

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

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

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2020

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2020, containing:

1. Financial statements as at 31.03.2020 as per Art. 100o, para. 4(1) with relation to Art. 100o¹, Para. 7 of POSA;
2. Notes to the financial statements as at 31.03.2020;
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)

Nikola Bakalov
Chief Executive Officer
Chairperson of the MB

(signed)

Svetozar Popov
Executive Director
Member of the MB

FIRST INVESTMENT BANK AD

Consolidated statement of changes in equity for the three months ended 31 March 2020

unaudited

in BGN '000

	Issued share capital	Share premium	Other reserves and retained earnings	Revaluation reserve of investments in securities	Revaluation reserve on property	Reserve from translation of foreign operations	Statutory reserve	Non-controlling interest	Total
Balance at 01 January 2019	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 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
Total comprehensive income for the period									
Net profit for the three months ended on 31/03/2020	-	-	11 702	-	-	-	-	84	11 786
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-	-	(4 786)	-	-	-	-	(4 786)
Reserve from translation of foreign operations	-	-	-	-	-	(3 373)	-	-	(3 373)
Balance as at 31 March 2020	110 000	97 000	716 472	12 990	4 500	(1 340)	39 865	3 057	982 544
NIKOLA BAKALOV Chief Executive Officer	(signed)		SVETOZAR POPOV Executive Director		(signed)				
CHAVDAR ZLATEV Executive Director	(signed)		YANKO KARAKOLEV Director of Finance Department		(signed)				

FIRST INVESTMENT BANK AD

Consolidated statement of the financial position as at 31 March 2020

unaudited

in BGN '000

	31.03.2020	31.12.2019
ASSETS		
Cash and balances with Central Banks	1 867 098	2 072 046
Investments in securities	991 978	993 022
Loans and advances to banks and other financial institutions	73 865	79 618
Loans and advances to customers	6 195 753	6 017 137
Property and equipment	82 793	81 738
Intangible assets	12 622	12 626
Derivatives held for risk management	405	814
Current tax assets	-	253
Reposessed assets	715 649	716 129
Investment Property	409 543	410 511
Right-of-use assets	150 583	159 659
Other assets	115 881	116 622
TOTAL ASSETS	10 616 170	10 660 175
LIABILITIES AND CAPITAL		
Due to banks	744	2 007
Due to other customers	9 048 715	9 104 021
Liabilities evidenced by paper	108 306	109 348
Subordinated term debt	3 987	3 943
Hybrid debt	274 472	267 615
Derivatives held for risk management	2 556	361
Deferred tax liabilities	17 785	17 428
Current tax liabilities	224	71
Lease liabilities	151 622	159 633
Other liabilities	25 215	16 831
TOTAL LIABILITIES	9 633 626	9 681 258
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 865	39 865
Revaluation reserve of investments in securities	12 990	17 776
Revaluation reserve on property	4 500	4 500
Reserve from translation of foreign operations	(1 340)	2 033
Other reserves and retained earnings	716 472	704 770
TOTAL SHAREHOLDERS' EQUITY	979 487	975 944
Non-controlling interest	3 057	2 973
TOTAL GROUP EQUITY	982 544	978 917
TOTAL LIABILITIES AND GROUP EQUITY	10 616 170	10 660 175
NIKOLA BAKALOV	SVETOZAR POPOV	
Chief Executive Officer	Executive Director	
CHAVDAR ZLATEV	YANKO KARAKOLEV	
Executive Director	Director of Finance Department	

FIRST INVESTMENT BANK AD

Consolidated statement of profit or loss and of other comprehensive income for the three months ended 31 March 2020

unaudited

in BGN '000

	three months ended on 31 March 2020	three months ended on 31 March 2019
Interest income	78 343	78 862
Interest expense	(16 771)	(15 600)
Net interest income	61 572	63 262
Fee and commission income	30 308	29 930
Fee and commission expense	(5 951)	(6 278)
Net fee and commission income	24 357	23 652
Net trading income	3 738	4 154
Other net operating income	2 578	5 451
TOTAL INCOME FROM BANKING OPERATIONS	92 245	96 519
Administrative expenses	(53 226)	(54 999)
Allowance for impairment	(17 645)	(13 001)
Other expenses, net	(8 084)	(6 551)
PROFIT BEFORE TAX	13 290	21 968
Income tax expense	(1 504)	(2 537)
GROUP PROFIT AFTER TAX	11 786	19 431
Other comprehensive income for the period		
Items which should or may be reclassified as profit or loss		
Exchange rate differences from translation of foreign operations	(3 373)	(721)
Revaluation reserve of investments in securities	(4 786)	1 521
Total other comprehensive income	(8 159)	800
TOTAL COMPREHENSIVE INCOME	3 627	20 231
Net profit attributable to:		
Ordinary equity holders	11 702	19 343
Non-controlling interest	84	88
Total comprehensive income attributable to:		
Ordinary equity holders	3 543	20 143
Non-controlling interest	84	88
Basic and diluted earnings per share (BGN)	0.11	0.18
NIKOLA BAKALOV <i>(signed)</i> Chief Executive Officer		SVETOZAR POPOV <i>(signed)</i> Executive Director
CHAVDAR ZLATEV <i>(signed)</i> Executive Director		YANKO KARAKOLEV <i>(signed)</i> Director of Finance Department

FIRST INVESTMENT BANK AD

Consolidated statement of cash flows for the three months ended 31 March 2020

unaudited

in BGN '000

	three months ended on 31 March 2020	three months ended on 31 March 2019
Net cash flow from operating activities		
Net profit	11 786	19 431
Adjustment for non-cash items		
Allowance for impairment	17 645	13 001
Net interest income	(61 572)	(63 262)
Depreciation and amortization	3 361	3 746
Tax expense	1 504	2 537
(Profit)/loss from sale and write-off of tangible and intangible fixed assets, net	31	(1)
(Profit) from sale of other assets, net	636	(440)
(Positive) revaluation of investment property	-	-
	(26 609)	(24 988)
Change in operating assets		
(Increase)/Decrease in financial assets at fair value through profit or loss	(732)	(163)
(Increase)/decrease in financial assets at fair value in other comprehensive income	(2 706)	57 604
(Increase) in loans and advances to banks and financial institutions	(2 715)	(8 004)
(Increase) in loans to customers	(192 693)	(153 137)
Net (increase)/decrease in other liabilities	7 049	622
	(191 797)	(103 078)
Change in operating liabilities		
(Decrease) in deposits from banks	(1 256)	1 029
Increase/(decrease) in amounts owed to other depositors	(51 765)	132 326
Net increase/(decrease) in other liabilities	2 914	(39 752)
	(50 107)	93 603
Interest received	72 880	72 468
Interest paid	(13 406)	(9 130)
Dividends received	22	13
Paid profit tax, net	(297)	(700)
NET CASH FLOW FROM OPERATING ACTIVITIES	(209 314)	28 188
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(4 700)	(5 307)
Sale of tangible and intangible fixed assets	15	2
Sale of other assets	1 613	7 163
(Increase)/decrease of investments	(4)	(9)
NET CASH FLOW FROM INVESTING ACTIVITIES	(3 076)	1 849
Financing activities		
(Decrease) in borrowings	(1 055)	(6 288)
Increase of subordinated liabilities	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(1 055)	(6 288)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(213 445)	23 749
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	2 114 013	1 787 893
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1 900 568	1 811 642
NIKOLA BAKALOV (signed) Chief Executive Officer		SVETOZAR POPOV (signed) Executive Director
CHAVDAR ZLATEV (signed) Executive Director		YANKO KARAKOLEV (signed) Director of Finance Department

**ADDENDUM TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF FIRST
INVESTMENT BANK AD
AS AT 31/03/2020**

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 quarter ended 31 March 2020 comprise the Bank and its significant subsidiaries, together referred to as the “Group”.

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

(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 2020

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

- 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 adoption of these new standards and amendments to the existing standards has not led to any changes in the Group’s accounting policies.

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 2019 r.

(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.

Transactions and balances

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

(iii) Foreign operations

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

(d) Financial assets

(i) Recognition

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

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

(ii) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

(vi) Fair value measurement principles

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

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

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

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

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

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

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

(vii) Derecognition

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

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

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

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

(e) Cash and cash equivalents

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

(f) Investments

Investments that the Group holds for the purpose of short-term profit taking or repurchases are classified as financial assets for trading. Investments in debt instruments held by the Group as part of a business model for the purpose of collecting contractual cash flows are classified as financial assets at amortised cost. Investments in debt instruments held by the Group as part of a business model for the purpose of collecting contractual cash flows and sale are classified as financial assets

at fair value in other comprehensive income. All other investments, including those whose contractual terms do not meet the requirement for generation of only principal and interest payments are classified as recognised at fair value in profit or loss.

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

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

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

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

(h) Borrowings

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

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

(i) Offsetting

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

(j) Impairment of financial assets

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

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

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

(k) Property and equipment

Land and buildings are presented in the statement of financial position at their revalued amount which is the fair value of the asset as at the date of revaluation less any subsequent amortisation

and depreciation and accumulated impairment losses. All others classes of items of property, plant and equipment are stated in the statement of financial position at their acquisition cost less accumulated depreciation and allowance for impairment.

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

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

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

(l) Intangible assets

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

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

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

(m) Investment Property

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

(n) Provisions

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

(o) Acceptances

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

(p) Off-balance sheet commitments

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

(q) Taxation

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

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

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

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

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

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 31 March 2020 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 4 - determining of the fair value of the financial instruments through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- Note 15 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information;

(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	
	three months ended on 31 March 2020	three months ended on 31 March 2019	three months ended on 31 March 2020	three months ended on 31 March 2019	three months ended on 31 March 2020	three months ended on 31 March 2019
Interest income	73,405	74,289	4,938	4,573	78,343	78,862
Interest expense	(15,668)	(14,784)	(1,103)	(816)	(16,771)	(15,600)
Net interest income	57,737	59,505	3,835	3,757	61,572	63,262
Fee and commission income	28,168	28,252	2,140	1,678	30,308	29,930
Fee and commission expense	(5,740)	(6,076)	(211)	(202)	(5,951)	(6,278)
Net fee and commission income	22,428	22,176	1,929	1,476	24,357	23,652
Net trading income	2,535	3,505	1,203	649	3,738	4,154
Administrative expenses	(49,812)	(51,977)	(3,414)	(3,022)	(53,226)	(54,999)
	31.03.2020	31.12.2019	31.03.2020	31.12.2019	31.03.2020	31.12.2019
Assets	10,102,571	10,155,956	513,599	504,219	10,616,170	10,660,175
Liabilities	8,849,948	8,951,185	783,678	730,073	9,633,626	9,681,258

The table below shows assets and liabilities and income and expense by business segments as at 31 March 2020.

Business	Assets	Liabilities	Net interest income	Net fee and commission income	Net trading income	Other net operating income
Corporate customers	3,188,148	963,622	18,712	5,691	-	-
Small and medium enterprises	918,678	531,856	9,136	4,878	-	-
Retail Banking	2,088,927	7,553,237	34,685	13,331	-	16
Treasury	2,933,346	76,689	2,979	244	3,738	1,171
Other	1,487,071	508,222	(3,940)	213	-	1,391
Total	10,616,170	9,633,626	61,572	24,357	3,738	2,578

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 March 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	8,716	261,910	14	270,640
Financial assets at fair value through other comprehensive income	540,287	168,609	494	709,390
Derivatives held for risk management	405	(2,556)	-	(2,151)
Total	549,408	427,963	508	977,879

In BGN '000

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

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 March 2020	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,867,098	-	1,867,098	1,867,098
Financial assets at amortised cost	12,056	-	-	12,056	11,948
Loans and advances to banks and other financial institutions	-	73,865	-	73,865	73,865
Loans and advances to customers	-	1,163,337	5,172,933	6,336,270	6,195,753
Total	12,056	3,104,300	5,172,933	8,289,289	8,148,664
Liabilities					
Due to banks	-	744	-	744	744
Due to other customers	-	4,274,483	4,782,899	9,057,382	9,048,715
Liabilities evidenced by paper	-	108,311	-	108,311	108,306
Subordinated term debt	-	3,987	-	3,987	3,987
Hybrid debt	-	274,472	-	274,472	274,472
Total	-	4,661,997	4,782,899	9,444,896	9,436,224

In BGN '000

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

5. Net interest income

<i>in thousands of BGN</i>	three months ended on 31 March 2020	three months ended on 31 March 2019
Interest income		
Accounts with and placements to banks and financial institutions	287	514
Revenue from interest on liabilities	-	8
Retail Banking	31,342	29,257
Corporate customers	27,206	31,808
Small and medium enterprises	10,673	10,414
Microlending	1,794	1,819
Debt instruments	7,041	5,042
	78,343	78,862
Interest expense		
Deposits from banks	(1)	(2)
Deposits from other customers	(8,029)	(8,948)
Liabilities evidenced by paper	(168)	(190)
Subordinated term debt	(43)	-
Hybrid debt	(6,857)	(5,642)
Interest on assets cost	(1,561)	(818)
Lease agreements and other	(112)	-
	(16,771)	(15,600)
Net interest income	61,572	63,262

6. Net fee and commission income

<i>in thousands of BGN</i>	Three months ended on 31 March 2020	Three months ended on 31 March 2019
Fee and commission income		
Letters of credit and guarantees	691	1,016
Payment operations	4,752	5,525
Customer accounts	8,639	7,945
Card services	8,487	8,526
Other	7,739	6,918
	30,308	29,930
Fee and commission expense		
Letters of credit and guarantees	(169)	(224)
Payment systems	(411)	(779)
Card services	(4,239)	(4,046)
Other	(1,132)	(1,229)
	(5,951)	(6,278)
Net fee and commission income	24,357	23,652

7. Net trading income

<i>in thousands of BGN</i>	Three months ended on 31 March 2020	three months ended on 31 March 2019
Net trading income arises from:		
- Debt instruments	(31)	(5)
- Equities	(198)	2
- Foreign exchange rate fluctuations	3,967	4,157
Net trading income	3,738	4,154

8. Other net operating income

<i>In BGN '000</i>	Three months ended on 31 March 2020	Three months ended on 31 March 2019
Other net operating income arising from:		
-net income from transactions and revaluation of gold and precious metals	(74)	106
Rental income	1,465	2,253
- Debt instruments	1,171	2,906
- Equities	-	-
- income from management of assigned receivables	-	-
- Gain on administration of loans acquired through business combination	16	186
Other net operating income	2,578	5,451

9. Administrative expenses

<i>in thousands of BGN</i>	three months ended on 31 March 2020	three months ended on 31 March 2019
General and administrative expenses comprise:		
- Personnel cost	18,202	17,551
Amortisation of property, equipment and intangibles	3,361	3,746
- Amortisation of right-of-use assets	8,972	8,984
- Advertising	2,835	3,362
- Building rent expense	-	-
-Telecommunication, software and other computer maintenance	3,237	3,187
- Other expenses for external services	16,619	18,169
Administrative expenses	53,226	54,999

10. Allowance for impairment

<i>in thousands of BGN</i>	three months ended on 31 March 2020	three months ended on 31 March 2019
Write-downs		
<i>Loans and advances to customers</i>	(28,493)	(19,072)
<i>Investments in non-consolidated subsidiaries</i>	-	-
<i>Securities at fair value through other comprehensive income</i>	-	-
<i>Off balance sheet commitments</i>	(41)	(1,323)
Reversal of write-downs		
<i>Loans and advances to customers</i>	10,652	7,391
<i>Securities at fair value through other comprehensive income</i>	6	3
<i>Off balance sheet commitments</i>	231	-
Impairment cost, net	(17,645)	(13,001)

10a. Other income/(expenses), net

<i>in thousands of BGN</i>	three months ended on 31 March 2020	three months ended on 31 March 2019
Income from sale of assets	256	538
Revaluation of investment property	-	-
Profit/(loss) from sale of investment property	(381)	-
Dividend income	22	13
Net earned insurance premiums	1,518	1,044
(Cost) of guarantee schemes	(8,347)	(7,974)
Claims incurred	(1,132)	(722)
(Expense)/Reversal of expense for provisions for pending court cases	-	-
Other income, net	(20)	550
Total	(8,084)	(6,551)

10b. Earnings per share

	three months ended on 31 March 2020	Three months ended on 31 March 2019
Net profit attributable to shareholders (in thousands of BGN)	11,702	19,343
Average weighted number of ordinary shares held (in thousands)	110,000	110,000
Earnings per share (BGN)	0.11	0.18

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 2020 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>	31.03.2020	31.12.2019
Cash on hand		
- in BGN	115,753	149,517
- in foreign currency	43,482	56,593
Balances with Central Banks	1,313,426	1,751,745
Current accounts and amounts with foreign banks	394,437	114,191
Total	1,867,098	2,072,046

12. Investments in securities

<i>In BGN '000</i>	31.03.2020	31.12.2019
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	183,849	195,460
- denominated in foreign currencies	134,470	163,200
Foreign governments	380,118	344,542
Corporates	239,913	236,975
Foreign banks	26,891	26,227
Other issuers – equity instruments	26,737	26,618
Total	991,978	993,022
Of which financial assets:		
at fair value through other comprehensive income	709,390	714,082
at amortised cost	11,948	12,005
at fair value through profit and loss	270,640	266,935
Total	991,978	993,022

13. Loans and advances to banks and other financial institutions

(a) Analysis by type

<i>in thousands of BGN</i>	31.03.2020	31.12.2019
Placements with banks	46,971	45,313
Receivables under resale agreements	5,418	5,416
Other	21,476	28,889
Total	73,865	79,618

(b) Geographical analysis

<i>in thousands of BGN</i>	31.03.2020	31.12.2019
Domestic banks and financial institutions	10,170	13,655
Foreign banks and other financial institutions	63,695	65,963
Total	73,865	79,618

14. Loans and advances to customers

in thousands of BGN

		31/03/2020	
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	891,475	(49,543)	841,932
- Mortgage loans	924,354	(16,632)	907,722
- Credit cards	189,855	(19,531)	170,324
- Other programmes and collateralised financing	5,095	-	5,095
Small and medium enterprises	935,411	(16,733)	918,678
Microlending	166,969	(3,115)	163,854
Corporate customers	3,609,578	(421,430)	3,188,148
Including receivables from financial lease	381,831	(769)	381,062
Total	6,722,737	(526,984)	6,195,753

In BGN '000

		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

(a) Movement in impairment allowances

in BGN '000

Balance as at 01 January 2020	510,294
Additional allowances	28,493
Amounts released	(10,652)
Write-offs	(829)
Other	(322)
Balance as at 31 March 2020	526,984

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>	31/03/2020		31/12/2019	
	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)	4,021,659	12,359	3,871,343	13,555
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,081,461	58,345	1,113,352	59,313
Non-performing (impaired) exposures (phase 3)	1,619,617	456,280	1,542,736	437,426
Total	6,722,737	526,984	6,527,431	510,294

31 March 2020

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	5,103,120	(70,704)	5,032,416
Non-performing			
Collectively impaired	229,927	(85,250)	144,677
Individually impaired	1,389,690	(371,030)	1,018,660
Total	6,722,737	(526,984)	6,195,753

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

As at 31 March 2020 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 866,347 thousand (31 December 2019: BGN 774,362 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 2020	22,208	145,269	6,892	15,870	67,829	258,068
Additions	-	100	-	4,409	36	4,545
Exchange rate differences	-	(455)	(22)	(17)	(165)	(659)
Write-offs	-	(538)	-	(32)	(831)	(1,401)
Transfers	-	553	-	(970)	3	(414)
At 31 March 2020	22,208	144,929	6,870	19,260	66,872	260,139
Amortisation						
At 01 January 2020	5,278	122,259	6,516	-	42,277	176,330
Exchange rate differences	-	(307)	(14)	-	(130)	(451)
Charge for the period	202	1,895	34	-	691	2,822
For write offs	-	(524)	-	-	(831)	(1,355)
At 31 March 2020	5,480	123,323	6,536	-	42,007	177,346
Carrying amount						
At 01 January 2020	16,930	23,010	376	15,870	25,552	81,738
At 31 March 2020	16,728	21,606	334	19,260	24,865	82,793

16. Intangible assets

	Software and licences	Goodwill	Total
<i>in thousands of BGN</i>			
Cost			
At 01 January 2020	42,344	540	42,884
Additions	155	-	155
Exchange rates and other adjustments	(115)	-	(115)
Write-offs	-	-	-
Transfers	414	-	414
At 31 March 2020	42,798	540	43,338
Amortisation			
At 01 January 2020	30,258	-	30,258
Exchange rates and other adjustments	(81)	-	(81)
Charge for the period	539	-	539
For write offs	-	-	-
At 31 March 2020	30,716	-	30,716
Carrying amount			
At 01 January 2020	12,086	540	12,626
At 31 March 2020	12,082	540	12,622

17a. Repossessed assets

<i>in thousands of BGN</i>	31.03.2020	31.12.2019
Land	470,220	470,774
Buildings	209,214	209,088
Machines, plant and vehicles	35,415	35,467
Fixtures and fittings	800	800
Total	715,649	716,129

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 2020	410,511
Additions	-
Transferred from repossessed assets	-
Revaluation of investment property to the fair value recognised at transfer	-
Transferred to Land and Buildings	-
Write-offs upon sale	(968)
Balance as at 31 March 2020	409,543

18. Other assets

in thousands of BGN

	31.03.2020	31.12.2019
Deferred expense	15,853	11,397
Gold	2,858	5,592
Investments in non-consolidated subsidiaries	9,247	8,247
Other assets	87,923	91,386
Total	115,881	116,622

19. Due to banks

in thousands of BGN

	31.03.2020	31.12.2019
Term deposits	-	-
Payable on demand	744	2,007
Total	744	2,007

20. Due to other customers

in thousands of BGN

	31.03.2020	31.12.2019
Retail customers		
- current accounts	1,609,164	1,569,092
- term and savings deposits	5,482,347	5,504,086
Businesses and public institutions		
- current accounts	1,482,077	1,560,147
- term deposits	475,127	470,696
Total	9,048,715	9,104,021

21. Liabilities evidenced by paper

in thousands of BGN

	31.03.2020	31.12.2019
Acceptances under letters of credit	10,160	10,164
Debt related to agreements for full swap of profitability	73,389	73,375
Financing from financial institutions	24,757	25,809
Total	108,306	109,348

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 March 2020
European Investment Fund – JEREMIE 2	0 % - 1.242%	30/09/2025	6,371
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	2,249
Total			24,757

In BGN '000

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

22. Hybrid and subordinated debt

<i>In BGN '000</i>	Principal amount	Amortised cost as at 31 March 2020
Hybrid debt with principal EUR 40 mio	78,233	87,409
Hybrid debt with principal EUR 60 mio	117,350	127,067
Hybrid debt with principal EUR 30 mio	58,675	59,996
Total	254,258	274,472

<i>In BGN '000</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

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.

On 25 April 2019, the Group (through its subsidiary bank in Albania) issued subordinated term debt in Euro which was subscribed by natural persons. The maturity date of the subordinated term debt is 25 April 2026, and it is denominated in Euro with total amount of EUR 2,000 thousand.

In BGN '000

	Amortised cost as at 31 March 2020	Amortised cost as at 31 December 2019
Subordinated term debt with principal of EUR 2 million	3,987	3,943
Total	3,987	3,943

The subordinated term debt instrument fully complies with the requirements of Regulation 575/2013 for inclusion in the tier 2 capital.

23. Other liabilities

<i>in thousands of BGN</i>	31.03.2020	31.12.2019
Liabilities to personnel	2,658	3,171
Insurance contract provisions	4,505	4,609
Provisions for pending court cases	962	962
Impairment on off balance sheet commitments	518	709
Other payables	16,572	7,380
Total	25,215	16,831

24. Shareholders

As at 31 March 2020 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 31 March 2020 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 2020, as in the previous year, the Bank did not distribute dividends.

25. Commitments and contingent liabilities

Contingent liabilities

<i>in thousands of BGN</i>	31.03.2020	31.12.2019
Bank guarantees	188,491	212,534
Unused credit lines	663,031	668,866
Letters of credit	26,810	7,830
Total	878,332	889,230
Impairment on off balance sheet commitments	518	709

26. Related party transactions

Type of related party	Parties that control or manage the Bank		Enterprises under common control	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
<i>In BGN '000</i>				
Loans	2,797	2,327	66,729	7,709
Deposits and loans received:	13,519	11,718	6,833	9,459
Deposits placed	-	-	19,671	18,748
Other receivables	-	-	17,796	16,790
Off-balance sheet commitments	815	975	7,053	1,062

As at 31 March 2020:

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

(signed)
Nikola Bakalov
Chief Executive Officer
Chairman of the MB

(signed)
Svetozar Popov
Executive Director
Member of the MB

(signed)
Chavdar Zlatev
Executive Director
Member of the MB

(signed)
Yanko Karakolev
Director of Finance Department

**INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 March 2020**

(consolidated)

prepared under Art. 100o, para. 4(2) with relation to Art. 100o¹, Para. 7 of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(2) and (7) and para. 3 of Ordinance No 2 of the Financial Supervision Commission (FSC) on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information

In the first quarter of 2020 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 March 2020:

1. Information on Fibank's financial results for 2019 – FSC incoming was published on 17 January 2020;
2. Notification on changes to the composition of the Managing Board of First Investment Bank – appointment of Nikola Bakalov as member of the Managing Board, Executive Director and Chief Retail Officer of First Investment Bank was published on 20 January 2020;
3. Notification of submission to the Financial Supervision Commission of a prospectus for the offering of new shares was published on 29 January 2020;
4. Individual (unaudited) financial statements of First Investment Bank AD as at 31 December 2019 were published on 31 January 2020;
5. 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 –Nikola Bakalov was registered in the Commercial Register and Register of NPLE as member of the Managing Board and executive director of First Investment Bank was published on 07 February 2020;
6. Annual individual (audited) financial statements of First Investment Bank AD as at 31 December 2019 were published on 12 February 2020;
7. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2019 were published on 02 March 2020;
8. Public disclosure of inside information pursuant to Art. 17(1) with relation to Art. 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16.04.2014 on market abuse and Art. 114b of the Public Offering of Securities Act (POSA) – stakeholder transaction – was published on 04 March 2020;

9. Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 December 2019 were published on 09 March 2020;
10. Notification for including First Investment Bank's net annual profit for 2019 in CET1 was published on 18 March 2020;
11. Notification on changes to the composition of the Managing Board of First Investment Bank – the management contract of Mr Nedelcho Nedelchev as member of the Managing Board and Chief Executive Officer of First Investment Bank has been terminated – was published on 20 March 2020;
12. Notification of registration in the Commercial Register and Register of Non-for-Profit Entities of a new subsidiary of First Investment Bank AD – Myfin EAD – was published on 26 March 2020;
13. Notification regarding submitted application of Ralitsa Bogoeva's nomination as member of the Managing Board and Executive Director of First Investment Bank to the Bulgarian National Bank for approval thereof pursuant to Article 11, Para. 3 of the Law on Credit Institutions was published on 30 March 2020.

Review of the activities of First Investment Bank AD as at 31 March 2020 on consolidated (unaudited) basis

- *Balance sheet as at 31 March 2020.*

The balance sheet assets of the Group as at 31.03.2020 reached BGN 10,616 million, showing decrease by BGN 44 mln against the end of 2019. In terms of assets First Investment Bank AD retains its place among the leading banks in the Bulgarian banking system. As at 31.03.2020 the deposits from other customers amounted to BGN 9,049 million, with net decrease of BGN 55 mln for the period; as regards this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at 31 March 2020 the accounting equity amounted to BGN 983 million net, which means growth by BGN 4 mln in Q1 2020. Receivables from clients at the end of March 2020 amounted to BGN 6,196 million book value, an increase for Q1 2020 by BGN 179 mln.

- *Q1 2020 consolidated profit*

The net profit of the Group for Q1 2020 amounted to BGN 11,786 thousand. The profit before tax for the first three months of 2020 was BGN 13,290 thousand, the profit before provisions and impairment amounted to BGN 30,935 thousand

The total revenue from banking operations in Q1 amounted to BGN 92,245 thousand. The net interest income totalled at BGN 61,572 thousand, and the net fee and commission income was BGN 24,357 thousand.

- *Capital resources*

The capital adequacy ratio of First Investment Bank's Group as at 31 March 2020 reached 19,28 %. The Tier 1 capital ratio was 19.22%, while CET1 ratio was 15,68 %. The regulatory own capital amounts to BGN 1,384 million. In March 2020, after preliminary permission from BNB, Fibank included in its Common Equity Tier 1 (CET1) the Bank's net annual profit for 2019 in the amount of BGN 129,221 thousand. During the period the Group was in compliance with and above the regulatory capital requirements.

- *Liquidity*

The liquidity coverage ratio of First Investment Bank AD, as at 31 March 2020 reached 239.83 % and the net stable funding ratio is 130.03 %, showing a stable liquidity position.

- *A total of 143 branches and offices throughout the country*

As at 31 March 2020, First Investment Bank AD had a total of 143 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank.

**INFORMATION AS AT 31 March 2020
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 are effective for the current period:

- *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 adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies.

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2019.

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

The following changes in the Bank's economic group occurred in Q1 of 2020:

02.01.2020: change in the management of Medical Centres Fi Health Plovdiv AD – Dimitar Borisov Andonov was delisted as member of the Board of Directors and Executive Director. Alexander Hristov Alexandrov was listed as new member of the Board of Directors, and Milena Hristova Kasapova was listed as Executive Director.

25.03.2020: after BNB issued a license for an e-money company, the Bank's subsidiary MyFin EAD was registered in the Commercial Register and Register of Non-for-profit Legal Entities; the Board of Directors consists of Svetozar Popov, Ralitsa Bogoeva and Lachezar Venkov, who will also be executive director.

- 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 2020.

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

	at 31 December 2019		at 31 March 2020	
	Number of shares	% of capital	Number of shares	% of capital
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

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

Members of the Managing Board	at 31 December 2019		at 31 March 2020	
	Number of shares	% of capital	Number of shares	% of capital
Nedelcho Nedelchev*	350	0,00	No change	
Chavdar Zlatev	523	0,00	No change	
Nikola Bakalov**	374	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	

*Delisted as member of the Managing Board and Chief Executive Officer in the Commercial Register and Register of NPLE on 14.04.2020.

**Listed as member of the MB and Executive Director on 07.02.2020.

*** Delisted as member of the Managing Board in the Commercial Register and Register of NPLE on 22.04.2020.

Members of the Supervisory Board	at 31 December 2019		at 31 March 2020	
	Number of shares	% of capital	Number of shares	% of capital
Evgeni Lukanov	337 139	0,31	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

g) Information about pending judicial, administrative or arbitration procedures concerning liabilities or receivables amounting to at least 10 per cent of the equity of the issuer; if the

total amount of liabilities or receivables of the issuer in all initiated procedures exceeds 10 per cent of its equity, information shall be presented for each procedure separately:

No events have occurred.

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

First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 31 March 2020 no events have occurred beyond the ordinary activity of the Bank.

**INFORMATION AS AT 31 March 2020
UNDER ART. 33, PARA. 3
OF ORDINANCE NO2**

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

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

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

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

As at 31.03.2020, 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)
Nikola Bakalov
Chief Executive Officer
Chairperson of the MB

(signed)
Svetozar Popov
Executive Director
MB Member

(signed)
Chavdar Zlatev
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, Nikola Bakalov, Chief Executive Officer and Chairperson of the Managing Board of First Investment Bank AD, Svetozar Popov and Chavdar Zlatev, 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 March 2020, 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 March 2020 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Nikola Bakalov
Chief Executive Officer
MB Chairperson

(signed)

Svetozar Popov
Executive Director
MB Member

(signed)

Chavdar Zlatev
Executive Director
MB Member

(signed)

Yanko Karakolev
Director of Finance Department

01 June 2020

Bank	FINV9150	First Investment Bank AD
Reporting date	31.3.2020	
Basis for application	consolidated	
Accounting standard	IFRS	

Reporting currency in BGN '000

1.1. Balance sheet [statement of financial position]

1.1 Assets

	References	Breakdown in table	Carrying amount
			part 1, paragraph 27 of Appendix V
			010
010	Cash and cash balances with central banks and other deposits payable on demand	Para. 54 (j) of IAS 1	1 875 395
020	Cash	part 2, paragraph 1 of Appendix V	159 234
030	Cash balances with central banks	part 2, paragraph 1 of Appendix V	1 313 426
040	Other deposits payable on demand	part 2, paragraph 1 of Appendix V	402 735
050	Financial assets held for trading	Supplement A to IFRS 9	6 681
060	Derivatives	Supplement A to IFRS 9	0
070	Equity	Para. 11 of IAS 32	4 236
080	Debt securities	part 1, paragraph 31 of Appendix V	2 445
090	Loans and advances	part 1, paragraph 32 of Appendix V	0
096	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 8 (a)(ii) of IFRS 7; IFRS 9.4.1.4	261 920
097	Equity	Para. 11 of IAS 32	22 501
098	Debt securities	part 1, paragraph 31 of Appendix V	239 419
099	Loans and advances	part 1, paragraph 32 of Appendix V	0
100	Financial assets at fair value through profit or loss	Para. 8 (a)(i) of IFRS 7; IFRS 9.4.1.5	0
120	Debt securities	part 1, paragraph 31 of Appendix V	0
130	Loans and advances	part 1, paragraph 32 of Appendix V	0
141	Financial assets at fair value through other comprehensive income	Para. 8 (h) of IFRS 7; IFRS 9.4.1.2A	709 391
142	Equity	Para. 11 of IAS 32	0
143	Debt securities	part 1, paragraph 31 of Appendix V	709 391
144	Loans and advances	part 1, paragraph 32 of Appendix V	0
181	Financial assets at amortised cost	Para. 8 (f) of IFRS 7; IFRS 9.4.1.2	6 268 473
182	Debt securities	part 1, paragraph 31 of Appendix V	11 948
183	Loans and advances	part 1, paragraph 32 of Appendix V	6 256 525
240	Derivatives - hedge accounting	IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V	0
250	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	Para. 89A (a) of IAS 39, IFRS 9.6.5.8	0
260	Investments in a subsidiary, jointly-controlled entity or associate	Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V	12 062
270	Tangible assets		492 325
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	82 782
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	409 543
300	Intangible assets	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575	12 178
310	Goodwill	Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575	107
320	Other intangible assets	Paras. 8, 118 of IAS 38	12 071
330	Tax assets	Para. 54 (n)-(o) of IAS 1	0
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12	0
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575	0
360	Other assets	part 2, paragraph 5 of Appendix V	973 091
370	Non-current assets and disposal groups classified as held for sale	Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 7 of Appendix V	0
380	TOTAL ASSETS	Para. 9, (a), IN 6 of IAS 1	10 611 516

Bank	FINV9150	First Investment Bank AD
Reporting date	31.3.2020	
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	9 440 793
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	9 127 417
130	Issued debt securities	part 1, paragraph 37 of Appendix V	8	274 472
140	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	38 904
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	1 480
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	518
230	Other provisions	Para. 14 of IAS 37	43	0
240	Tax liabilities	Para. 54 (n)-(o) of IAS 1		18 009
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		224
260	Deferred tax liabilities	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		17 785
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		173 018
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		9 633 300

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1.1. Balance sheet [statement of financial position]

1.3 Total own funds

		References	Breakdown in table	Carrying amount
				010
010	Equity	Para. 54(s) of IAS 1; Para. 22 of DOB	46	110 000
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	part 2, paragraph 14 of Appendix V		0
040	Premium reserves	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	97 000
050	Issued capital instruments other than share capital	part 2, paragraphs 18-19 of Appendix V	46	0
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V		0
070	Other issued equity instruments	part 2, paragraph 19 of Appendix V		0
080	Other own funds	Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V		0
090	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	16 150
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		4 500
100	Tangible assets	Paras. 39 -41 of IAS 16		4 500
110	Intangible assets	Paras. 85-87 of IAS 38		0
120	Actuarial gains or (-) losses on defined benefit plans	Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19		0
122	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0
124	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
320	Changes in fair value of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRC 9; part 2, paragraph 21 of Appendix V		0
330	Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IFRS 1; IFRS 9.5.7.5 and 6.5.3; paragraph 24C of IFRS 7, part 2, paragraph 22 of Appendix V		0
340	Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]	IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V		0
350	Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]	Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V		0
360	Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk	Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V		0
128	Items which can be reclassified as profit or loss	Para. 81A (a)(ii) of IAS 1		11 650
130	Hedges of net investments in foreign operations [effective portion]	IFRS 9.6.5.13(a); Paragraph 24B(b), items ii) and iii) of IFRS 7; Paragraph 24C(b), items i) and iv), and paragraph 24E(a) of IFRS 7; part 2, paragraph 24 of Appendix V		0
140	Currency exchange	Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21		-1 340
150	Derivatives from hedging Cash flow hedges [effective portion]	Paragraph 7(e) of IAS 1; paragraph 24B(b), items ii) and iii) of IFRS 7; paragraph 24C(b), item i) and paragraph 24E of IFRS 7; IFRS 9.6.5.11(b); part 2, paragraph 25 of appendix V		0
155	Changes in fair value of debt instruments at fair value in other comprehensive income	Para. 7 (da) of IAS 1; IFRS 9.4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V		12 990
165	Hedging instruments [unreported elements]	Paragraph 7, (g) and (h) of IAS 1; IFRS 9 6.5.15 and 6.5.16; Paragraph 24 E, (b) and (c) of IFRS 7, part 2, Paragraph 60 of appendix V		0
170	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0
180	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
190	Retained earnings	Art. 4, para. 1, item 123 of Reg 575		153 439
200	Revaluation reserve	Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V		0
210	Other reserves	Para. 54 of IAS 1; Para. 78 (e) of IAS 1		589 947
220	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	Para. 11 of IAS 28; part 2, item 29 of Appendix V		0
230	Other	part 2, paragraph 29 of Appendix V		589 947
240	(-) Repurchased own shares	Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, paragraph 30 of Appendix V	46	0
250	Profit or loss attributable to the owners of the parent company	Para. 81B (b)(ii) of IAS 1	2	11 572
260	(-) Interim dividends	Para. 11 of IAS 32		0
270	Minority interests [Non-controlling interests]	Para. 54 (r) of IAS 1		108
280	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	0
290	Other items		46	108
300	TOTAL SHAREHOLDERS' EQUITY	Para. 9 (c), IN 6 of IAS 1	46	978 216
310	TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	IN 6 of IAS 1		10 611 516

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Reporting date	31.3.2020	
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2. Profit and Loss Account

		References	Breakdown in table	Current period
				010
010	Interest income	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	78 324
020	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 33, 34 of Appendix V		85
025	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRS 7, IFRS 9.5.7.1		2 934
030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRS 7		0
041	Financial assets at fair value through other comprehensive income	Para. 20(b) of IFRS 7; IFRS 9.5.7.10-11, IFRS 9.4.1.2A		3 944
051	Financial assets at amortised cost	Para. 20(b) of IFRS 7; IFRS 9.4.1.2, IFRS 9.5.7.2		71 361
070	Derivatives — hedge accounting, interest rate risk	supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V		0
080	Other assets	part 2, paragraph 36 of Appendix V		0
085	Revenue from interest on liabilities	IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V		0
090	(Interest expense)	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	16 778
100	(Financial liabilities held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 33, 34 of Appendix V		0
110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRS 7		0
120	(Financial liabilities at amortised cost)	Para. 20(b) of IFRS 7; IFRS 9.5.7.2		15 106
130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V		0
140	(Other liabilities)	part 2, paragraph 38 of Appendix V		112
145	(Interest expense on assets)	IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V		1 560
150	(Expense for share capital payable upon request)	IFRIC 2, item 11		0
160	Dividend income	part 2, paragraph 40 of Appendix V	31	22
170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 40 of Appendix V		1
175	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; IFRS 9.5.7.1A, part 2, paragraphs 40 of Appendix V		21
191	Financial assets at fair value through other comprehensive income	Para. 20, (a)(ii) of IFRS 7; IFRS 9.4.1.2A, IFRS 9.5.7.1A, part 2, paragraph 41 of Appendix V		0
192	Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	part 2, paragraph 42 of Appendix V		0
200	Fee and commission income	Para. 20 (c) of IFRS 7	22	30 456
210	(Fee and commission expense)	Para. 20 (c) of IFRS 7	22	5 936
220	Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss	part 2, paragraph 45 of Appendix V	16	612
231	Financial assets at fair value through other comprehensive income	IFRS 9.4.1.2A; IFRS 9.5.7.10-11		470
241	Financial assets at amortised cost	Para. 20(B)(v) of IFRS 7; IFRS 9.4.1.2, IFRS 9.5.7.2		142
260	Financial liabilities at amortised cost	Para. 8 (a)(v) of IFRS 7; IFRS 9.5.7.2		0
270	Other			0
280	Net profits or (-) losses from financial assets and liabilities held for trading	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V	16	-225
287	Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V		0
290	Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V	16, 45	0
300	Net profits or (-) losses from hedge accounting	part 2, paragraph 47 of Appendix V	16	0
310	Net profits or (-) losses from exchange rate differences	Para. 28 and Para 52 (a) of IAS 21		3 968
330	Net profits or (-) losses from write-off of non-financial assets	Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V	45	-110
340	Other operating income	part 2, paragraphs 314-316 of Appendix V	45	2 579
350	(Other operating expense)	part 2, paragraphs 314-316 of Appendix V	45	8 999
355	TOTAL NET OPERATING INCOME			83 913
360	(Administrative expenses)			49 545
370	(Personnel costs)	Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1	44	18 198
380	(Other administrative expenses)			31 347
390	(Amortisation)	Paras. 102, 104 of IAS 1		3 653
400	(Property, Plant and Equipment)	Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16		3 126
410	(Investment Property)	Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40		0
420	(Other intangible assets)	Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38		527

		References	Breakdown in table	Current period
				010
425	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
426	Financial assets at fair value through other comprehensive income	<i>Paragraph 35J of IFRS 7</i>		0
427	Financial assets at amortised cost	<i>Paragraph 35J of IFRS 7</i>		0
430	(Provisions or (-) reversed provisions)	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	9 12 43	-190
440	(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>		-190
450	(Other provisions)			0
460	(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	17 835
481	(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	-6
491	(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	17 841
510	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	<i>Paras. 40-43 of IAS 28</i>	16	0
520	(Impairment or (-) reversed impairment of non-financial assets)	<i>Para. 126(a)-(b) of IAS 36</i>	16	0
530	(Property, Plant and Equipment)	<i>Para. 73, (e), (v)-(vi) of IAS 16</i>		0
540	(Investment Property)	<i>Para. 79, (d), (v) of IAS 40</i>		0
550	(Goodwill)	<i>B67, (d), (v) of IFRS 3; Para. 124 of IAS 36</i>		0
560	(Other intangible assets)	<i>Para. 118, (e), (iv)-(v) of IAS 38</i>		0
570	(Other)	<i>Para. 126(a)-(b) of IAS 36</i>		0
580	Negative goodwill in profit or loss	<i>B64, (h)(i) to IFRS 3</i>		0
590	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
600	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	<i>Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V</i>		0
610	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRS 5</i>		13 070
620	(Tax expense or (-) income relating to the profit or loss from current operations)	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		1 504
630	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	<i>IN 6 of IAS 1</i>		11 566
640	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
650	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRS 5</i>		0
660	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) and (iv) of IFRS 5</i>		0
670	PROFIT OR (-) LOSS FOR THE YEAR	<i>Para. 81A (a) of IAS 1</i>		11 566
680	Relating to minority interests [non-controlling interests]	<i>Para. 81B (b)(i) of IAS 1</i>		-6
690	Attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>		11 572

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