thousands of BGN	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
Cost						
At 01 January 2019	**17,651**	**146,265**	**6,936**	**20,153**	**68,661**	**259,666**
Additions	-	126	-	6,997	13	7,136
Exchange rate differences	-	37	2	1	13	53
Write-offs	-	(1,151)	(48)	(7)	(1,348)	(2,554)
Transfers	-	2,556	-	(3,600)	559	(485)
At 30 June 2019	**17,651**	**147,833**	**6,890**	**23,544**	**67,898**	**263,816**
Amortisation						
At 01 January 2019	**4,765**	**122,315**	**6,305**	**-**	**42,330**	**175,715**
Exchange rate differences	**-**	26	2	-	11	39
Charge for the period	316	3,875	140	-	1,238	5,569
For write offs	-	(1,151)	(48)	-	(1,348)	(2,547)
At 30 June 2019	**5,081**	**125,065**	**6,399**	**-**	**42,231**	**178,776**
Carrying amount						
At 01 January 2019	**12,886**	**23,950**	**631**	**20,153**	**26,331**	**83,951**
At 30 June 2019	**12,570**	**22,768**	**491**	**23,544**	**25,667**	**85,040**

16. Intangible assets

in thousands of BGN	Software and licences	Goodwill	Total
Cost			
At 01 January 2019	**42,258**	**540**	**42,798**
Additions	64	-	64
Exchange rates and other adjustments	9	-	9
Write-offs	-	-	-
Transfers	485	-	485
At 30 June 2019	**42,816**	**540**	**43,356**
Amortisation			
At 01 January 2019	**28,396**	**-**	**28,396**
Exchange rates and other adjustments	9	-	9
Charge for the period	1,743	-	1,743
For write offs	-	-	-
At 30 June 2019	**30,148**	**-**	**30,148**
Carrying amount			
At 01 January 2019	**13,862**	**540**	**14,402**
At 30 June 2019	**12,668**	**540**	**13,208**

17a. Repossessed assets

in thousands of BGN	30.06.2019	31.12.2018
Land	467,176	484,588
Buildings	211,873	285,705
Machines, plant and vehicles	34,676	41,852
Fixtures and fittings	800	789
Total	**714,525**	**812,934**

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

17b. Investment Property

in thousands of BGN	
Balance as at 01 January 2019	**242,558**
Transferred from repossessed assets	99,394
Revaluation of investment property to the fair value recognised at transfer	72,940
Write-offs upon sale	(141)
Balance as at 30 June 2019	**414,751**

18. Other assets

in thousands of BGN	**30.06.2019**	**31.12.2018**
Deferred expense	31,522	11,414
Gold	5,640	5,699
Other assets	88,174	95,593
Total	**125,336**	**112,706**

19. Due to banks

in thousands of BGN	**30.06.2019**	**31.12.2018**
Term deposits	-	-
Payable on demand	4,899	3,024
Total	**4,899**	**3,024**

20. Due to other customers

in thousands of BGN	**30.06.2019**	**31.12.2018**
Retail customers		
- current accounts	1,403,755	1,301,585
- term and savings deposits	5,414,022	5,384,093
Businesses and public institutions		
- current accounts	1,288,128	1,203,878
- term deposits	548,195	453,135
Total	**8,654,100**	**8,342,691**

21. Liabilities evidenced by paper

in thousands of BGN	**30.06.2019**	**31.12.2018**
Acceptances under letters of credit	11,859	13,553
Liabilities under repurchase agreements	-	3,213
Debt related to agreements for full swap of profitability	73,340	73,276
Financing from financial institutions	26,356	31,078
Total	**111,555**	**121,120**

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

in thousands of BGN

Lender	**Interest rate**	**Maturity**	**Amortised cost as at 30 June 2019**
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	36
European Investment Fund – JEREMIE 2	0 % - 1.319%	30/09/2025	10,184
Bulgarian Bank for Development AD	1% - 1.583%	15.03.2027 - 30.11.2028	16,136
Total			**26,356**

In BGN '000

Lender	**Interest rate**	**Maturity**	**Amortised cost as at 31 December 2018**
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	68
European Investment Fund – JEREMIE 2	0 % - 1.312%	30/09/2025	13,674
Bulgarian Bank for Development AD	1% - 3.50%	30.03.2019 - 30.11.2028	17,336
Total			**31,078**

22. Hybrid debt

in thousands of BGN	Principal amount	Amortised cost as at 31 June 2019
Hybrid debt with principal EUR 40 mio	78,233	79,900
Hybrid debt with principal EUR 60 mio	117,350	130,259
Total	**195,583**	**210,159**

In BGN ‘000	Principal amount	Amortised cost as at 31 Dec 2018
Hybrid debt with principal EUR 40 mio	78,233	84,929
Hybrid debt with principal EUR 60 mio	117,350	123,857
Total	**195,583**	**208,786**

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

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

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

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

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

23. Other liabilities

in thousands of BGN	30.06.2019	31.12.2018
Liabilities to personnel	2,553	3,104
Insurance contract provisions	3,538	3,226
Provisions for pending court cases	734	734
Impairment on off balance sheet commitments	2,793	1,015
Other payables	8,775	53,588
Total	**18,393**	**61,667**

24. Shareholders

As at 30 June 2019 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 30 June 2019 together with the number and percentage of total issued shares.

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

In 2019 as in the previous year, the Bank did not distribute dividends.

25. Commitments and contingent liabilities

Contingent liabilities

in thousands of BGN	**30.06.2019**	**31.12.2018**
Bank guarantees	210,497	230,239
Unused credit lines	625,812	536,049
Letters of credit	26,446	16,129
Total	**862,755**	**782,417**
Impairment on off balance sheet commitments	2,793	1,015

26. Related party transactions

Type of related party	**Parties that control or manage the Bank**		**Enterprises under common control**	
In BGN '000	**30.06.2019**	**31.12.2018**	**30.06.2019**	**31.12.2018**
Loans	2,294	1,769	7,505	11,179
Deposits and loans received:	11,266	12,862	8,149	12,928
Deposits placed	-	-	16,777	19,704
Other receivables	-	-	16,258	22,118
Off-balance sheet commitments	989	1,283	420	351

First Investment Bank announces that as at 30/06/2019:

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.

(signed)

Executive Director
SVETOZAR POPOV

(signed)

Executive Director
CHAVDAR ZLATEV

(signed)

Chief Financial Officer
JIVKO TODOROV

INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 30 June 2019

(consolidated)

prepared under Art. 100o, para. 4(2) of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(2) and (7) and para. 3 of Ordinance No 2 of the Financial Supervision Commission (FSC) on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information

In the second quarter of 2019 First Investment Bank AD (First Investment Bank AD, the Bank) continued its successful development as an innovative, stable and reliable bank institution.

Highlights in the activity of First Investment Bank AD as at 30 June 2019:

- Notification pursuant to Article 27(2), item 1 of Notification pursuant to Art. 27(2), item 1 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: a financial lease transaction with an international investor for a significant portion of the site of the former Kremikovtsi steel plant were published at 30.01.2019.
- Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 31.01.2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 01.03.2019.
- Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2018 were published at 05.04.2019;
- Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 30 April 2019;
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 April 2019;

- Notice and materials for the General Meeting of Shareholders of First Investment Bank AD were published at 17 May 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 May 2019;
- Information regarding FIBank’s ratings from Fitch Ratings and Moody's Investors Service was disclosed on 05 June 2019;
- Summary results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 19 June 2019 were published on that day;
- The minutes of the regular Annual General Meeting of Shareholders of First Investment Bank AD held on 19 June 2019 and amendments to its By-Laws were published at 21 June 2019.

Review of the activities of First Investment Bank AD as at 30 June 2019 on consolidated (unaudited) basis

- *Balance sheet as at 30 June 2019.*

  The balance sheet assets of the Bank as at 30.06.2019 reached BGN 9,968 million, showing growth by BGN 381 mln against the end of 2018, and thus First Investment Bank AD retains its place among the leading banks in the Bulgarian banking system. As at 30.06.2019 the deposits from other customers amounted to BGN 8,654 million, with growth of BGN 311 mln for the period; for this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at 30 June 2019 the accounting equity amounted to BGN 949 million net, which indicates growth by BGN 103 mln compared to the end of 2018. Receivables from clients amounted to BGN 6,076 million book value, an increase for H1 2019 by BGN 360 mln.

- *Consolidated profit for Q2 2019*

  The net profit of the Group for H1 2019 amounted to BGN 98,320 thousand, an increase by BGN 48,649 thousand less in comparison to the same period in 2018. The profit before tax for H1 2019 is BGN 109,780 thousand, which is BGN 65,734 thousand more in comparison to the same period in 2018.

  The total revenue from banking operations for the period amounted to BGN 187,385 thousand. The net interest income amounted to BGN 123,464 thousand, and the net income from fees and commissions is BGN 49,601 thousand.

- *Capital resources*

  The capital adequacy ratio of First Investment Bank AD as at 30 June 2019 reached 17,30 %. The Tier 1 capital adequacy was 17,30 %, and the tier one ratio was 14,57 %. During the period the Bank was in compliance with and significantly above the regulatory capital requirements.

- *Liquidity*

  The liquidity coverage ratio of First Investment Bank AD, as at 30 June 2019 reached 237,88 % and the net stable funding ratio is 131,64 %, showing a stable liquidity position

- *A total of 150 branches and offices throughout the country*

  As at 30 June 2019, First Investment Bank AD had a total of 150 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 June 2019
UNDER ART. 33, PARA. 1, P. 7
OF ORDINANCE No2

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

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

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

- *IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018*
- *IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;*
- *IAS 28 Foreign Currency Transactions and Advance Consideration (issued on 12 October 2017), endorsed by the EU on 08 February 2019, published in the Official Journal on 11 February 2019*
- *Amendments to IAS 19: Prepayment Features with Negative Compensation (issued on 07 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019*

The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies with the exception of the application of IFRS 16.

IFRS 16 Leases, effective as of 1 January 2019, replaces the instructions to IAS 17 Leases and makes changes to the accounting for leases, especially for lessees.

According to IAS 17 lessees were required to distinguish between finance leases (recognised in the balance sheet) and operating leases (off-balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting lease payments to be made and the right-of-use asset for almost all lease agreements.

IASB envisaged exemptions for short-term leases or leases of low-value assets; these exemptions may only be applied by the lessee.

Lessor accounting remains largely unchanged.

According to IFRS 16, a lease agreement or an agreement containing a lease, is an agreement which grants the right to control the use of an asset over a given period of time against remuneration.

The management is in the process of assessing the effect from application of the standard, but cannot yet provide quantitative information. The following steps have been undertaken:

- *All agreements are subjected to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;*
- *A decision is to be made which transition approach to opt for - either a full or a modified retrospective transition approach (which means that comparative information will not be restated). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. The decision which approach to choose is important because it cannot be changed later.*
- *Current disclosures on financial lease and operating lease agreements are being assessed, since they might be the basis for determining the capitalised amount and may become right-of-use assets.*
- *It is being determined what accounting simplification is applicable to lease agreements and whether the right to exemption will be used.*
- *The requirements to the existing IT system are being reviewed;*
- *the additional required disclosures are being assessed.*
- *Management does not expect a significant effect from application of this standard, since in the analysed rental agreements to which the Bank is a party as a tenant:*
- *The right to control the asset is not transferred because in practice the Bank's ability to receive substantially all of the economic benefits from use of the asset in practice is limited. In essence, all rental agreements to which the Bank is a party deprive it of the right to sublease the property to third parties.*
- *In the analysed rental agreements, the right to control the use of the asset is not transferred, and the bank is limited in making relevant decisions regarding how to use the rented asset, as it can only make decisions related to the operating use and maintenance of said asset. In essence, as regards all rental agreements, the Bank has no right to change the approved manner of use for the property by making a decision to use it for purposes different from those initially approved. The lessor, on the other hand, being the owner, may at any time change the instructions for use given upon the initial agreement. This in practice deprives the bank as lessee of the full right to control the use of the asset.*
- *Due to the reasons listed above the Bank assumes that a significant portion of the rental agreements to which the Bank is a party as a lessee do not fall within the scope of the definition for lease.*

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 2018, with the exception of the disclosed effect from the application of IFRS 16.

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

There have been no changes in the economic group during the period.

At the general meeting of shareholders of Fi Health Insurance held on 19.06.2019 the company's by-laws were amended as regards the scope of activities.

c) information on the outcome from organizational changes within the issuer, such as restructuring, sale of companies from the economic group, in-kind contributions by the company, renting of property, long-term investments, suspension of operations:

See „b" above.

d) opinion of the managing body regarding the feasibility of the forecasts published for the current financial year, taking into account the results of the current quarter, as well as information about the factors and circumstances that will affect the achievement of the forecast results at least for the next quarter:

No forecasts were published for the results for 2019.

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

	at 31 March 2019		*at 30 June 2019*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

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

Members of the Managing Board	*at 31 March 2019*		*at 30 June 2019*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Nedelcho Nedelchev	350	0,00	No change	
Chavdar Zlatev	523	0.00	No change	
Sevdalina Vasileva	0	0,00	No change	
Svetozar Popov	0	0,00	No change	
Jivko Todorov	0	0,00	No change	
Nadya Koshinska	234	0,00	No change	

Members of the Supervisory Board	*at 31 March 2019*		*at 30 June 2019*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Evgeni Lukanov	337 139	0,31	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

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

No events have occurred.

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

First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 30 June 2019 no events have occurred beyond the ordinary activity of the Bank.

Appendix 2

INFORMATION AS AT 30 June 2019
UNDER ART. 33, PARA. 3
OF ORDINANCE NO2

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

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

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

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

As at 30.06.2019, 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)
Svetozar Popov
Executive Director
MB Member

(signed)
Chavdar Zlatev
Executive Director
MB Member

(signed)
Jivko Todorov
Chief Financial Officer
MB Member

DECLARATION

under Art. 100o, para. 4(3) with relation to Art. 100o, para. 5 of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(4) with relation to Art. 33a of Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information

The undersigned, Svetozar Popov and Chavdar Zlatev, Executive Directors and members of the Managing Board of First Investment Bank AD, and Jivko Todorov, Chief Financial Officer and member of the Managing Board of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (individual) of First Investment Bank AD as at 30 June 2019, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 30 June 2019 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)
Svetozar Popov
Executive Director
Member of MB

(signed)
Chavdar Zlatev
Executive Director
Member of MB

(signed)
Jivko Todorov
Chief Financial Officer
MB Member

16 August 2018

Bank	***FINV9150***	First Investment Bank AD	
Reporting date	***30.6.2019***		
Basis for application	***consolidated***		
Accounting standard	IFRS		*Reporting currency in BGN '000*

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

1.1 Assets

		References	***Breakdown in table***	**Carrying amount**
				part 1, paragraph 27 of Appendix V
				010
010	**Cash and cash balances with central banks and other deposits payable on demand**	*Para. 54 (i) of IAS 1*		**1 758 305**
020	Cash	*part 2, paragraph 1 of Appendix V*		173 512
030	Cash balances with central banks	*part 2, paragraph 1 of Appendix V*		1 199 833
040	Other deposits payable on demand	*part 2, paragraph 1 of Appendix V*	5	384 960
050	**Financial assets held for trading**	*Supplement A to IFRS 9*		**8 278**
060	Derivatives	*Supplement A to IFRS 9*	10	0
070	Equity	*Para. 11 of IAS 32*	4	4 385
080	Debt securities	*part 1, paragraph 31 of Appendix V*	4	3 893
090	Loans and advances	*part 1, paragraph 32 of Appendix V*	4	0
096	**Non-tradable financial assets mandatorily reported at fair value through profit or loss**	*Para. 8 (a)(ii) of IFRC 7; IFRS 9.4.1.4*	4	**17 559**
097	Equity	*Para. 11 of IAS 32*	4	17 559
098	Debt securities	*part 1, paragraph 31 of Appendix V*	4	0
099	Loans and advances	*part 1, paragraph 32 of Appendix V*	4	0
100	**Financial assets at fair value through profit or loss**	*Para. 8 (a)(i) of IFRC 7; IFRS 9.4.1.5*	4	**0**
120	Debt securities	*part 1, paragraph 31 of Appendix V*	4	0
130	Loans and advances	*part 1, paragraph 32 of Appendix V*	4	0
141	**Financial assets at fair value through other comprehensive income**	*Para. 8 (h) of IFRC 7; IFRS 9.4.1.2A*	4	**675 298**
142	Equity	*Para. 11 of IAS 32*	4	0
143	Debt securities	*part 1, paragraph 31 of Appendix V*	4	675 298
144	Loans and advances	*part 1, paragraph 32 of Appendix V*	4	0
181	**Financial assets at amortised cost**	*Para. 8 (f) of IFRC 7; IFRS 9.4.1.2*	4	**6 154 452**
182	Debt securities	*part 1, paragraph 31 of Appendix V*	4	12 886
183	Loans and advances	*part 1, paragraph 32 of Appendix V*	4	6 141 566
240	**Derivatives - hedge accounting**	*IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V*	11	**0**
250	**Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk**	*Para. 89A (a) of IAS 39, IFRS 9.6.5.8*		**0**
260	**Investments in a subsidiary, jointly-controlled entity or associate**	*Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V*	40	**554**
270	**Tangible assets**			**499 791**
280	Property, Plant and Equipment	*Para. 6 of IAS 16; Para. 54 (a) of IAS 1*	21, 42	85 040
290	Investment Property	*Para. 5 of IAS 40; Para. 54 (b) of IAS 1*	21, 42	414 751
300	**Intangible assets**	*Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575*		**13 208**
310	Goodwill	*Para. B67, (d) of IFRC 3; Art. 4, Para. 1, item 113 of Reg 575*		107
320	Other intangible assets	*Paras. 8, 118 of IAS 38*	21, 42	13 101
330	**Tax assets**	*Para. 54 (n)-(o) of IAS 1*		**159**
340	Current tax assets	*Para. 54(n) of IAS 1; Para. 5 of IAS 12*		159
350	Deferred tax assets	*Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575*		0
360	**Other assets**	*part 2, paragraph 5 of Appendix V*		**840 191**
370	**Non-current assets and disposal groups classified as held for sale**	*Para. 54, (j) of IAS 1; Para. 38 of IFRC 5; part 2, item 7 of Appendix V*		**0**
380	**TOTAL ASSETS**	*Para. 9, (a), IN 6 of IAS 1*		**9 967 795**

Bank	***FINV9150***	First Investment Bank AD		
Reporting date	***30.6.2019***			
Basis for application	***consolidated***			
Accounting standard	IFRS		*Reporting currency '000*	*BGN*

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

1.2 Liabilities

		References	*Breakdown in table*	**Carrying amount** *part 1, paragraph 27 of Appendix V* 010
010	**Financial liabilities held for trading**	*Para. 8, (e)(ii) of IFRC 7; BA Para. 6 of IFRS 9*	8	**0**
020	Derivatives	*supplement A to IFRS 9, IFRS 9.4.2.1(a), BA, paragraph 7(a) of IFRS 9*	10	0
030	Short positions	*BA, Paragraph 7(b) of IFRS 9*	8	0
040	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V*	8	0
050	Issued debt securities	*part 1, paragraph 37 of Appendix V*	8	0
060	Other financial liabilities	*part 1, paragraph 38-41 of Appendix V*	8	0
070	**Financial liabilities at fair value through profit or loss**	*Para. 8 (e)(i) of IFRC 7; IFRS 9.4.2.2*	8	**0**
080	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V*	8	0
090	Issued debt securities	*part 1, paragraph 37 of Appendix V*	8	0
100	Other financial liabilities	*part 1, paragraph 38-41 of Appendix V*	8	0
110	**Financial liabilities at amortised cost**	*Para. 8 (g) of IFRC 7; IFRS 9.4.2.1*	8	**8 984 656**
120	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V*	8	8 732 341
130	Issued debt securities	*part 1, paragraph 37 of Appendix V*	8	210 158
140	Other financial liabilities	*part 1, paragraph 38-41 of Appendix V*	8	42 157
150	**Derivatives - hedge accounting**	*IFRS 9.6.2.1, part 1, paragraph 26 of Appendix V*	11	**0**
160	**Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk**	*Para. 89A (b) of IAS 39, IFRS 9.6.5.8*		**0**
170	**Provisions**	*Para. 10 of IAS 37; Para. 54 (l) of IAS 1*	43	**3 527**
180	Pensions and other obligations to pay defined post-employment benefits	*Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 9 of Appendix V*	43	0
190	Other long-term employee benefits	*Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 10 of Appendix V*	43	0
200	Restructuring	*Para. 71 and 84(a) of IAS 37*	43	0
210	Pending legal matters and tax-related court cases	*IAS 37, addendum B, examples 6 and 10*	43	734
220	Commitments and guarantees	*IFRS 9.4.2.1(c), (d); 9.5.5; 9.C2.5; IAS 37; IFRS 4; part 2, para. 11 of Appendix V*	9 12 43	2 793
230	Other provisions	*Para. 14 of IAS 37*	43	0
240	**Tax liabilities**	*Para. 54 (n)-(o) of IAS 1*		**14 195**
250	Current tax liabilities	*Para. 54(n) of IAS 1; Para. 5 of IAS 12*		172
260	Deferred tax liabilities	*Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575*		14 023
270	**Share capital payable upon request**	*IAS 32, Illustrative example 33; IFRIC 2; part 2, paragraph 12 of Appendix V*		**0**
280	**Other liabilities**	*part 2, paragraph 13 of Appendix V*		**15 966**
290	**Liabilities in disposal groups classified as held for sale**	*Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, paragraph 14 of Appendix V*		**0**
300	**TOTAL LIABILITIES**	*Para. 9, (b), IN 6 of IAS 1*		**9 018 344**

Bank	***FINV9150***	First Investment Bank AD	
Reporting date	***30.6.2019***		
Basis for application	***consolidated***		
Accounting standard	IFRS		*Reporting currency '000* BGN

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

1.3 Total own funds

		References	*Breakdown in table*	Carrying amount
				010
010	**Equity**	*Para. 54(s) of IAS 1; Para. 22 of DOB*	46	**110 000**
020	Paid up share capital	*Para. 78 (e) of IAS 1*		110 000
030	Not fully paid-up capital	*part 2, paragraph 14 of Appendix V*		0
040	**Premium reserves**	*Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575*	46	**97 000**
050	**Issued capital instruments other than share capital**	*part 2, paragraphs 18-19 of Appendix V*	46	**0**
060	Component of the share capital in compound financial instruments	*Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V*		0
070	Other issued equity instruments	*part 2, paragraph 19 of Appendix V*		0
080	**Other own funds**	*Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V*		**0**
090	**Accumulated other comprehensive income**	*Art. 4, para. 1, item 100 of Reg 575*	46	**28 548**
095	Items which cannot be reclassified as profit or loss	*Para. 89A (a) of IAS 1*		4 500
100	*Tangible assets*	*Paras. 39 -41 of IAS 16*		4 500
110	*Intangible assets*	*Paras. 85-87 of IAS 38*		0
120	*Actuarial gains or (-) losses on defined benefit plans*	*Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19*		0
122	*Non-current assets and disposal groups classified as held for sale*	*Para. 38, IN example 12 of IFRS 5*		0
124	*Share of the other comprehensive income of subsidiaries, associates and joint ventures*	*NI 6 of IAS1, paragraph 10 of IAS 28*		0
320	*Changes in fair value of capital instruments at fair value in other comprehensive income*	*Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRC 9; part 2, paragraph 21 of Appendix V*		0
330	*Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income*	*Para. 7 (d) of IFRS 1; IFRS 9.5.7.5 and 6.5.3; paragraph 24C of IFRS 7, part 2, paragraph 22 of Appendix V*		0
340	*Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]*	*IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V*		0
350	*Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]*	*Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V*		0
360	*Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk*	*Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V*		0
128	Items which can be reclassified as profit or loss	*Para. 81A (a)(ii) of IAS 1*		24 048
130	*Hedges of net investments in foreign operations [effective portion]*	*IFRS 9.6.5.13(a); Paragraph 24B(b), items ii) and iii) of IFRS 7; Paragraph 24C(b), items i) and iv), and paragraph 24E(a) of IFRS 7; part 2, paragraph 24 of Appendix V*		0
140	*Currency exchange*	*Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21*		1 690
150	*Derivatives from hedging Cash flow hedges [effective portion]*	*Paragraph 7(e) of IAS 1; paragraph 24B(b), items ii) and iii) of IFRS 7; paragraph 24C(b), item i) and paragraph 24E of IFRS 7; IFRS 9.6.5.11(b); part 2, paragraph 25 of appendix V*		0
155	*Changes in fair value of debt instruments at fair value in other comprehensive income*	*Para. 7 (da) of IAS 1; IFRS 9.4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V*		22 358

165	*Hedging instruments [unreported elements]*	*Paragraph 7, (g) and (h) of IAS 1; IFRS 9 6.5.15 and 6.5.16; Paragraph 24 E, (b) and (c) of IFRS 7, part 2, Paragraph 60 of appendix V*		0
170	*Non-current assets and disposal groups classified as held for sale*	*Para. 38, IN example 12 of IFRS 5*		0
180	*Share of the other comprehensive income of subsidiaries, associates and joint ventures*	*NI 6 of IAS1, paragraph 10 of IAS 28*		0
190	**Retained earnings**	*Art. 4, para. 1, item 123 of Reg 575*		**0**
200	**Revaluation reserve**	*Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V*		**0**
210	**Other reserves**	*Para. 54 of IAS 1; Para. 78 (e) of IAS 1*		**612 952**
220	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	*Para. 11 of IAS 28; part 2, item 29 of Appendix V*		0
230	Other	*part 2, paragraph 29 of Appendix V*		612 952
240	**(-) Repurchased own shares**	*Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, paragraph 30 of Appendix V*	46	**0**
250	**Profit or loss attributable to the owners of the parent company**	*Para. 81B (b)(ii) of IAS 1*	2	**98 108**
260	**(-) Interim dividends**	*Para. 11 of IAS 32*		**0**
270	**Minority interests [Non-controlling interests]**	*Para. 54 (r) of IAS 1*		**2 843**
280	Accumulated other comprehensive income	*Art. 4, para. 1, item 100 of Reg 575*	46	0
290	Other items		46	2 843
300	**TOTAL SHAREHOLDERS' EQUITY**	*Para. 9 (c), IN 6 of IAS 1*	46	**949 451**
310	**TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES**	*IN 6 of IAS 1*		**9 967 795**

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer

Bank	***FINV9150***	First Investment Bank AD	
Reporting date	***30.6.2019***		
Basis for application	***consolidated***		
Accounting standard	IFRS	*Reporting currency '000*	*BGN*

2. Profit and Loss Account

		References	*Breakdown in table*	Current period
				010
010	**Interest income**	*Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V*	16	**154 751**
020	Financial assets held for trading	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, paragraphs 33, 34 of Appendix V*		23
025	Non-tradable financial assets mandatorily reported at fair value through profit or loss	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7, IFRS 9.5.7.1*		0
030	Financial assets at fair value through profit or loss	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7*		0
041	Financial assets at fair value through other comprehensive income	*Para. 20(b) of IFRC 7; IFRS 9.5.7.10-11, IFRS 9.4.1.2A*		7 141
051	Financial assets at amortised cost	*Para. 20(b) of IFRC 7; IFRS 9.4.1.2, IFRS 9.5.7.2*		147 579
070	Derivatives — hedge accounting, interest rate risk	*supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V*		0
080	Other assets	*part 2, paragraph 36 of Appendix V*		0
085	Revenue from interest on liabilities	*IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V*		8
090	**(Interest expense)**	*Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V*	16	**31 287**
100	(Financial liabilities held for trading)	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, paragraphs 33, 34 of Appendix V*		0
110	(Financial liabilities at fair value through profit or loss)	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7*		0
120	(Financial liabilities at amortised cost)	*Para. 20(b) of IFRC 7; IFRS 9.5.7.2*		29 566
130	(Derivatives — hedge accounting, interest rate risk)	*Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V*		0
140	(Other liabilities)	*part 2, paragraph 38 of Appendix V*		6
145	(Interest expense on assets)	*IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V*		1 715
150	**(Expense for share capital payable upon request)**	*IFRIC 2, item 11*		**0**
160	**Dividend income**	*part 2, paragraph 40 of Appendix V*	31	**60**
170	Financial assets held for trading	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, paragraphs 40 of Appendix V*		0
175	Non-tradable financial assets mandatorily reported at fair value through profit or loss	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; IFRS 9.5.7.1A, part 2, paragraphs 40 of Appendix V*		60
191	Financial assets at fair value through other comprehensive income	*Para. 20, (a)(ii) of IFRC 7; IFRS 9.4.1.2A, IFRS 9.5.7.1A, part 2, paragraph 41 of Appendix V*		0
192	Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	*part 2, paragraph 42 of Appendix V*		0
200	**Fee and commission income**	*Para. 20 (c) of IFRS 7*	22	**61 629**
210	**(Fee and commission expense)**	*Para. 20 (c) of IFRS 7*	22	**12 028**
220	**Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss**	*part 2, paragraph 45 of Appendix V*	16	**1 843**
231	Financial assets at fair value through other comprehensive income	*IFRS 9.4.12A; IFRS 9.5.7.10-11*		1 214
241	Financial assets at amortised cost	*Para. 20(B)(v) of IFRC 7; IFRS 9.4.1.2, IFRS 9.5.7.2*		629
260	Financial liabilities at amortised cost	*Para. 8 (a)(v) of IFRC 7; IFRS 9.5.7.2*		0
270	Other			0
280	**Net profits or (-) losses from financial assets and liabilities held for trading**	*Para. 20, (a)(i) of IFRC 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V*	16	**52**
287	**Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss**	*Para. 20, (a)(i) of IFRC 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V*		**0**
290	**Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss**	*Para. 20, (a)(i) of IFRC 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V*	16, 45	**0**
300	**Net profits or (-) losses from hedge accounting**	*part 2, paragraph 47 of Appendix V*	16	**0**
310	**Net profits or (-) losses from exchange rate differences**	*Para. 28 and Para 52 (a) of IAS 21*		**7 581**
330	**Net profits or (-) losses from write-off of non-financial assets**	*Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V*	45	**797**
340	**Other operating income**	*part 2, paragraphs 314-316 of Appendix V*	45	**82 093**
350	**(Other operating expense)**	*part 2, paragraphs 314-316 of Appendix V*	45	**18 583**
355	**TOTAL NET OPERATING INCOME**			**246 908**
360	**(Administrative expenses)**			**104 487**
370	(Personnel costs)	*Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1*	44	35 215
380	(Other administrative expenses)			69 272
390	**(Amortisation)**	*Paras. 102, 104 of IAS 1*		**7 313**
400	(Property, Plant and Equipment)	*Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16*		5 586
410	(Investment Property)	*Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40*		0

420	(Other intangible assets)	*Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38*		1 727
425	**Net profits or (-) losses from modification**	*IFRS 9.5.4.3, supplement A to IFRS 9, part 2, paragraph 49 of Appendix V*		**0**
426	Financial assets at fair value through other comprehensive income	*Paragraph 35J of IFRS 7*		0
427	Financial assets at amortised cost	*Paragraph 35J of IFRS 7*		0
430	**(Provisions or (-) reversed provisions)**	*Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1*	9 12 43	**3 558**
440	(Commitments and guarantees)	*IFRS 9.4.2.1(c), (d); IFRS 9.B2.5; IAS 37; IFRS 4; part 2, para. 50 of Appendix V*		3 558
450	(Other provisions)			0
460	**(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)**	*Para. 20, (a)(viii) of IFRC 7; IFRS 9.5.4.4, part 2, items 51, 53 of Appendix V*	12	**21 770**
481	(Financial assets at fair value through other comprehensive income)	*IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8*	12	-581
491	(Financial assets at amortised cost)	*IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8*	12	22 351
510	**(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)**	*Paras. 40-43 of IAS 28*	16	**0**
520	**(Impairment or (-) reversed impairment of non-financial assets)**	*Para. 126(a)-(b) of IAS 36*	16	**0**
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	**Negative goodwill in profit or loss**	*B64, (n)(i) to IFRC 3*		**0**
590	**Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method**	*part 2, paragraph 54 of Appendix V*		**0**
600	**Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations**	*Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V*		**0**
610	**PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS**	*Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5*		**109 780**
620	**(Tax expense or (-) income relating to the profit or loss from current operations)**	*Para. 8, (d) of IAS 1; Para. 77 of IAS 12*		**11 460**
630	**PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS**	*IN 6 of IAS 1*		**98 320**
640	**Profit or (-) loss after tax from discontinued operations**	*Para. 82, (e) of IAS 1; Para. 33(a) and paragraph 33A of IFRC 5; part 2, paragraph 56 of Appendix V*		**0**
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) and (iv) of IFRC 5*		0
670	**PROFIT OR (-) LOSS FOR THE YEAR**	*Para. 81A (a) of IAS 1*		**98 320**
680	Relating to minority interests [non-controlling interests]	*Para. 81B (b)(i) of IAS 1*		212
690	Attributable to the owners of the parent company	*Para. 81B (b)(ii) of IAS 1*		98 108

(signed)

SVETOZAR POPOV
Executive Director

(signed)

CHAVDAR ZLATEV
Executive Director

(signed)

JIVKO TODOROV
Chief Financial Officer