

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

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

2 March 2020

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2019

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2019, containing:

1. Financial statements as at 31.12.2019 as per Art. 100o, para. 4(1) with relation to Art. 100o¹, Para. 7 of POSA;
2. Notes to the financial statements as at 31.12.2019;
3. Interim activity report under Art. 100o, para. 4(2) with relation to Art. 100o¹, Para. 7 of POSA;
4. Declaration under Art. 100o, para. 4(3) with relation to Art. 100o¹, Para. 7 of POSA.

Sincerely,

(signed)

Svetozar Popov
Executive Director
Member of the MB

(signed)

Chavdar Zlatev
Executive Director
Member of the MB

Individual statement of profit or loss and of other comprehensive income for the year ended 31 December 2019
In BGN '000

	Note	2019	2018
Interest income		309,730	331,046
Interest expense		(63,016)	(63,958)
Net interest income	6	246,714	267,088
Fee and commission income		131,191	119,992
Fee and commission expense		(24,417)	(22,881)
Net fee and commission income	7	106,774	97,111
Net trading income	8	15,378	10,809
Other net operating income	9	74,618	16,321
TOTAL INCOME FROM BANKING OPERATIONS		443,484	391,329
Administrative expenses	10	(220,448)	(212,066)
Allowance for impairment	11	(119,730)	(83,378)
Other income, net	12	51,053	65,127
PROFIT BEFORE TAX		154,359	161,012
Income tax expense	13	(16,437)	10,534
GROUP PROFIT AFTER TAX		137,922	171,546
Other comprehensive income			
Items which should or may be reclassified as profit or loss			
Exchange rate differences from translation of foreign operations		638	2,920
Revaluation reserve of investments in securities		(19)	(407)
Total other comprehensive income		619	2,513
TOTAL COMPREHENSIVE INCOME		138,541	174,059
Net profit attributable to:			
Ordinary equity holders		137,579	171,388
Non-controlling interest		343	158
Total comprehensive income attributable to:			
Ordinary equity holders		138,198	173,901
Non-controlling interest		343	158
Basic and diluted earnings per share (BGN)	14	1.25	1.56

 SVETOZAR POPOV
 Executive Director

(signed)

 CHAVDAR ZLATEV
 Executive Director

(signed)

 Nikola Bakalov
 Executive Director

(signed)

 Yanko Karakolev
 Director of Finance Department

(signed)

Consolidated statement of the financial position as at 31 December 2019
in thousand BGN

	Note	2019	2018
ASSETS			
Cash and balances with Central Banks	15	2,072,046	1,674,754
Investments in securities	16	993,022	802,321
Loans and advances to banks and other financial institutions	17	79,618	125,483
Loans and advances to customers	18	6,017,137	5,716,062
Property and equipment	19	81,738	83,951
Intangible assets	20	12,626	14,402
Derivatives held for risk management		814	905
Current tax assets		253	605
Reposessed assets	22	716,129	812,934
Investment Property	23	410,511	242,558
Rights of use assets	24	159,659	-
Other assets	25	116,622	112,706
TOTAL ASSETS		10,660,175	9,586,681
LIABILITIES AND CAPITAL			
Due to banks	26	2,007	3,024
Due to other customers	27	9,104,021	8,342,691
Liabilities evidenced by paper	28	109,348	121,120
Subordinated term debt		3,943	-
Hybrid debt	29	267,615	208,786
Derivatives held for risk management		361	88
Deferred tax liabilities	21	17,428	2,774
Current tax liabilities		71	259
Lease liabilities	24	159,633	-
Other liabilities	30	16,831	61,667
TOTAL LIABILITIES		9,681,258	8,740,409
Issued share capital	31	110,000	110,000
Share premium	31	97,000	97,000
Statutory reserve	31	39,865	39,865
Revaluation reserve of investments in securities		17,776	17,795
Revaluation reserve on property		4,500	4,500
Reserve from translation of foreign operations		2,033	1,395
Other reserves and retained earnings	31	704,770	573,087
TOTAL SHAREHOLDERS' EQUITY		975,944	843,642
Non-controlling interest		2,973	2,630
TOTAL GROUP EQUITY		978,917	846,272
TOTAL LIABILITIES AND GROUP EQUITY		10,660,175	9,586,681

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Director of Finance Department
(signed)

Consolidated statement of cash flows for the year ended 31 December 2019

	2019	2018
Net cash flow from operating activities		
Net profit	137,922	171,546
Adjustment for non-cash items		
Allowance for impairment	119,730	83,378
Net interest income	(246,714)	(267,088)
Depreciation and amortization	14,392	15,342
Tax expense	16,437	(10,534)
(Profit)/loss from sale and write-off of tangible and intangible fixed assets, net	(361)	69
(Profit) from sale of other assets, net	(1,167)	(81,779)
(Positive) revaluation of investment property	(72,940)	(13,669)
	(32,701)	(102,735)
Change in operating assets		
Decrease in financial assets at fair value through profit or loss	(246,103)	25,859
(Increase)/decrease in financial assets at fair value in other comprehensive income	60,476	(32,235)
(Increase) in loans and advances to banks and financial institutions	(25,371)	(98)
(Increase) in loans to customers	(450,695)	(1,002,118)
Net (increase)/decrease in other liabilities	(32,915)	8,731
	(694,608)	(999,861)
Change in operating liabilities		
(Decrease) in deposits from banks	(958)	(5,108)
Increase in amounts owed to other depositors	761,266	773,420
Net increase/(decrease) in other liabilities	(12,824)	30,947
	747,484	799,259
Interest received	323,814	393,486
Interest paid	(62,748)	(78,467)
Dividends received	5,724	105
Paid profit tax, net	(1,554)	(4,066)
NET CASH FLOW FROM OPERATING ACTIVITIES	285,411	7,721
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(13,391)	(14,807)
Sale of tangible and intangible fixed assets	820	29
Sale of other assets	14,635	271,139
(Increase)/decrease of investments	(12,093)	9,529
NET CASH FLOW FROM INVESTING ACTIVITIES	(10,029)	265,890
Financing activities		
(Decrease) in borrowings	(11,849)	(6,415)
Increase in subordinated liabilities	62,587	-
NET CASH FLOW FROM FINANCING ACTIVITIES	50,738	(6,415)
NET INCREASE IN CASH AND CASH EQUIVALENTS	326,120	267,196
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,787,893	1,520,697
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (See Note 33)	2,114,013	1,787,893

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Director of Finance Department

(signed)

Consolidated statement of shareholders' equity for the year ended 31 December 2019
in thousands of BGN

	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 losses	-	-	(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 year ended 31 December 2019	-	-	137,579	-	-	-	-	343	137,922
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-	-	(19)	-	-	-	-	(19)
Reserve from translation of foreign operations	-	-	-	-	-	638	-	-	638
Dividend paid by subsidiary			(5,896)						(5,896)
Balance as at 31 December 2019	110,000	97,000	704,770	17,776	4,500	2,033	39,865	2,973	978,917

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**ADDENDUM TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF
FIRST INVESTMENT BANK AD
AS AT 31/12/2019**

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 year ended 31 December 2019 comprise the Bank and its significant subsidiaries (see note 36), together referred to as the “Group”.

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

(b) Statement of compliance

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

(c) Presentation

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

The financial statements are prepared in accordance with the fair value principle of derivative financial instruments, financial instruments recognised at fair value in profit or loss, investment property, 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.

(d) 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;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017), endorsed by the EU on 8 February 2019, published in the Official Journal on 11 February 2019
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 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 Group's accounting policies with the exception of the application of IFRS 9.

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, and the Group did not benefit from that right in the initial recognition.

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.

In the process of assessing the effect from implementation of the standard, the Management has taken the following measures:

- Subjected all agreements to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;
- The management decided to apply the modified retrospective method (which means that the comparative information will not be amended). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief.

The Management analyses the effect from the implementation of the standard with expected contractual lease term of up to 5 years, because in the majority of rental contracts to which the Bank is a party as a lessee, the Bank has the option of terminating with a 3- or 6-month notice without paying penalties. Even in the other contracts such an option is possible in accordance with the law.

This affects the expected actual lease term because the contract term depends on the probability of the Bank exercising that option. With relation to this, the Bank considers the 5-year period as indicative of the maximum duration of the lease term, although there are contracts with a longer term.

The Management discloses the following approximate effect from application of the standard, starting from 1 January 2019 (in thousands of BGN):

Right-of-use assets	128,203
Lease liabilities	128,203

The Group has not identified a significant effect from the initial implementation of IFRS 16 on other reserves and retained earnings.

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

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

- IFRS 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 Group in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 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.

Interest income is calculated by applying the effective interest rate on the gross value of the financial asset, except for impaired assets for which the effective interest rate is applied to the amortised cost of the financial asset.

(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.

(lii) 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.

2. Significant accounting policies, continued

(g) Securities borrowing and lending business and repurchase transactions, continued

(i) Securities borrowing and lending, continued

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 recognised 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.

2. Significant accounting policies, continued

(j) Impairment of assets, continued

- 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 other 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.

2. Significant accounting policies, continued

(n) Provisions, continued

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 31 December 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 5 - determining of the fair value of the financial instruments through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- Note 19 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information.

(ii) 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).

(iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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.

2. 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.

<i>in BGN '000</i>	Bulgarian operations		Foreign operations		Total	
	2019	2018	2019	2018	2019	2018
Interest income	290,613	312,537	19,117	18,509	309,730	331,046
Interest expense	(58,942)	(61,159)	(4,074)	(2,799)	(63,016)	(63,958)
Net interest income	231,671	251,378	15,043	15,710	246,714	267,088
Fee and commission income	123,678	113,935	7,513	6,057	131,191	119,992
Fee and commission expense	(23,566)	(22,145)	(851)	(736)	(24,417)	(22,881)
Net fee and commission income	100,112	91,790	6,662	5,321	106,774	97,111
Net trading income	13,596	11,053	1,782	(244)	15,378	10,809
Administrative expenses	(209,575)	(202,800)	(10,873)	(9,266)	(220,448)	(212,066)
Assets	10,155,956	9,202,397	504,219	384,284	10,660,175	9,586,681
Liabilities	8,951,185	8,189,960	730,073	550,449	9,681,258	8,740,409

The table below shows assets and liabilities and income and expense by business segments as at 31 December 2019.

Business	Assets	Liabilities	Net interest income	Net fee and commission income	Net trading income	Other net operating income
Corporate customers	3,066,487	835,816	72,141	22,848	-	124
Small and medium enterprises	904,748	676,120	34,201	20,188	-	185
Retail Banking	2,045,902	7,592,085	130,471	56,940	-	809
Treasury	3,145,500	75,743	5,270	5,253	15,378	12,526
Other	1,497,538	501,494	4,631	1,545	-	60,974
Total	10,660,175	9,681,258	246,714	106,774	15,378	74,618

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

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

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	8,316	258,605	14	266,935
Financial assets at fair value through other comprehensive income	544,251	169,341	490	714,082
Derivatives held for risk management	814	(361)	-	453
Total	553,381	427,585	504	981,470

In BGN '000

31 December 2018	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

31 December 2019	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	2,072,046	-	2,072,046	2,072,046
Financial assets at amortised cost	12,121	-	-	12,121	12,005
Loans and advances to banks and other financial institutions	-	79,618	-	79,618	79,618
Loans and advances to customers	-	1,105,310	5,049,025	6,154,335	6,017,137
Total	12,121	3,256,974	5,049,025	8,318,120	8,180,806
Liabilities					
Due to banks	-	2,007	-	2,007	2,007
Due to other customers	-	4,340,341	4,770,611	9,110,952	9,104,021
Liabilities evidenced by paper	-	109,339	-	109,339	109,348
Subordinated term debt	-	3,943	-	3,943	3,943
Hybrid debt	-	267,615	-	267,615	267,615
Total	-	4,723,245	4,770,611	9,493,856	9,486,934

In BGN '000

31 December 2018	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

<i>in thousands of BGN</i>	2019	2018
Interest income		
Accounts with and placements to banks and financial institutions	1,743	1,595
Revenue from interest on liabilities	9	84
Retail Banking	120,811	120,721
Corporate customers	122,370	145,650
Small and medium enterprises	43,435	39,517
Microlending	7,272	8,673
Debt instruments	14,090	14,806
	309,730	331,046
Interest expense		
Deposits from banks	(12)	(33)
Deposits from other customers	(34,953)	(37,775)
Liabilities evidenced by paper	(707)	(1,006)
Subordinated term debt	(119)	-
Hybrid debt	(23,038)	(22,883)
Interest on assets cost	(3,791)	(2,210)
Lease agreements and other	(396)	(51)
	(63,016)	(63,958)
Net interest income	246,714	267,088

6. Net fee and commission income

<i>in thousands of BGN</i>	2019	2018
Fee and commission income		
Letters of credit and guarantees	3,553	2,705
Payment operations	23,901	21,912
Customer accounts	32,892	31,730
Card services	35,108	34,033
Other	35,737	29,612
	131,191	119,992
Fee and commission expense		
Letters of credit and guarantees	(661)	(313)
Payment systems	(2,992)	(2,469)
Card services	(16,348)	(14,872)
Other	(4,416)	(5,227)
	(24,417)	(22,881)
Net fee and commission income	106,774	97,111

7. Net trading income

<i>in thousands of BGN</i>	2019	2018
Net trading income arises from:		
- Debt instruments	(68)	(135)
- Equities	30	(124)
- Foreign exchange rate fluctuations	15,416	11,068
Net trading income	15,378	10,809

8. Other net operating income

<i>In BGN '000</i>	2019	2018
Other net operating income arising from:		
-net income from transactions and revaluation of gold and precious metals	789	452
Rental income	5,542	8,862
- Debt instruments	8,182	3,103
- Equities	4,344	1,282
- income from management of assigned receivables	54,643	584
- Gain on administration of loans acquired through business combination	1,118	2,038
Other net operating income	74,618	16,321

9. Administrative expenses

<i>in thousands of BGN</i>	2019	2018
General and administrative expenses comprise:		
- Personnel cost	71,842	70,315
- Amortisation of property, equipment and tangibles	14,392	15,342
- Amortisation of right-of-use assets	33,424	-
- Advertising	14,011	16,623
- Building rent expense	-	33,602
- Telecommunication, software and other computer maintenance	12,401	12,400
- Other expenses for external services	74,378	63,784
Administrative expenses	220,448	212,066

10. Allowance for impairment

<i>in thousands of BGN</i>	2019	2018
Write-downs		
<i>Loans and advances to customers</i>	(204,265)	(163,028)
<i>Investments in non-consolidated subsidiaries</i>	-	(178)
<i>Securities at fair value through other comprehensive income</i>	-	(26)
<i>Securities at amortised cost</i>	(779)	-
<i>Off balance sheet commitments</i>	(701)	(1,014)
Reversal of write-downs		
<i>Loans and advances to customers</i>	84,990	62,578
<i>Securities at fair value through other comprehensive income</i>	19	-
<i>Off balance sheet commitments</i>	1,006	18,290
Impairment cost, net	(119,730)	(83,378)

10a. Other income/(expenses), net

<i>in thousands of BGN</i>	2019	2018
Income from sale of assets	1,354	81,098
Revaluation of investment property	72,940	13,669
Income from sale of investment property	31	168
Dividend income	5,724	105
Net earned insurance premiums	5,242	3,865
(Cost) of guarantee schemes	(33,019)	(33,283)
Claims incurred	(3,385)	(2,812)
(Expense)/Reversal of expense for provisions for pending court cases	(228)	102
Other income, net	2,394	2,215
Total	51,053	65,127

10b. Earnings per share

	2019	2018
Net profit attributable to shareholders (in thousands of BGN)	137,579	171,388
Average weighted number of ordinary shares held (in thousands)	110,000	110,000
Earnings per share (BGN)	1.25	1.56

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

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Cash on hand		
- in BGN	149,517	123,104
- in foreign currency	56,593	56,504
Balances with Central Banks	1,751,745	1,063,080
Current accounts and amounts with foreign banks	114,191	432,066
Total	2,072,046	1,674,754

12. Investments in securities

<i>In thousands of BGN</i>	31.12.2019	31.12.2018
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	195,460	182,617
- denominated in foreign currencies	163,200	141,639
Foreign governments		
- treasury bills	177,946	263,313
- treasury bonds	166,596	148,645
Corporates	236,975	17,574
Foreign banks	26,227	26,480
Other issuers – equity instruments	26,618	22,053
Total	993,022	802,321
Of which financial assets:		
at fair value through other comprehensive income	714,082	775,529
at amortised cost	12,005	748
at fair value through profit and loss	266,935	26,044
Total	993,022	802,321

13. Loans and advances to banks and other financial institutions

(a) Analysis by type

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Placements with banks	45,313	23,059
Receivables under resale agreements	5,416	4,985
Other	28,889	97,439
Total	79,618	125,483

(b) Geographical analysis

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Domestic banks and financial institutions	13,655	28,912
Foreign banks and other financial institutions	65,963	96,571
Total	79,618	125,483

14. Loans and advances to customers

<i>in thousands of BGN</i>	31/12/2019		
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	865,781	(40,869)	824,912
- Mortgage loans	896,313	(16,120)	880,193
- Credit cards	193,197	(18,352)	174,845
- Other programmes and collateralised financing	5,098	-	5,098
Small and medium enterprises	921,704	(16,956)	904,748
Microlending	163,952	(3,098)	160,854
Corporate customers	3,481,386	(414,899)	3,066,487
Including receivables from financial lease	379,350	(834)	378,516
Total	6,527,431	(510,294)	6,017,137
<i>In BGN '000</i>			31/12/2018
	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	204,265
Amounts released	(84,990)
Write-offs	(359,628)
Other	1,325
Balance as at 31 December 2019	510,294

Distribution of trade receivables and impairment as adjustment for financial assets (loans and advances to customers) in compliance with IFRS 9:

<i>in thousands of BGN</i>	31/12/2019		31/12/2018	
	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)	3,871,343	13,555	3,882,962	28,912
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,113,352	59,313	1,167,056	90,655
Non-performing (impaired) exposures (phase 3)	1,542,736	437,426	1,415,366	629,755
Total	6,527,431	510,294	6,465,384	749,322

31 December 2019

Class of exposure	Gross amount of loans and advances to customers		<i>in thousands of BGN</i> Carrying amount of loans and advances to customers
	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	4,984,695	(72,868)	4,911,827
Non-performing			
Collectively impaired	219,082	(73,577)	145,505
Individually impaired	1,323,654	(363,849)	959,805
Total	6,527,431	(510,294)	6,017,137

31 December 2018

Class of exposure	Gross amount of loans and advances to customers		<i>in thousands of BGN</i> Carrying amount of loans and advances to customers
	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
Non-performing			
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 31 December 2019 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is 774,362 thousand (31 December 2018: BGN 837,374 thousand).

15. Property and equipment

	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
<i>in thousands of BGN</i>						
Cost						
At 01 January 2019	17,651	146,265	6,936	20,153	68,661	259,666
Additions	-	925	-	11,945	254	13,124
Transferred from investment property	4,136	-	-	-	-	4,136
Transferred from repossessed assets	999	-	-	-	-	999
Exchange rate differences	-	68	4	4	29	105
Write-offs	(578)	(7,969)	(48)	(6,796)	(2,587)	(17,978)
Transfers	-	5,980	-	(9,436)	1,472	(1,984)
At 31 December 2019	22,208	145,269	6,892	15,870	67,829	258,068
Amortisation						
At 01 January 2019	4,765	122,315	6,305	-	42,330	175,715
Exchange rate differences	-	51	3	-	25	79
Charge for the period	645	7,643	256	-	2,504	11,048
For write offs	(132)	(7,750)	(48)	-	(2,582)	(10,512)
as at 31 December 2019	5,278	122,259	6,516	-	42,277	176,330
Carrying amount						
At 01 January 2019	12,886	23,950	631	20,153	26,331	83,951
At 31 December 2019	16,930	23,010	376	15,870	25,552	81,738

16. Intangible assets

	Software and licences	Goodwill	Total
<i>in thousands of BGN</i>			
Cost			
At 01 January 2019	42,258	540	42,798
Additions	267	-	267
Exchange rates and other adjustments	19	-	19
Write-offs	(2,184)	-	(2,184)
Transfers	1,984	-	1,984
At 31 December 2019	42,344	540	42,884
Amortisation			
At 01 January 2019	28,396	-	28,396
Exchange rates and other adjustments	16	-	16
Charge for the period	3,344	-	3,344
For write offs	(1,498)	-	(1,498)
At 31 December 2019	30,258	-	30,258
Carrying amount			
At 01 January 2019	13,862	540	14,402
At 31 December 2019	12,086	540	12,626

17a. Repossessed assets

	31.12.2019	31.12.2018
<i>in thousands of BGN</i>		
Land	470,774	484,588
Buildings	209,088	285,705
Machines, plant and vehicles	35,467	41,852
Fixtures and fittings	800	789
Total	716,129	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
Additions	8
Transferred from repossessed assets	99,394
Revaluation of investment property to the fair value recognised at transfer	72,940
Transferred to Land and Buildings	(4,136)
Write-offs upon sale	(253)
Balance as at 31 December 2019	410,511

17c. Right-of-use assets

In BGN '000

At 01 January 2019	128,203
Additions	2,389
Amortisation	(33,424)
Effect of modification to lease terms and expectations on lease term	62,286
Exchange rate differences	205
At 31 December 2019	159,659
Lease liabilities	
At 01 January 2019	128,203
Additions	2,389
Lease payments	(33,449)
Effect of modification to lease terms and expectations on lease term	62,286
Exchange rate differences	204
At 31 December 2019	159,633

18. Other assets

in thousands of BGN

	31.12.2019	31.12.2018
Deferred expense	11,397	11,414
Gold	5,592	5,699
Other assets	99,633	95,593
Total	116,622	112,706

19. Due to banks

in thousands of BGN

	31.12.2019	31.12.2018
Term deposits	-	-
Payable on demand	2,007	3,024
Total	2,007	3,024

20. Due to other customers

in thousands of BGN

	31.12.2019	31.12.2018
Retail customers		
- current accounts	1,569,092	1,301,585
- term and savings deposits	5,504,086	5,384,093
Businesses and public institutions		
- current accounts	1,560,147	1,203,878
- term deposits	470,696	453,135
Total	9,104,021	8,342,691

21. Liabilities evidenced by paper

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Acceptances under letters of credit	10,164	13,553
Liabilities under repurchase agreements	-	3,213
Debt related to agreements for full swap of profitability	73,375	73,276
Financing from financial institutions	25,809	31,078
Total	109,348	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 31 December 2019
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	3
European Investment Fund – JEREMIE 2	0 % - 1.286%	30/09/2025	7,419
Bulgarian Bank for Development AD	1% - 1.583%	15.03.2027 - 30.11.2028	16,137
Fund manager of financial instruments in Bulgaria	0%	31/12/2033	2,250
Total			25,809

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

<i>in thousands of BGN</i>	Principal amount	Amortised cost as at 31 December 2019
Hybrid debt with principal EUR 40 mio	78,233	84,929
Hybrid debt with principal EUR 60 mio	117,350	123,857
Hybrid debt with principal EUR 30 mio	58,675	58,829
Total	254,258	267,615

<i>In BGN '000</i>	Principal amount	Amortised cost as at 31 December 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

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

The three hybrid instruments fully comply with the requirements of Regulation 575/2013 for inclusion in the additional tier 1 capital.

On 6 February 2020, by Resolution No 38/6 February 2020, the Governing Council of the Bulgarian National Bank granted permission to First Investment Bank to include in its additional tier 1 capital the amount of EUR 30,000 thousand (equivalent to BGN 58,675 thousand), attracted

via the capital instrument issued by the Bank, an issue of perpetual, non-cumulative, non-convertible bonds registered on 20 December 2019 with the Central Depository under ISIN code BG2100023196.

23. Other liabilities

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Liabilities to personnel	3,171	3,104
Insurance contract provisions	4,609	3,226
Provisions for pending court cases	962	734
Impairment on off balance sheet commitments	709	1,015
Other payables	7,380	53,588
Total	16,831	61,667

24. Shareholders

As at 31 December 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 31 December 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

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Bank guarantees	212,534	230,239
Unused credit lines	667,338	536,049
Letters of credit	7,830	16,129
Total	887,702	782,417
Impairment on off balance sheet commitments	709	1,015

26. Related party transactions

Type of related party	Parties that control or manage the Bank		Enterprises under common control	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<i>In BGN '000</i>				
Loans	2,327	1,769	7,709	11,179
Deposits and loans received:	11,718	12,862	9,459	12,928
Deposits placed	-	-	18,748	19,704
Other receivables	-	-	16,790	22,118
Off-balance sheet commitments	975	1,283	1,062	351

As at 31/12/2019:

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.

Executive Director:

(signed)

Chavdar Zlatev

Executive Director:

(signed)

Nikola Bakalov

Executive Director:

(signed)

Svetozar Popov

Director of Finance Department

(signed)

Yanko Karakolev

**INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 December 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 fourth 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 31 December 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;
- On 01 July 2019 First Investment Bank AD disclosed information pursuant to Regulation (EU) No. 575/2013;
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 were published on 25 July 2019;
- On 26 July 2019 First Investment Bank AD published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD;
- Information regarding the outcome from the asset quality review and the stress test of Fibank carried out by ECB was disclosed on 26 July 2019;
- Information regarding FIBank's ratings from Moody's Investors Service was disclosed on 01 August 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 were published on 30 August 2019.
- Notice and agenda for an extraordinary meeting of shareholders of First investment bank AD were published on 10 October 2019
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 were published on 30 October 2019;
- Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding changes in the Managing Board of First Investment Bank AD – Ms Sevdalina Vassileva was delisted as a member of the Managing Board and Executive Director of First Investment Bank was disclosed on 14 November 2019;
- The minutes of the extraordinary General Meeting of Shareholders of First Investment Bank AD held on 18 November 2019 were published on 18 November 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 were published on 29 November 2019;
- Notification regarding a decision for capital increase of First Investment Bank AD via public offering was published on 20 December 2019;
- Notification of private placement of Fibank bonds was published on 20 December 2019;
- Notification regarding the sale of loan portfolios was published on 20 December 2019.

Review of the activities of First Investment Bank AD as at 31 December 2019 on consolidated (unaudited) basis

- *Balance sheet as at 31 December 2019.*

The balance sheet assets of the Group as at 31.12.2019 reached BGN 10,660 million, showing growth by BGN 1,073 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 31.12.2019 the deposits from other customers amounted to BGN 9,104 million, with growth of BGN 761 mln for the year; as regards this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at 31 December 2019 the accounting equity amounted to BGN 979 million, which is an increase by BGN 133 mln compared to the end of 2018. Receivables from clients at the end of 2019 amounted to BGN 6,017 million book value, an increase for 2019 by BGN 301 mln.

- *Consolidated profit as at 31 December 2019*

The net profit of the Group for 2019 amounted to BGN 137,922 thousand, a decrease by BGN 33,624 thousand in comparison to 2018. The profit before tax 2019 is BGN 154,359 thousand which is a decrease by BGN 6,653 thousand compared to 2018.

The total revenue from banking operations in 2019 amounted to BGN 443,484 thousand, which is BGN 52,155 thousand more than the previous year. The net interest income totalled at BGN 246,714 thousand, and the net fee and commission income was BGN 106,774 thousand.

- *Capital resources*

On consolidated basis the capital adequacy ratio of First Investment Bank AD as at 31 December 2019 reached 18.34 %. The Tier 1 capital ratio was 18.28%, while CET1 ratio was 14.65%. During the period the Bank was in compliance with the regulatory capital requirements.

- *Liquidity*

The liquidity coverage ratio of First Investment Bank AD, as at 31 December 2019 reached 221,64 % and the net stable funding ratio is 132,74 %, showing a stable liquidity position.

Appendix 1

INFORMATION AS AT 31 December 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;*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017), endorsed by the EU on 8 February 2019, published in the Official Journal on 11 February 2019*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 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 Group's accounting policies with the exception of the application of IFRS 9.

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, and the Group did not benefit from that right in the initial recognition.

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.

In the process of assessing the effect from implementation of the standard, the Management has taken the following measures:

- Subjected all agreements to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;
- The management decided to apply the modified retrospective method (which means that the comparative information will not be amended). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief.

The Management analyses the effect from the implementation of the standard with expected contractual lease term of up to 5 years, because in the majority of rental contracts to which the Bank is a party as a lessee, the Bank has the option of terminating with a 3- or 6-month notice without paying penalties. Even in the other contracts such an option is possible in accordance with the law.

This affects the expected actual lease term because the contract term depends on the probability of the Bank exercising that option. With relation to this, the Bank considers the 5-year period as indicative of the maximum duration of the lease term, although there are contracts with a longer term.

The Management discloses the following approximate effect from application of the standard, starting from 1 January 2019 (in thousands of BGN):

Right-of-use assets	128,203
Lease liabilities	128,203

The Group has not identified a significant effect from the initial implementation of IFRS 16 on other reserves and retained earnings.

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

- IFRS 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

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

No changes occurred in the 4th quarter of 2019.

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:

	<i>at 30 September 2019</i>		<i>at 31 December 2019</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

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

<i>Members of the Managing Board</i>	<i>at 30 September 2019</i>		<i>at 31 December 2019</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
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	

*S. Vassileva was deregistered as Executive Director and MB member on 14/11/2019

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

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

No events have occurred.

h) information about loans granted by the issuer or any of its subsidiaries, guarantees provided or liabilities assumed to a single entity or its subsidiary, including related parties, indicating the nature of relations between the issuer and the entity, outstanding principal amount,

interest rate, maturity date, initial amount of the liability, term and conditions:

First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 31 December 2019 no events have occurred beyond the ordinary activity of the Bank.

Appendix 2

**INFORMATION AS AT 31 December 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 31.12.2019, 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)
Nikola Bakalov
Executive Director
MB Member

(signed)
Yanko Karakolev
Director of Finance Department

DECLARATION

under Art. 100o, para. 4(3) with relation to Art. 100o¹, Para. 7 of the Public Offering of Securities Act (POSA)

The undersigned, Svetozar Popov, Chavdar Zlatev, and Nikola Bakalov Executive Directors and members of the Managing Board of First Investment Bank AD, and Yanko Karakolev, Director of Finance Department of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (consolidated) of First Investment Bank AD as at 31 December 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 and the consolidated entities;
- the interim report on the activities of First Investment Bank AD as at 31 December 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
MB Member

(signed)
Chavdar Zlatev
Executive Director
MB Member

(signed)
Nikola Bakalov
Executive Director
MB Member
02 March 2020

(signed)
Yanko Karakolev
Director of Finance Department

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2019	
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	<i>Para. 54 (i) of IAS 1</i>		2 089 803
020	Cash	<i>part 2, paragraph 1 of Appendix V</i>		206 108
030	Cash balances with central banks	<i>part 2, paragraph 1 of Appendix V</i>		1 751 745
040	Other deposits payable on demand	<i>part 2, paragraph 1 of Appendix V</i>	5	131 950
050	Financial assets held for trading	<i>Supplement A to IFRS 9</i>		6 940
060	Derivatives	<i>Supplement A to IFRS 9</i>	10	0
070	Equity	<i>Para. 11 of IAS 32</i>	4	4 488
080	Debt securities	<i>part 1, paragraph 31 of Appendix V</i>	4	2 452
090	Loans and advances	<i>part 1, paragraph 32 of Appendix V</i>	4	0
096	Non-tradable financial assets mandatorily reported at fair value through profit or loss	<i>Para. 8 (a)(ii) of IFRS 7; IFRS 9.4.1.4</i>	4	258 615
097	Equity	<i>Para. 11 of IAS 32</i>	4	22 130
098	Debt securities	<i>part 1, paragraph 31 of Appendix V</i>	4	236 485
099	Loans and advances	<i>part 1, paragraph 32 of Appendix V</i>	4	0
100	Financial assets at fair value through profit or loss	<i>Para. 8 (a)(i) of IFRS 7; IFRS 9.4.1.5</i>	4	0
120	Debt securities	<i>part 1, paragraph 31 of Appendix V</i>	4	0
130	Loans and advances	<i>part 1, paragraph 32 of Appendix V</i>	4	0
141	Financial assets at fair value through other comprehensive income	<i>Para. 8 (h) of IFRS 7; IFRS 9.4.1.2A</i>	4	714 083
142	Equity	<i>Para. 11 of IAS 32</i>	4	0
143	Debt securities	<i>part 1, paragraph 31 of Appendix V</i>	4	714 083
144	Loans and advances	<i>part 1, paragraph 32 of Appendix V</i>	4	0
181	Financial assets at amortised cost	<i>Para. 8 (f) of IFRS 7; IFRS 9.4.1.2</i>	4	6 085 923
182	Debt securities	<i>part 1, paragraph 31 of Appendix V</i>	4	12 005
183	Loans and advances	<i>part 1, paragraph 32 of Appendix V</i>	4	6 073 918
240	Derivatives - hedge accounting	<i>IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V</i>	11	0
250	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	<i>Para. 89A (a) of IAS 39, IFRS 9.6.5.8</i>		0
260	Investments in a subsidiary, jointly-controlled entity or associate	<i>Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V</i>	40	11 062
270	Tangible assets			492 241
280	Property, Plant and Equipment	<i>Para. 6 of IAS 16; Para. 54 (a) of IAS 1</i>	21, 42	81 730
290	Investment Property	<i>Para. 5 of IAS 40; Para. 54 (b) of IAS 1</i>	21, 42	410 511
300	Intangible assets	<i>Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575</i>		12 183
310	Goodwill	<i>Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575</i>		107
320	Other intangible assets	<i>Paras. 8, 118 of IAS 38</i>	21, 42	12 076
330	Tax assets	<i>Para. 54 (n)-(o) of IAS 1</i>		253
340	Current tax assets	<i>Para. 54(n) of IAS 1; Para. 5 of IAS 12</i>		253
350	Deferred tax assets	<i>Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575</i>		0
360	Other assets	<i>part 2, paragraph 5 of Appendix V</i>		984 746
370	Non-current assets and disposal groups classified as held for sale	<i>Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 7 of Appendix V</i>		0
380	TOTAL ASSETS	<i>Para. 9, (a), IN 6 of IAS 1</i>		10 655 849

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2019	
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 IFRS 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 IFRS 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 IFRS 7; IFRS 9.4.2.1	8	9 491 710
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	9 184 178
130	Issued debt securities	part 1, paragraph 37 of Appendix V	8	267 615
140	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	39 917
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	1 671
180	Pensions and other obligations to pay defined post-employment benefits	Para. 63 of IFRS 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 IFRS 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	962
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	709
230	Other provisions	Para. 14 of IAS 37	43	0
240	Tax liabilities	Para. 54 (n)-(o) of IAS 1		17 455
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		26
260	Deferred tax liabilities	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		17 429
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		170 204
290	Liabilities in disposal groups classified as held for sale	Para. 54, (p) of IAS 1; Para. 38 of IFRS 5; part 2, paragraph 14 of Appendix V		0
300	TOTAL LIABILITIES	Para. 9, (b), IN 6 of IAS 1		9 681 040

FIRST INVESTMENT BANK AD

FINV9150

First Investment Bank AD

Bank **31.12.2019**

Reporting date **consolidated**

Basis for IFRS

application

Reporting currency '000

BGN

Accounting
standard

1.1. Balance sheet [statement of financial position]

1.3 Total own funds

		References	Breakdown in table	Carrying amount
				010
	Equity	<i>Para. 54(s) of IAS 1; Para. 22 of DOB</i>	46	110 000
010	Paid up share capital	<i>Para. 78 (e) of IAS 1</i>		110 000
020	Not fully paid-up capital	<i>part 2, paragraph 14 of Appendix V</i>		0
030	Premium reserves	<i>Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575</i>	46	97 000
040	Issued capital instruments other than share capital	<i>part 2, paragraphs 18-19 of Appendix V</i>	46	0
050	Component of the share capital in compound financial instruments	<i>Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V</i>		0
060	Other issued equity instruments	<i>part 2, paragraph 19 of Appendix V</i>		0
070	Other own funds	<i>Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V</i>		0
080	Accumulated other comprehensive income	<i>Art. 4, para. 1, item 100 of Reg 575</i>	46	24 309
090	Items which cannot be reclassified as profit or loss	<i>Para. 89A (a) of IAS 1</i>		4 500
095	<i>Tangible assets</i>	<i>Paras. 39 -41 of IAS 16</i>		4 500
100	<i>Intangible assets</i>	<i>Paras. 85-87 of IAS 38</i>		0
110	<i>Actuarial gains or (-) losses on defined benefit plans</i>	<i>Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19</i>		0
120	<i>Non-current assets and disposal groups classified as held for sale</i>	<i>Para. 38, IN example 12 of IFRS 5</i>		0
122	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	<i>NI 6 of IAS1, paragraph 10 of IAS 28</i>		0
124	<i>Changes in fair value of capital instruments at fair value in other comprehensive income</i>	<i>Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRIC 9; part 2, paragraph 21 of Appendix V</i>		0
320	<i>Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income</i>	<i>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</i>		0
330	<i>Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]</i>	<i>IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V</i>		0
340	<i>Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]</i>	<i>Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V</i>		0
350	<i>Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk</i>	<i>Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V</i>		0
360	Items which can be reclassified as profit or loss	<i>Para. 81A (a)(ii) of IAS 1</i>		19 809
128	<i>Hedges of net investments in foreign operations [effective portion]</i>	<i>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</i>		0
130	<i>Currency exchange</i>	<i>Para. 52 (b) of IFRIC 21; Paras. 32, 38-49 of IAS 21</i>		2 033
140	<i>Derivatives from hedging Cash flow hedges [effective portion]</i>	<i>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</i>		0
150	<i>Changes in fair value of debt instruments at fair value in other comprehensive income</i>	<i>Para. 7 (da) of IAS 1; IFRS 9.4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V</i>		17 776
155	<i>Hedging instruments [unreported elements]</i>	<i>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</i>		0
165	<i>Non-current assets and disposal groups classified as held for sale</i>	<i>Para. 38, IN example 12 of IFRS 5</i>		0
170	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	<i>NI 6 of IAS1, paragraph 10 of IAS 28</i>		0

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ANNEX III

180	Retained earnings	<i>Art. 4, para. 1, item 123 of Reg 575</i>		0
190	Revaluation reserve	<i>Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V</i>		0
200	Other reserves	<i>Para. 54 of IAS 1; Para. 78 (e) of IAS 1</i>		606 298
210	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	<i>Para. 11 of IAS 28; part 2, item 29 of Appendix V</i>		0
220	Other	<i>part 2, paragraph 29 of Appendix V</i>		606 298
230	(-) Repurchased own shares	<i>Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, paragraph 30 of Appendix V</i>	46	0
240	Profit or loss attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>	2	137 088
250	(-) Interim dividends	<i>Para. 11 of IAS 32</i>		0
260	Minority interests [Non-controlling interests]	<i>Para. 54 (r) of IAS 1</i>		114
270	Accumulated other comprehensive income	<i>Art. 4, para. 1, item 100 of Reg 575</i>	46	0
280	Other items		46	114
290	TOTAL SHAREHOLDERS' EQUITY	<i>Para. 9 (c), IN 6 of IAS 1</i>	46	974 809
300	TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	<i>IN 6 of IAS 1</i>		10 655 849

(signed)
SVETOSAR POPOV
Executive Director

(signed)
CHAVDAR ZLATEV
Executive Director

(signed)
Nikola Bakalov
Executive Director

(signed)
Yanko Karakolev
Director of Finance Department

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2019	
Basis for application	consolidated	
Accounting standard	IFRS	

Reporting currency '000 BGN

2. Profit and Loss Account

	References	Breakdown in table	Current period
			010
Interest income	<i>Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V</i>	16	309 662
010 Financial assets held for trading	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V</i>		64
020 Non-tradable financial assets mandatorily reported at fair value through profit or loss	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7, IFRS 9.5.7.1</i>		485
025 Financial assets at fair value through profit or loss	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7</i>		0
030 Financial assets at fair value through other comprehensive income	<i>Para. 20(b) of IFRIC 7; IFRS 9.5.7.10-11, IFRS 9.4.1.2A</i>		13 518
041 Financial assets at amortised cost	<i>Para. 20(b) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2</i>		295 586
051 Derivatives — hedge accounting, interest rate risk	<i>supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V</i>		0
070 Other assets	<i>part 2, paragraph 36 of Appendix V</i>		0
080 Revenue from interest on liabilities	<i>IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V</i>		9
085 (Interest expense)	<i>Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V</i>	16	63 042
090 (Financial liabilities held for trading)	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V</i>		0
100 (Financial liabilities at fair value through profit or loss)	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7</i>		0
110 (Financial liabilities at amortised cost)	<i>Para. 20(b) of IFRIC 7; IFRS 9.5.7.2</i>		58 852
120 (Derivatives — hedge accounting, interest rate risk)	<i>Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V</i>		0
130 (Other liabilities)	<i>part 2, paragraph 38 of Appendix V</i>		399
140 (Interest expense on assets)	<i>IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V</i>		3 791
145 (Expense for share capital payable upon request)	<i>IFRIC 2, item 11</i>		0
150 Dividend income	<i>part 2, paragraph 40 of Appendix V</i>	31	5 678
160 Financial assets held for trading	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 40 of Appendix V</i>		47
170 Non-tradable financial assets mandatorily reported at fair value through profit or loss	<i>Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; IFRS 9.5.7.1A, part 2, paragraphs 40 of Appendix V</i>		57
175 Financial assets at fair value through other comprehensive income	<i>Para. 20, (a)(ii) of IFRIC 7; IFRS 9.4.1.2A, IFRS 9.5.7.1A, part 2, paragraph 41 of Appendix V</i>		0
191 Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	<i>part 2, paragraph 42 of Appendix V</i>		5 574
192 Fee and commission income	<i>Para. 20 (c) of IFRS 7</i>	22	131 651
200 (Fee and commission expense)	<i>Para. 20 (c) of IFRS 7</i>	22	24 079
210 Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss	<i>part 2, paragraph 45 of Appendix V</i>	16	61 948
220 Financial assets at fair value through other comprehensive income	<i>IFRS 9.4.12A; IFRS 9.5.7.10-11</i>		5 381
231 Financial assets at amortised cost	<i>Para. 20(B)(v) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2</i>		56 567
241 Financial liabilities at amortised cost	<i>Para. 8 (a)(v) of IFRIC 7; IFRS 9.5.7.2</i>		0
260 Other			0
270 Net profits or (-) losses from financial assets and liabilities held for trading	<i>Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V</i>	16	-52
280 Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss	<i>Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V</i>		4 458
287 Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss	<i>Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V</i>	16, 45	0
290 Net profits or (-) losses from hedge accounting	<i>part 2, paragraph 47 of Appendix V</i>	16	0
300 Net profits or (-) losses from exchange rate differences	<i>Para. 28 and Para 52 (a) of IAS 21</i>		15 418
310 Net profits or (-) losses from write-off of non-financial assets	<i>Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V</i>	45	1 532
330 Other operating income	<i>part 2, paragraphs 314-316 of Appendix V</i>	45	85 258
340 (Other operating expense)	<i>part 2, paragraphs 314-316 of Appendix V</i>	45	34 878
350 TOTAL NET OPERATING INCOME			493 554
355 (Administrative expenses)			204 757
360 (Personnel costs)	<i>Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1</i>	44	71 974
370 (Other administrative expenses)			132 783
380 (Amortisation)	<i>Paras. 102, 104 of IAS 1</i>		15 539
390 (Property, Plant and Equipment)	<i>Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16</i>		12 230
400 (Investment Property)	<i>Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40</i>		0
410 (Other intangible assets)	<i>Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38</i>		3 309

420	Net profits or (-) losses from modification	<i>IFRS 9.5.4.3, supplement A to IFRS 9, part 2, paragraph 49 of Appendix V</i>		0
425	Financial assets at fair value through other comprehensive income	<i>Paragraph 35J of IFRS 7</i>		0
426	Financial assets at amortised cost	<i>Paragraph 35J of IFRS 7</i>		0
427	(Provisions or (-) reversed provisions)	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	9 12 43	-78
430	(Commitments and guarantees)	<i>IFRS 9.4.2.1(c), (d); IFRS 9.B2.5; IAS 37; IFRS 4; part 2, para. 50 of Appendix V</i>		-306
440	(Other provisions)			228
450	(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)	<i>Para. 20, (a)(viii) of IFRS 7; IFRS 9.5.4.4, part 2, items 51, 53 of Appendix V</i>	12	119 896
460	(Financial assets at fair value through other comprehensive income)	<i>IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8</i>	12	-19
481	(Financial assets at amortised cost)	<i>IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8</i>	12	119 915
491	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	<i>Paras. 40-43 of IAS 28</i>	16	0
510	(Impairment or (-) reversed impairment of non-financial assets)	<i>Para. 126(a)-(b) of IAS 36</i>	16	0
520	(Property, Plant and Equipment)	<i>Para. 73, (e), (v)-(vi) of IAS 16</i>		0
530	(Investment Property)	<i>Para. 79, (d), (v) of IAS 40</i>		0
540	(Goodwill)	<i>B67, (d), (v) of IFRS 3; Para. 124 of IAS 36</i>		0
550	(Other intangible assets)	<i>Para. 118, (e), (iv)-(v) of IAS 38</i>		0
560	(Other)	<i>Para. 126(a)-(b) of IAS 36</i>		0
570	Negative goodwill in profit or loss	<i>B64, (n)(i) to IFRS 3</i>		0
580	Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	<i>part 2, paragraph 54 of Appendix V</i>		0
590	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	<i>Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V</i>		0
600	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRS 5</i>		153 440
610	(Tax expense or (-) income relating to the profit or loss from current operations)	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		16 350
620	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	<i>IN 6 of IAS 1</i>		137 090
630	Profit or (-) loss after tax from discontinued operations	<i>Para. 82, (e) of IAS 1; Para. 33(a) and paragraph 33A of IFRS 5; part 2, paragraph 56 of Appendix V</i>		0
640	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRS 5</i>		0
650	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) and (iv) of IFRS 5</i>		0
660	PROFIT OR (-) LOSS FOR THE YEAR	<i>Para. 81A (a) of IAS 1</i>		137 090
670	Relating to minority interests [non-controlling interests]	<i>Para. 81B (b)(i) of IAS 1</i>		2
680	Attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>		137 088

(signed)
SVETOZAR POPOV
Executive Director

(signed)
CHAVDAR ZLATEV
Executive Director

(signed)
Nikola Bakalov
Executive Director

(signed)
Yanko Karakolev
Director of Finance Department