

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

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

Cc:  
The public via *x3news*

01 March 2023

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2022

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the consolidated (unaudited) financial statements of First Investment Bank AD as at 31 December 2022, containing:

1. Financial statements as at 31.12.2022 as per Art. 100o, para. 4(1) and with relation to Art. 100o<sup>1</sup>, para. 7 of POSA;
2. Notes to the financial statements as at 31.12.2022;
3. Interim activity report under Art. 100o, para. 4(2) and with relation to Art. 100o<sup>1</sup>, para. 7 of POSA;
4. Declaration under Art. 100o, para. 4(3) and with relation to Art. 100o<sup>1</sup>, para. 7 of POSA;

Sincerely,

*(signed)*

Nikola Bakalov  
Chief Executive Officer  
MB Chairperson

*(signed)*

Chavdar Zlatev  
Executive Director  
Member of the MB

**Consolidated statement of shareholders' equity for the year ended 31/12/2022**

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
<b>Balance at 01/01/2021</b>	<b>149 085</b>	<b>250 017</b>	<b>749 744</b>	<b>18 434</b>	<b>4 500</b>	<b>1 259</b>	<b>39 865</b>	<b>3 516</b>	<b>1 216 420</b>
<b>Total comprehensive income for the period</b>									
Net profit for the year ended 31 December 2021	-	-	110 595	-	-	-	-	813	111 408
<b>Other comprehensive income for the period</b>									
Revaluation reserve of investments in securities	-	-	-	(9 319)	-	-	-	-	(9 319)
Reserve from translation of foreign operations	-	-	-	-	-	1 333	-	-	1 333
<b>Balance as at 31/12/2021</b>	<b>149 085</b>	<b>250 017</b>	<b>860 339</b>	<b>9 115</b>	<b>4 500</b>	<b>2 592</b>	<b>39 865</b>	<b>4 329</b>	<b>1 319 842</b>
<b>Total comprehensive income for the period</b>									
Net profit for the year ended on 31/12/2022	-	-	96 428	-	-	-	-	705	97 133
<b>Other comprehensive income for the period</b>									
Revaluation reserve of investments in securities	-	-	-	(27 162)	-	-	-	-	(27 162)
Reserve from translation of foreign operations	-	-	-	-	-	3 775	-	-	3 775
Effect of consolidation of significant subsidiary	-	-	1 096	-	-	-	-	-	1 096
<b>Balance as at 31/12/2022</b>	<b>149 085</b>	<b>250 017</b>	<b>957 863</b>	<b>(18 047 )</b>	<b>4 500</b>	<b>6 367</b>	<b>39 865</b>	<b>5 034</b>	<b>1 394 684</b>

(signed)  
Nikola Bakalov  
Chief Executive Officer

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
Yanko Karakolev  
Chief Financial Officer

FIRST INVESTMENT BANK AD  
**Consolidated statement of the financial position as at 31/12/2022**

unaudited in BGN '000

	31.12.2022	31.12.2021
<b>ASSETS</b>		
Cash and balances with Central Banks	2 042 858	1 970 814
Investments in securities	2 819 193	1 673 781
Loans and advances to banks and other financial institutions	221 900	87 456
Loans and advances to customers	6 819 782	6 653 944
Property and equipment	109 596	80 198
Intangible assets	16 814	15 566
Derivatives held for risk management	1 609	1 042
Current tax assets	0	0
Deferred tax assets	3 948	0
Repossessed assets	423 585	459 853
Investment Property	750 324	732 850
Rights of use assets	171 638	92 169
Other assets	112 656	129 548
<b>TOTAL ASSETS</b>	<b>13 493 903</b>	<b>11 897 221</b>
<b>LIABILITIES AND CAPITAL</b>		
Due to banks	13 152	8 722
Due to other customers	11 454 421	9 973 631
Liabilities evidenced by paper	123 846	120 002
Financial liabilities at fair value through profit or loss	8 488	2 164
Subordinated term debt	19 410	9 622
Hybrid debt	256 861	320 733
Derivatives held for risk management	0	2 166
Deferred tax liabilities	27 823	26 927
Current tax liabilities	645	1 714
Lease liabilities	171 217	92 405
Other liabilities	23 356	19 293
<b>TOTAL LIABILITIES</b>	<b>12 099 219</b>	<b>10 577 379</b>
Issued share capital	149 085	149 085
Share premium	250 017	250 017
Statutory reserve	39 865	39 865
Revaluation reserve of investments in securities	(18 047)	9 115
Revaluation reserve on property	4 500	4 500
Reserve from translation of foreign operations	6 367	2 592
Other reserves and retained earnings	957 863	860 339
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 389 650</b>	<b>1 315 513</b>
Non-controlling interest	5 034	4 329
<b>TOTAL GROUP EQUITY</b>	<b>1 394 684</b>	<b>1 319 842</b>
<b>TOTAL LIABILITIES AND GROUP EQUITY</b>	<b>13 493 903</b>	<b>11 897 221</b>

(signed)  
 Nikola Bakalov  
 Chief Executive Officer

(signed)  
 Chavdar Zlatev  
 Executive Director

(signed)  
 Ianko Karakolev  
 Chief Financial Officer

	2022	2021
Interest income	342 904	334 310
Interest expense	(46 328)	(51 845)
<b>Net interest income</b>	<b>296 576</b>	<b>282 465</b>
Fee and commission income	180 431	149 209
Fee and commission expense	(35 195)	(25 704)
<b>Net fee and commission income</b>	<b>145 236</b>	<b>123 505</b>
Net trading income	20 493	15 742
Other net operating income	14 306	13 258
<b>TOTAL INCOME FROM BANKING OPERATIONS</b>	<b>476 611</b>	<b>434 970</b>
Administrative expenses	(219 319)	(192 083)
Other expenses, net	(7 665)	7 608
<b>Profit before impairment</b>	<b>249 627</b>	<b>250 495</b>
Allowance for impairment	(140 355)	(125 663)
<b>PROFIT BEFORE TAX</b>	<b>109 272</b>	<b>124 832</b>
Income tax expense	(12 139)	(13 424)
<b>GROUP PROFIT AFTER TAX</b>	<b>97 133</b>	<b>111 408</b>
<b>Other comprehensive income for the period</b>		
<b>Items which should or may be reclassified as profit or loss</b>		
Exchange rate differences from translation of foreign operations	3 775	1 333
Revaluation reserve of investments in securities	(27 162)	(9 319)
<b>Total other comprehensive income</b>	<b>(23 387)</b>	<b>(7 986)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>73 746</b>	<b>103 422</b>
Net profit attributable to:		
Ordinary equity holders	96 428	110 595
Non-controlling interest	705	813
Total comprehensive income attributable to:		
Ordinary equity holders	73 041	102 609
Non-controlling interest	705	813
<b>Basic and diluted earnings per share (BGN)</b>	<b>0.65</b>	<b>0.74</b>

(signed)  
Nikola Bakalov  
Chief Executive Officer

(signed)  
Chavdar Zlatev  
Executive Director

(signed)  
Ianko Karakolev  
Chief Financial Officer

## FIRST INVESTMENT BANK AD

## Consolidated statement of cash flows for the year ended 31 December 2022

unaudited

in BGN '000

	2022	2021
<b>Net cash flow from operating activities</b>		
Net profit	97 133	111 408
<b>Adjustment for non-cash items</b>		
Allowance for impairment	140 355	125 664
Net interest income	(296 576)	(282 465)
Depreciation and amortization	13 013	12 201
Tax expense	12 139	13 424
Loss/(profit) from sale and write-off of tangible and intangible fixed assets, net	21	(13)
(Profit) from sale of other assets, net	535	5 835
(Positive) revaluation of investment property	(14 769)	(30 340)
	<b>(48 149)</b>	<b>(44 286)</b>
<b>Change in operating assets</b>		
(Increase) in financial assets at fair value through profit or loss	(2 977)	(2 156)
(Decrease)/increase in financial assets at fair value in other comprehensive income	525 579	(272 846)
Decrease/(Increase) in loans and advances to banks and financial institutions	2 544	(4 141)
(Increase) in loans to customers	(399 112)	(558 881)
Net (increase)/decrease in other liabilities	(56 391)	51 027
	<b>69 643</b>	<b>(786 997)</b>
<b>Change in operating liabilities</b>		
Increase in due to banks	4 830	6 051
Increase in amounts owed to other depositors	1 487 207	452 177
Net increase/(decrease) in other liabilities	81 303	(59 506)
	<b>1 573 340</b>	<b>398 722</b>
Interest received	425 014	371 517
Interest paid	(60 197)	(72 731)
Dividends received	633	455
Paid profit tax, net	(8 333)	(5 039)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1 951 951</b>	<b>(138 359)</b>
<b>Cash flow from investing activities</b>		
(Purchase) of tangible and intangible fixed assets	(43 478)	(14 435)
Sale of tangible and intangible fixed assets	25	37
Sale of other assets	46 128	14 396
(Increase) of investments	(1 702 166)	(116 363)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(1 699 491)</b>	<b>(116 365)</b>
<b>Financing activities</b>		
Increase in borrowings	4 077	16 453
(Decrease)/Increase in subordinated liabilities	(47 402)	53 145
Capital increase through newly issued shares	-	-
Increase of share premium reserve of newly issued shares	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(43 325)</b>	<b>69 598</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>209 135</b>	<b>(185 126)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>2 017 645</b>	<b>2 202 771</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>2 226 780</b>	<b>2 017 645</b>

(signed)  
Nikola Bakalov  
Chief Executive Officer

(signed)  
Chavdar Zlatev  
Executive Director

(signed)  
Ianko Karakolev  
Chief Financial Officer

**ADDENDUM TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF  
FIRST INVESTMENT BANK AD  
AS AT 31/12/2022**

**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 111P Tsarigradsko Chaussee Blvd.

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

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

The consolidated financial statements of the Bank as at and for the year ended 31 December 2022 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 properties, 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 2022**

There are no new standards, nor amendments to existing standards issued by the International Accounting Standards Boards effective for the current period that could have any significant impacts on the Bank’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 2021 r.

**(a) Income recognition**

**(i) Interest income**

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

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

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

**(ii) Fees and Commissions**

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

**(iii) Net trading income**

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

**(iv) Dividend income**

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

**(b) Basis of consolidation**

**(i) Business Combinations**

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

**(ii) Non-controlling interest**

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

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

**(iii) Subsidiaries**

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

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

**(iv) Loss of control**

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

**(v) Transactions eliminated on consolidation**

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

**(c) Foreign currency transactions**

**(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

**(iii) Foreign operations**

The assets and liabilities of foreign operations are translated to Bulgarian leva at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bulgarian leva at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. The functional currency of the foreign operations in



Cyprus is determined by the management to be the Euro. The functional currency of the foreign operations in Albania is determined by the management to be the Albanian Lek.

**(d) Financial assets**

**(i) Recognition**

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

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

**(ii) Financial assets at amortised cost**

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

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

**(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) Reclassification**

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset shall continue to be measured at fair value. The revaluation reserve for the instrument shall be formed from changes to fair value after the reclassification date.

If the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through profit or loss measurement category, its fair value shall be measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

If the Group reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortized cost measurement category, its fair value at the reclassification date shall become its new gross carrying amount.

If the Group reclassifies a financial asset out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, its fair value shall be measured at the reclassification date. Any revaluation difference shall be recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses shall not be adjusted as a result of the reclassification.

If the Group reclassifies a financial asset from the 'measured at fair value through other comprehensive income' category to the 'measured at amortized cost' category, the entire value of the accumulated revaluation reserve at the date of reclassification is offset against the fair value of the financial asset. Thus, in practice, it turns out that at the date of reclassification the financial asset is measured as if it had always been measured at amortized cost. The effective interest rate and the measurement of expected credit losses shall not be adjusted as a result of the reclassification.

Such reclassification is only possible after a change in the business model by which financial assets are managed.

In case of a change of the business model from "hold to collect and sell" to "hold to collect", the Bank reclassifies the financial assets concerned. To this end, it periodically reviews its business model historically and analyzes the extent to which the purpose of holding financial assets meets the 'hold to collect' business model as opposed to the 'hold to collect and sell' business model. In this analysis, the following criteria may serve as indication for change in the business model: government securities with sufficiently long residual term that have not been traded since their acquisition; or privately placed securities without an active market where Fibank holds a significant part of the issue. In case of a significant predominance of the 'hold to collect' business model, the Group needs to consider whether to reclassify the financial assets from the 'Measured at fair value through other comprehensive income' category to the 'Measured at amortized cost' category, continuing to manage financial assets in such a way as to generate cash flows only from collecting contractual payments.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset shall continue to be measured at fair value. The cumulative revaluation reserve at the reclassification date shall be reclassified to profit or loss.

The Group shall not reclassify any financial liability.

**(vii) Fair value measurement principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the 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.

**(viii) 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:

<b>Assets</b>	<b>%</b>
• 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:

<b>Assets</b>	<b>%</b>
• Licenses and trademarks	10 - 14
• Software and licences	10 - 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 December 2021 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 5, 19 - determining of the fair value of the financial instruments, land and buildings through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information. The Management uses valuation techniques for the fair value of financial instruments (when there is no quoted price in an active market) and non-financial assets. In applying the valuation techniques, the Management uses to a maximum degree market data and assumptions which market participants would take into account in pricing an instrument. When there is no available market data, the Management uses its best judgement of the assumptions that market participants would make. These

judgements may differ from the actual prices that may be determined in a fair market transaction between informed and willing parties at the end of the reporting period.

- Notes 11, 16, 18 – measuring the expected credit loss – credit losses constitute the difference between all contractual cash flows payable to the Group and all cash flows which the Group expects to receive. Expected credit loss is the probability-weighted estimate of credit losses which require the Group's judgement. Expected credit loss is discounted with the initial effective interest rate (or with the loan-adjusted effective interest rate for purchased or initially created financial assets with credit impairment).
- Notes 16, 18 – debt instruments at amortised cost – the analysis and intentions of the Management are confirmed by the business model of holding debt instruments that meet the requirements for receiving only principal and interest payments and holding assets until collecting the contractual cash flows from the bonds which are classified as debt instruments at amortised cost.
- Note 24 – Lease contract term – in determining the lease contract term the Management takes into consideration all facts and circumstances that create economic incentives for exercising the option to extend the lease, or not to exercise the option to terminate the lease. Extension options (or the periods after termination options) are included in the lease contract term only if it is reasonably certain that the lease contract has been extended (or has not been terminated).
- Note 30 – in accordance with IAS 37 — Provisions, Contingent Liabilities and Contingent Assets and the internal rules for setting aside provisions for pending court cases the Group has recognised provisions for pending court cases. The Group is a defendant in pending cases and the outcome of those cases may lead to liabilities in an amount different from the amount of provisions recognized in the financial statement.

**(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 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.

## **(v) Leases**

### **(i) The Company as lessee**

For new contracts concluded on or after 1 January 2019 the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an asset (the identified asset) for a period of time in exchange for consideration. In order to apply this definition, the Group assesses three key elements:

- Whether the contract refers to an identified asset which is either explicitly specified in a contract, or implicitly specified at the time that the asset is made available for use;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, within the scope of its right of use defined in the contract;
- The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct how and for what purpose the asset will be used throughout the period of use.

### ***Assessment and recognition of leases by the Group as lessee***

On the commencement date of the lease contract the Group recognises the right-of-use asset and the lease liability in the statement of financial position. The right-of-use asset is assessed at cost which comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset at the end of the lease contract, and any lease payments made at or before the commencement date (less any lease incentives received).

The Group depreciates the right-of-use asset using the linear method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also reviews the right-of-use assets for impairment, where such indicators exist.

On the commencement date of the lease contract the Group measures the lease liability at the present value of the remaining lease payments at that date, discounted using the borrowing rate stipulated in the lease contract, if that rate can be readily determined, or the company's incremental borrowing rate.

As of 01.01.2019 the Group applies IFRS 16 Leases. To this end, an analysis was made of the requirements of this Standard, and the following key elements were identified:

IFRS 16 Leases introduces new rules for reporting lease agreements. First of all, the standard requires that an analysis be made of whether and which agreements with or without the legal form of lease constitute a lease or contain lease components in accordance with the definition of lease contained in IFRS 16, paragraph 9. According to Paragraph 9, a contract is, or contains, a lease if:

- there is an identified asset, and
- the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration.

In the general case, the lessee is required recognise a right-of-use asset and a lease liability at the commencement date.

Also, instead of applying the requirements for recognition of a right-of-use asset in return for consideration under a lease contract, the lessee may choose to report lease contracts as an expense under the linear method for the duration of the lease in the following types of contracts:

- ending within 12 months of the date of initial application of IFRS 16
- lease of low-value assets

In the process of assessing the effects of application of this Standard, the Group did the following:

- o Full review of all agreements was made in order to establish whether it may be necessary to consider additional agreements as lease agreements according to the new IFRS 16 definition;
- o A decision was made for partial retrospective application (which means that the comparative information will not be changed). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. Under the

modified approach it is possible not to assess whether existing agreements contain leases and other relief.

The Management analysed the effect of application of the Standard for contracts expected to last up to five years because a big part of the rental agreements to which the Group is a party as a tenant, the Group can terminate after a three- or six-months' notice without owing an indemnity. Even in the other contracts this possibility is available in accordance with the law.

This reflects on the expected actual duration of the lease because the contract term depends on the probability that the Group would exercise that option. With relation to this the Group considers that a duration of five years is indicative of the maximum duration of the lease term, irrespective of whether contracts of longer duration exist or not.

In order to determine the incremental borrowing rate, the Group uses an interest rate consisting of the risk-free interest rate and a surcharge reflecting the credit risk related to the Group and additionally adjusted for the specific conditions of the lease contract, including term, country, currency, and collateral.

Lease payments included in measuring the lease liability comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

After the commencement date, the lease liability shall be decreased with the amount of payments made and shall be increased with the amount of the interest. The lease liability is remeasured to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the lease liability is remeasured, the amount of the remeasurement is recognised in the right-of-use asset or in profit or loss, if the carrying amount of the right-of-use asset is already reduced to zero.

The Group has chosen to report short-term leases and leases of low-value assets by using practical expedients envisaged in the standard. Instead of recognising right-of-use assets and lease liabilities, the Bank recognizes the payments related to them as an expense in profit or loss using the linear method during the lease term.

In the statement of financial position, right-of-use assets are presented on a separate row "Right-of-use assets", and the liabilities under lease contracts are also presented on a separate row - "Lease liabilities".

Extension options or termination options are included in a number of the Group's property rentals. They are used to increase the operative flexibility in the management of assets used in its operations.

**(ii) The company as lessor**

The portion of IFRS 16 which concerns the Group as lessor no significant changes were found in comparison to the previous IAS 17. The Group classifies a lease contract as a finance lease if it has transferred substantially all risks and rewards related to ownership of the asset subject to the lease. All other lease contracts are classified as operating.

In case of a finance lease, the Group recognises as asset a receivable under the contract in an amount equal to the net investment in the lease. During the lease term the Group recognizes interest income on the amount receivable at an interest rate reflecting the return rate of the net investment in the lease.

In case of operating lease, the Group recognises lease payments as revenue on a linear basis.

As lessor, the Group classifies each of its lease contracts as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it

does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

### 3. Segment Reporting

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

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

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

The Group 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	
	2022	2021	2022	2021	2022	2021
Interest income	310,997	309,069	31,907	25,241	342,904	334,310
Interest expense	(37,501)	(41,934)	(8,827)	(9,911)	(46,328)	(51,845)
<b>Net interest income</b>	<b>273,496</b>	<b>267,135</b>	<b>23,080</b>	<b>15,330</b>	<b>296,576</b>	<b>282,465</b>
Fee and commission income	157,959	133,898	22,472	15,311	180,431	149,209
Fee and commission expense	(32,375)	(24,442)	(2,820)	(1,262)	(35,195)	(25,704)
<b>Net fee and commission income</b>	<b>125,584</b>	<b>109,456</b>	<b>19,652</b>	<b>14,049</b>	<b>145,236</b>	<b>123,505</b>
<b>Net trading income</b>	<b>17,434</b>	<b>13,406</b>	<b>3,059</b>	<b>2,336</b>	<b>20,493</b>	<b>15,742</b>
<b>Administrative expenses</b>	<b>(203,983)</b>	<b>(178,584)</b>	<b>(15,336)</b>	<b>(13,499)</b>	<b>(219,319)</b>	<b>(192,083)</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Assets</b>	<b>12,464,802</b>	<b>10,787,623</b>	<b>1,029,101</b>	<b>1,109,598</b>	<b>13,493,903</b>	<b>11,897,221</b>
<b>Liabilities</b>	<b>10,593,126</b>	<b>9,400,108</b>	<b>1,506,093</b>	<b>1,177,271</b>	<b>12,099,219</b>	<b>10,577,379</b>

The table below shows assets and liabilities and income and expense by business segments as at 31/12/2022.

Business	Assets	Liabilities	Net interest income	Net fee and commission income	Net trading income	Other net operating income
Big and medium enterprises	3,203,448	2,246,777	101,470	42,510	-	677
Small business	911,137	753,273	49,957	25,517	-	2,795
Retail Banking	2,705,197	8,502,861	174,829	75,939	-	2,552
Treasury	5,085,559	60,384	9,768	(2,388)	20,493	635
Other	1,588,562	535,924	(39,448)	3,658	-	7,647
<b>Total</b>	<b>13,493,903</b>	<b>12,099,219</b>	<b>296,576</b>	<b>145,236</b>	<b>20,493</b>	<b>14,306</b>

### 4. Financial assets and liabilities

#### Accounting classification and fair values

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

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

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

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

or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

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

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

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

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

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

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

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

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

- verification of observable pricing;

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

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

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

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

*in thousands of BGN*

**31 December 2022**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	9,313	261,740	85	271,138
Financial assets at fair value through other comprehensive income	368,521	161,639	-	530,160
Derivatives held for risk management	718	891	-	1,609
<b>Total</b>	<b>378,552</b>	<b>424,270</b>	<b>85</b>	<b>802,907</b>
Financial liabilities at fair value through profit and loss	-	8,488	-	8,488

*In BGN '000*

**31.12.2021 r.**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	7,840	260,884	14	268,738
Financial assets at fair value through other comprehensive income	860,091	228,813	-	1,088,904
Derivatives held for risk management	1,042	-	-	1,042
<b>Total</b>	<b>868,973</b>	<b>489,697</b>	<b>14</b>	<b>1,358,684</b>
Financial liabilities at fair value through profit and loss	-	2,164	-	2,164

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

in thousands of BGN

31 December 2022	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
<b>Assets</b>					
Cash and balances with Central Banks	-	2,042,858	-	2,042,858	2,042,858
Financial assets at amortised cost	1,890,323	-	-	1,890,323	2,017,895
Loans and advances to banks and other financial institutions	-	221,900	-	221,900	221,900
Loans and advances to customers	-	910,424	5,986,007	6,896,431	6,819,782
<b>Total</b>	<b>1,890,323</b>	<b>3,175,182</b>	<b>5,986,007</b>	<b>11,051,512</b>	<b>11,102,435</b>
<b>Liabilities</b>					
Due to banks	-	13,152	-	13,152	13,152
Due to other customers	-	7,592,117	3,832,938	11,425,055	11,454,421
Liabilities evidenced by paper	-	123,792	-	123,792	123,846
Subordinated term debt	-	19,410	-	19,410	19,410
Hybrid debt	-	256,861	-	256,861	256,861
<b>Total</b>	<b>-</b>	<b>8,005,332</b>	<b>3,832,938</b>	<b>11,838,270</b>	<b>11,867,690</b>

In BGN '000

31.12.2021 r.	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
<b>Assets</b>					
Cash and balances with Central Banks	-	1,970,814	-	1,970,814	1,970,814
Financial assets at amortised cost	318,404	-	-	318,404	316,139
Loans and advances to banks and other financial institutions	-	87,456	-	87,456	87,456
Loans and advances to customers	-	945,836	5,826,681	6,772,517	6,653,944
<b>Total</b>	<b>318,404</b>	<b>3,004,106</b>	<b>5,826,681</b>	<b>9,149,191</b>	<b>9,028,353</b>
<b>Liabilities</b>					
Due to banks	-	8,722	-	8,722	8,722
Due to other customers	-	5,891,986	4,083,577	9,975,563	9,973,631
Liabilities evidenced by paper	-	119,980	-	119,980	120,002
Subordinated term debt	-	9,622	-	9,622	9,622
Hybrid debt	-	320,733	-	320,733	320,733
<b>Total</b>	<b>-</b>	<b>6,351,043</b>	<b>4,083,577</b>	<b>10,434,620</b>	<b>10,432,710</b>

## 5. Net interest income

in thousands of BGN

	2022	2021
<b>Interest income</b>		
Accounts with and placements to banks and financial institutions	1,508	335
Revenue from interest on liabilities	5	9
Large enterprise	76,483	75,003
Medium enterprise	42,038	57,463
Small business	40,313	36,851
Micro enterprise	9,835	8,186
Retail Banking	139,343	131,375
Debt instruments	31,767	25,088
Other interest income	1,612	-
	<b>342,904</b>	<b>334,310</b>
<b>Interest expense</b>		
Deposits from banks	(179)	(47)
Deposits from other customers	(6,254)	(14,045)
Liabilities evidenced by paper	(556)	(668)
Subordinated term debt	(384)	(380)
Hybrid debt	(33,488)	(27,634)
Interest on assets cost	(5,071)	(8,712)
Lease agreements and other	(396)	(359)
	<b>(46,328)</b>	<b>(51,845)</b>
<b>Net interest income</b>	<b>296,576</b>	<b>282,465</b>

## 6. Net fee and commission income

<i>in thousands of BGN</i>	2022	2021
<b>Fee and commission income</b>		
Letters of credit and guarantees	3,671	3,466
Payment operations	29,437	24,877
Customer accounts	52,901	39,772
Card services	48,875	37,917
Other	45,547	43,177
	<b>180,431</b>	<b>149,209</b>
<b>Fee and commission expense</b>		
Letters of credit and guarantees	(661)	(606)
Payment systems	(4,485)	(2,968)
Card services	(21,730)	(17,322)
Other	(8,319)	(4,808)
	<b>(35,195)</b>	<b>(25,704)</b>
<b>Net fee and commission income</b>	<b>145,236</b>	<b>123,505</b>

## 7. Net trading income

<i>in thousands of BGN</i>	2022	2021
Net trading income arises from:		
- Debt instruments	155	(64)
- Equities	(656)	200
- Foreign exchange rate fluctuations	20,994	15,606
<b>Net trading income</b>	<b>20,493</b>	<b>15,742</b>

## 8. Other net operating income

<i>In BGN '000</i>	2022	2021
Other net operating income arising from:		
-net income from transactions and revaluation of gold and precious metals	2,077	1,176
Rental income	5,579	5,702
- Debt instruments	929	2,941
- Equities	(303)	27
- income from management of assigned receivables	5,620	3,075
- Gain on administration of loans acquired through business combination	404	337
<b>Other net operating income</b>	<b>14,306</b>	<b>13,258</b>

## 9. Administrative expenses

<i>in thousands of BGN</i>	2022	2021
General and administrative expenses comprise:		
- Personnel cost	81,957	71,871
Amortization of equipment and tangible fixed assets	13,013	12,201
Rights of use assets	41,205	35,089
- Advertising	9,269	8,944
-Telecommunication, software and other computer maintenance	14,649	13,146
- Other expenses for external services	59,226	50,832
<b>Administrative expenses</b>	<b>219,319</b>	<b>192,083</b>

## 10. Allowance for impairment

<i>in thousands of BGN</i>	2022	2021
<b>Write-downs</b>		
<i>Loans and advances to customers</i>	(218,644)	(160,033)
<i>(v) Capital instruments at fair value through other comprehensive income</i>	(48)	(190)
<i>Off balance sheet commitments</i>	(636)	(775)
<b>Reversal of write-downs</b>		
<i>Loans and advances to customers</i>	78,097	35,069
<i>(v) Capital instruments at fair value through other comprehensive income</i>	59	3
<i>Off balance sheet commitments</i>	817	263
<b>Impairment cost, net</b>	<b>(140,355)</b>	<b>(125,663)</b>



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

<i>in thousands of BGN</i>	2022	2021
Proceeds/loss from the sale and write-off of assets acquired as collateral	2,698	(6,034)
Revaluation of investment property	14,769	30,340
(Loss)/profit from sale of investment property	(3,221)	16
Dividend income	633	455
Net earned insurance premiums	8,486	7,236
Cost of guarantee schemes	(26,704)	(23,710)
Claims incurred	(4,321)	(3,591)
Reversal of expense for provisions for pending court cases	83	508
Other (expenses)/income, net	(88)	2,388
<b>Total</b>	<b>(7,665)</b>	<b>7,608</b>

## 10b. Earnings per share

	2022	2021
Net profit attributable to shareholders (in thousands of BGN)	96,428	110,595
Average weighted number of ordinary shares held (in thousands)	149,085	149,085
<b>Earnings per share (BGN)</b>	<b>0.65</b>	<b>0.74</b>

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 2021 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>	2022	2021
Cash on hand		
- in BGN	184,778	189,400
- in foreign currency	79,554	72,599
Balances with Central Banks	1,521,699	1,499,754
Current accounts and amounts with local banks	1,291	2,916
Current accounts and amounts with foreign banks	255,536	206,145
<b>Total</b>	<b>2,042,858</b>	<b>1,970,814</b>

## 12. Investments in securities

<i>In BGN '000</i>	2022	2021
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	447,675	369,107
- denominated in foreign currencies	131,448	213,275
Foreign governments	1,792,929	620,878
Corporates	405,558	317,559
Banks	10,477	124,057
Other issuers – equity instruments	31,106	28,905
<b>Total</b>	<b>2,819,193</b>	<b>1,673,781</b>
Of which financial assets:		
at fair value through other comprehensive income	530,160	1,088,904
at amortised cost	2,017,895	316,139
at fair value through profit and loss	271,138	268,738
<b>Total</b>	<b>2,819,193</b>	<b>1,673,781</b>

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

### (a) Analysis by type

<i>in thousands of BGN</i>	2022	2021
Placements with banks	97,588	38,727
Other	124,312	48,729
<b>Total</b>	<b>221,900</b>	<b>87,456</b>

**(b) Geographical analysis***in thousands of BGN*

	<b>2022</b>	<b>2021</b>
Domestic banks and financial institutions	105,275	22,208
Foreign banks and other financial institutions	116,625	65,248
<b>Total</b>	<b>221,900</b>	<b>87,456</b>

**14. Loans and advances to customers***in thousands of BGN*

	<b>Gross value</b>	<b>Allowance for impairment</b>	<b>31/12/2022 Amortised cost</b>
Large enterprise	2,263,537	(119,690)	2,143,847
Medium enterprise	1,250,729	(191,128)	1,059,601
Small business	923,928	(12,791)	911,137
Micro enterprise	232,822	(3,882)	228,940
Retail Banking			
- Consumer loans	1,104,419	(45,024)	1,059,395
- Mortgage loans	1,285,749	(13,196)	1,272,553
- Credit cards	156,403	(15,109)	141,294
- Other programmes and collateralised financing	3,015	-	3,015
<b>Total</b>	<b>7,220,602</b>	<b>(400,820)</b>	<b>6,819,782</b>

*BGN '000*

	<b>Gross value</b>	<b>Allowance for impairment</b>	<b>31.12.2021 r. Amortised cost</b>
Large enterprise	2,467,734	(200,029)	2,267,705
Medium enterprise	1,258,780	(182,389)	1,076,391
Small business	922,650	(15,438)	907,212
Micro enterprise	201,149	(3,379)	197,770
Retail Banking			
- Consumer loans	1,009,248	(48,011)	961,237
- Mortgage loans	1,105,665	(12,853)	1,092,812
- Credit cards	165,468	(17,668)	147,800
- Other programmes and collateralised financing	3,017	-	3,017
<b>Total</b>	<b>7,133,711</b>	<b>(479,767)</b>	<b>6,653,944</b>

The distribution of the loan portfolio is reported according to the Bank's business segments

**(a) Movement in impairment allowances***in BGN '000*

<b>Balance as at 01 January 2022</b>	<b>479,767</b>
Additional allowances	218,644
Amounts released	(78,097)
Write-offs	(221,997)
Other	2,503
<b>Balance as at 31 December 2022</b>	<b>400,820</b>

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

<i>in thousands of BGN</i>	31/12/2022		31/12/2021	
	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)	4,692,718	(10,598)	4,840,376	(15,935)
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,279,839	(52,601)	949,304	(65,637)
Non-performing (impaired) exposures (phase 3)	1,248,045	(337,621)	1,344,031	(398,195)
<b>Total</b>	<b>7,220,602</b>	<b>(400,820)</b>	<b>7,133,711</b>	<b>(479,767)</b>

### 31 December 2022

Class of exposure	<i>in thousands of BGN</i>		
	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	5,972,557	(63,199)	5,909,358
Nonperforming			
Collectively impaired	242,139	(73,392)	168,747
Individually impaired	1,005,906	(264,229)	741,677
<b>Total</b>	<b>7,220,602</b>	<b>(400,820)</b>	<b>6,819,782</b>

### 31 December 2021

Class of exposure	<i>in thousands of BGN</i>		
	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	5,789,680	(81,572)	5,708,108
Nonperforming			
Collectively impaired	235,768	(75,703)	160,065
Individually impaired	1,108,263	(322,492)	785,771
<b>Total</b>	<b>7,133,711</b>	<b>(479,767)</b>	<b>6,653,944</b>

As at 31 December 2022 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 834,151 thousand

## 15. Property and equipment

<i>in thousands of BGN</i>	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
<b>Cost</b>						
<b>At 01 January 2022</b>	<b>26,243</b>	<b>141,633</b>	<b>6,956</b>	<b>18,570</b>	<b>62,331</b>	<b>255,733</b>
Additions		361	266	35,637	3,074	39,338
Other adjustments - subsidiaries exceeded the substantiality threshold	3,082	766	87	133		4,068
Exchange rate differences	-	424	18	14	136	592
Write-offs	-	(7,006)	(519)	-	(183)	(7,708)
Transfers		9,563		(14,459)	970	(3,926)
<b>At 31 December 2022</b>	<b>29,325</b>	<b>145,741</b>	<b>6,808</b>	<b>39,895</b>	<b>66,328</b>	<b>288,097</b>
<b>Amortisation</b>						
<b>At 01 January 2022</b>	<b>6,892</b>	<b>120,498</b>	<b>6,768</b>	<b>-</b>	<b>41,377</b>	<b>175,535</b>
Other adjustments - companies that exceeded the substantiality threshold	-	307	76	-	-	383
Exchange rate differences		320	12	-	106	438
Charge for the period	969	6,106	79	-	2,676	9,830
For write offs	-	(6,996)	(507)	-	(182)	(7,685)
<b>At 31 December 2022</b>	<b>7,861</b>	<b>120,235</b>	<b>6,428</b>	<b>-</b>	<b>43,977</b>	<b>178,501</b>
<b>Carrying amount</b>						
<b>At 01 January 2022</b>	<b>19,351</b>	<b>21,135</b>	<b>188</b>	<b>18,570</b>	<b>20,954</b>	<b>80,198</b>
<b>At 31 December 2022</b>	<b>21,464</b>	<b>25,506</b>	<b>380</b>	<b>39,895</b>	<b>22,351</b>	<b>109,596</b>

## 16. Intangible assets

	Software and licences	Goodwill	Total
<i>in thousands of BGN</i>			
<b>Cost</b>			
<b>At 01 January 2022</b>	<b>50,541</b>	<b>540</b>	<b>51,081</b>
Additions	455	-	455
Exchange rates and other adjustments	153	-	153
Write-offs	(590)	-	(590)
Transfers	3,926	-	3,926
<b>At 31 December 2022</b>	<b>54,485</b>	<b>540</b>	<b>55,025</b>
<b>Amortisation</b>			
<b>At 01 January 2022</b>	<b>35,515</b>	-	<b>35,515</b>
Exchange rates and other adjustments	80	-	80
Charge for the period	3,183	-	3,183
For write offs	(567)	-	(567)
<b>At 31 December 2022</b>	<b>38,211</b>	-	<b>38,211</b>
<b>Carrying amount</b>			
<b>At 01 January 2022</b>	<b>15,026</b>	<b>540</b>	<b>15,566</b>
<b>At 31 December 2022</b>	<b>16,274</b>	<b>540</b>	<b>16,814</b>

## 17a. Repossessed assets

<i>in thousands of BGN</i>	2022	2021
Land	254,600	256,609
Buildings	157,719	189,831
Machines, plant and vehicles	10,425	12,596
Fixtures and fittings	841	817
<b>Total</b>	<b>423,585</b>	<b>459,853</b>

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

<i>in thousands of BGN</i>	
<b>Balance as at 01/01/2022</b>	<b>732,850</b>
Additions	10,318
Transferred from repossessed assets	-
Revaluation of investment property to the fair value recognised at transfer	14,769
Write-offs upon sale	(7,613)
<b>Balance as at 31/12/2022</b>	<b>750,324</b>

## 18. Other assets

<i>in thousands of BGN</i>	2022	2021
Deferred expense	12,675	15,668
Gold	2,683	2,818
Investments in non-consolidated subsidiaries	2,901	10,248
Other assets	94,397	100,814
<b>Total</b>	<b>112,656</b>	<b>129,548</b>

## 19. Due to banks

<i>in thousands of BGN</i>	2022	2021
Term deposits	11,389	-
Payable on demand	1,763	8,722
<b>Total</b>	<b>13,152</b>	<b>8,722</b>

## 20. Due to other customers

<i>in thousands of BGN</i>	2022	2021
Retail customers		
- current accounts	3,057,581	2,478,823
- term and savings deposits	4,708,113	4,971,344
Businesses and public institutions		
- current accounts	3,290,916	2,074,799
- term deposits	397,811	448,665
<b>Total</b>	<b>11,454,421</b>	<b>9,973,631</b>

## 21. Liabilities evidenced by paper

<i>in thousands of BGN</i>	2022	2021
Acceptances under letters of credit	-	3,388
Liabilities under repurchase agreements	7,764	14,358
Debt related to agreements for full swap of profitability	39,468	73,391
Financing from financial institutions	36,611	26,227
Liabilities related to a structured investment product	6,884	2,638
Obligations under loan agreements	33,119	-
<b>Total</b>	<b>123,846</b>	<b>120,002</b>

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

*in thousands of BGN*

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2022
European Investment Fund – JEREMIE 2	0% - 2.79%	30/09/2025	1,506
Bulgarian Bank for Development AD Manager of financial instruments in Bulgaria fund	3.05% - 3.85%	15.03.2027 - 30.11.2028	14,931
	0%	31/12/2033	20,174
<b>Total</b>			<b>36,611</b>

*In BGN '000*

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2021
European Investment Fund – JEREMIE 2	0% - 1.087%	30/09/2025	2,731
Bulgarian Bank for Development AD Manager of financial instruments in Bulgaria fund	1% - 1.583%	15.03.2027 - 30.11.2028	15,525
	0%	31/12/2033	7,971
<b>Total</b>			<b>26,227</b>

## 22. Hybrid and subordinated debt

<i>In BGN '000</i>	Principal amount	Amortised cost as at 31 December 2022
Hybrid debt with principal EUR 60 mio	117,350	123,839
Hybrid debt with principal EUR 30 mio	58,675	58,829
Hybrid debt with principal EUR 30 mio	58,675	54,590
Hybrid debt with principal EUR 10 mio	19,558	19,603
<b>Total</b>	<b>254,258</b>	<b>256,861</b>

<i>In BGN '000</i>	Principal amount	Amortised cost as at 31 December 2021
Hybrid debt with principal EUR 40 mio	78,233	84,910
Hybrid debt with principal EUR 60 mio	117,350	123,840
Hybrid debt with principal EUR 30 mio	58,675	58,829
Hybrid debt with principal EUR 27.133 mio	53,068	53,154
<b>Total</b>	<b>307,326</b>	<b>320,733</b>

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

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

<i>In BGN '000</i>	<b>Amortised cost as at 31.12.2022</b>	<b>Amortised cost as at 31.12.2021</b>
Subordinated term debt with principal of EUR 2 million	3,943	3,943
Subordinated term debt with principal of EUR 2.9 million	5,679	5,679
Subordinated term debt with principal of EUR 5 million	9,788	-
<b>Total</b>	<b>19,410</b>	<b>9,622</b>

## 23. Other liabilities

<i>in thousands of BGN</i>	<b>2022</b>	<b>2021</b>
Liabilities to personnel	1,367	1,406
Insurance contract provisions	6,585	5,586
Provisions for pending court cases	440	523
Impairment on off balance sheet commitments	1,175	1,356
Other payables	13,789	10,422
<b>Total</b>	<b>23,356</b>	<b>19,293</b>

## 24. Shareholders

The subscription for the public offering of shares of First Investment Bank AD was completed successfully on 3 July 2020. Out of the 40 000 000 ordinary dematerialized shares with nominal value of BGN 1, and issue value of BGN 5.00 each, a total of 39 084 800 shares were subscribed and paid up.

On 31 July 2020 First Investment Bank's capital increase was registered in the Commercial Register and Register of Non-for-profit Legal Entities. This registration was carried out after the subscription for shares was successfully completed on 03 July 2020 based on the prospectus confirmed by the Financial Supervision Commission.

Thus, the Bank's capital was increased to BGN 149 084 800 by issue of 39 084 800 new ordinary, registered, dematerialized shares, each with one voting right in the general meeting, with nominal value of BGN 1 and issue value of BGN 5. The amount of the capital after the increase was reflected in the By-Laws of First Investment Bank AD after approval granted by the Bulgarian National Bank.

The table below shows those shareholders of the Bank holding shares as at 31/12/2022 together with the number and percentage of total issued shares.

	<b>Number of shares</b>	<b>% of issued share capital</b>
Mr. Ivailo Dimitrov Mutafchiev	46,750,000	31.36
Mr. Tzeko Todorov Minev	46,750,000	31.36
Bulgarian Bank for Development AD	27,350,000	18.35
Valea Foundation	11,734,800	7.87
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	11.06
<b>Total</b>	<b>149,084,800</b>	<b>100.0</b>

In 2022, as in the previous year, the Bank did not distribute dividends.

## 25. Commitments and contingent liabilities

### Contingent liabilities

<i>in thousands of BGN</i>	<b>2022</b>	<b>2021</b>
Bank guarantees	160,332	164,055
Unused credit lines	881,155	671,131
Letters of credit	33,332	12,507
<b>Total</b>	<b>1,074,819</b>	<b>847,693</b>
Impairment on off balance sheet commitments	1,175	1,356

## 26. Related party transactions

Type of related party	Parties that control or manage the Bank		Enterprises under common control	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
<i>BGN '000</i>				
Loans	2,944	3,515	64,082	70,364
Deposits and loans received:	14,195	13,725	14,629	13,582
Deposits placed	-	-	49,050	-
Other receivables	-	-	341	18,037
Other borrowings	-	-	50	320
Off-balance sheet commitments	1,023	1,061	738	594
Calculation on leasing obligations	-	-	2,684	1,513

First Investment Bank announces that as at 31/12/2022:

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 repaid or repurchased capital instruments Equity instruments have been issued as disclosed in Note 24.
4. No dividends were accrued or paid.

Mr Nikola Bakalov – Chief Executive Officer

Mr Chavdar Zlatev – Executive Director

Yanko Karakolev - Chief Financial Officer

**INTERIM REPORT  
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD  
as at 31 December 2022**

**(consolidated)**

**prepared under Art. 100o, para. 4(2) and with relation to Art. 100o<sup>1</sup>, para. 7 of the  
Public Offering of Securities Act (POSA)**

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

Highlights in the activity of First Investment Bank AD as at 31 December 2022:

1. Notification pursuant to Art. 100y, Para. 1(2) with relation to Para.2 of the Law on the Public Offering of Securities (LPOS) regarding publication in the Commercial Register and Register of NPLE of changes in the Managing Board of First Investment Bank AD was published on 24 January 2022;
2. The individual (unaudited) financial statements of First Investment Bank AD as at 31 December 2021 were published on 31 January 2022;
3. The consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2021 were published on 01 March 2022;
4. The annual individual (audited) financial statements of First Investment Bank AD as at 31 December 2021 were published on 31 March 2022;
5. The annual consolidated (audited) financial statements of First Investment Bank AD as at 31 December 2021 were published on 29 April 2022;
6. The unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2022 were published on 29 April 2022;
7. On 03 May 2022 First Investment Bank AD disclosed information pursuant to successful issue of the third tranche from Fibank's programme for issue of perpetual, non-cumulative, uncollateralized, deeply subordinated, non-convertible bonds which meet the requirements for additional Tier 1 capital within the meaning of Art. 52 of Regulation (EU) No. 575/2013, with a total amount of up to EUR 100 million
8. Notice and materials for the General Meeting of Shareholders of First Investment Bank AD were published on 12 May 2022;
9. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2022 were published on 30 May 2022;
10. Information on the results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 16 June 2022 was published on that same day;
11. The minutes of the regular annual General Meeting of Shareholders of First Investment Bank AD held on 16 June 2022 were published on 20 June 2022;
12. First Investment Bank's Ratings from Fitch Ratings were published on 20 July 2022;
13. On 01 July 2022 First Investment Bank AD disclosed information pursuant to Regulation (EU) No. 575/2013;
14. Individual (unaudited) financial statements of First Investment Bank AD as at 30 June 2022 were published on 29 July 2022;
15. Notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First



Investment Bank AD listed in the Commercial Register and RNPLE was published on 02 August 2022;

16. On 23 August 2022 was published notification about successful issue of the first tranche from the second series (fourth in total) under Fibank's programme for issue of perpetual, non-cumulative, uncollateralized, deeply subordinated, non-convertible bonds which meet the requirements for additional Tier 1 capital within the meaning of Art. 52 of Regulation (EU) No. 575/2013, with a total amount of the programme of up to EUR 100 million;
17. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2022 were published 29 August 2022.
18. Individual (unaudited) financial statements of First Investment Bank AD as at 30 September 2022 were published on 27.10.2022;
19. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2022 were published on 29.11.2022;
20. On 01 December 2022 the Bank published a notification that the Programme for the issue of perpetual, non-cumulative, uncollateralized, deeply subordinated, non-convertible bonds which meet the requirements for additional Tier 1 capital within the meaning of Art. 52 of Regulation (EU) No. 575/2013 has been prolonged.

*Review of the activities of First Investment Bank AD as at 31 December 2022 on consolidated (unaudited) basis*

- *Balance sheet as at 31 December 2022.*

The balance sheet assets of the Group as at 31.12.2022 reached BGN 13,494 million, showing an increase by BGN 1,597 million against the end of 2021. In terms of assets First Investment Bank AD retains its place among the leading banks in the Bulgarian banking system. As at 31.12.2022 the deposits from other customers amounted to BGN 11,454 million, with net increase of BGN 1,481 million for the period; as regards this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at the end of December 2022 the accounting equity amounted to BGN 1,395 million net, which means an increase by BGN 75 million for the period. Receivables from clients at 31 December 2022 amounted to BGN 6,820 million book value, a increase against the end of 2021 by BGN 166 million.

- *Consolidated profit as at 31 December 2022*

The net profit of the Bank as at 31.12.2022 reached BGN 97,133 thousand. The profit before tax for 2022 was BGN 109,272 thousand, the profit before provisions and impairment amounted to BGN 249,627 thousand.

The total revenue from banking operations as at 31 December 2022 amounted to BGN 476,611 thousand (Q4 2021: BGN 434,970 thousand). The net interest income for the period January-December 2022 amounted to BGN 296,576 thousand, marking an increase by BGN 14,111 thousand compared the same period of the previous year. The main reason for this is the decrease in interest rates on attracted funds leading to lower interest expense. In Q4 2022 the net fee and commission income amounted to BGN 145,236 thousand, BGN 21,731 thousand higher than the same period in 2021.

- *Capital resources*

The capital adequacy ratio of First Investment Bank AD as at 31 December 2022 reached 20.98 %. The Tier 1 capital ratio was 20.75%, while CET1 ratio was 17.38 %. The own funds amounted to BGN 1,523 million. As at 31 December 2022 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 December 2022 reached 240.00 % and the net stable funding ratio was 146.77 %, showing a stable liquidity position.

- *A total of 125 branches and offices throughout the country*

As at 31 December 2022, First Investment Bank AD had a total of 125 branches and offices in Bulgaria – 42 of them in Sofia and 83 in towns throughout the country. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank.

**Appendix 1**

**INFORMATION AS AT 31 December 2022  
UNDER ART. 12, PARA. 1, P. 4  
OF ORDINANCE No 2**

*of the Financial Supervision on the initial and subsequent disclosure of information in the public offering of securities and the admission of securities for trading at a regulated market*

- 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

*There are no new standards, nor amendments to existing standards issued by the International Accounting Standards Boards effective for the current period that could have any significant impacts on 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 2021.*

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

*As at 31 December 2022 the following changes in the Bank's economic group had occurred:*

- The General Meeting of Shareholders of Diners Club Bulgaria decided to increase the company's share capital from BGN 610 000 to BGN 910 000 through the issue of 300 000 new registered available voting shares, with nominal and issue value of BGN 1 each, which are to be subscribed by the shareholder First Investment Bank AD. The GMS also approved amendments to Articles 6.1 and чл.6.2 of the By-Laws of Diners Club Bulgaria AD, provided that the shares issued for the increase are subscribed and paid up. This change will be published in the Commercial Register and RNPLE;*
- The General Meeting of Shareholders of "Medical Centres Fi Health Plovdiv" AD decided to re-elect the current members of the Board of Directors Alexander Hristov Alexandrov, Kostadinka Ignatova Petleshkova and Tsvetomira Marinova Karapchanska for a new three-year term in office. This change will be published in the Commercial Register and RNPLE;*
- Balkan Financial Services EAD, in liquidation – a notice to the company's creditors was published under #20220511092220 in the Commercial Register and RNPLE. Thus, the six-month period of liquidation as per the sole owner's decision has begun.*
- „Realtor“ OOD – deregistered as from 20.07.2022 from the Commercial Register and Register of Non-Profit Legal Entities;*
- „Myfin“ EAD: with an MB resolution of 01.09.2022 First Investment Bank as the sole owner reelected for a new 5-year term the current members of the Board of Directors: Svetozar Popov, Ralitsa Bogoeva and Lachezar Venkov; the management address of the subsidiary was changed from Sofia 1797, 37, Dragan Tsankov Blvd, to Sofia 1784, Mladost Region, 111P Tsarigradsko Chaussee Blvd., respectively Article 3(2) of the By-Laws of Myfin EAD were amended to reflect the change of management address;*

- *Fibank is in the process of establishing a new subsidiary Incasso Gaurant EOOD – Management Board resolution dated 09.08.2022, approved by the Supervisory Board on 24.09.2022.*
- *After a duly submitted application accompanied by all necessary documents (reports and resolutions) was registered on 9 December 2022 in the Commercial Register, Balkan Financial Services is now a deregistered company;*
- *On 30 December 2022 the GMS of Diners Club Bulgaria AD decided on the change of the company’s management address: from Sofia 1404, Triaditsa Region, 81G Bulgaria Blvd, to Sofia, Mladost Region, 111P Tsarigradsko Chaussee Blvd, respectively on a change in the company’s By-Laws to reflect that change.*

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:

*Based on these interim quarterly reports the management considers that the possibilities for achieving the forecasts regarding key ratios, as stated in the “Priorities for Development 2021-2023” remain.*

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

	<i>at 30 September 2022</i>		<i>at 31 December 2022</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Mr Tseko Minev	46 750 000	31,36%	No change	
Mr Ivaylo Mutafchiev	46 750 000	31,36%	No change	
Bulgarian Development Bank AD	27 350 000	18,35%	No change	
Valea Foundation	11 734 800	7,87%	No change	

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

<i>Members of the Managing Board</i>	<i>at 30 September 2022</i>		<i>at 31 December 2022</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Nikola Bakalov	374	0,00	2516	0,00
Chavdar Zlatev	27 173	0,01	No change	
Ralitsa Bogoeva	0	0,00	No change	
Svetozar Popov	5856	0,00	No change	
Ianko Karakolev	12	0,00	No change	
Nadia Koshinska	234	0,00	No change	

<i>Members of the Supervisory Board</i>	<i>at 30 September 2022</i>		<i>at 31 December 2022</i>	
	<i>Number of shares</i>	<i>% of capital</i>	<i>Number of shares</i>	<i>% of capital</i>
Evgeni Lukanov	337 139	0,23	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo	-	0,00	No change	

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

*No events have occurred.*

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

*First Investment Bank AD is a public company part of whose main activity is the public attraction of deposits or other repayable funds and granting of loans or other financing. In this sense, for the period until 31 December 2022 no events have occurred beyond the ordinary activity of the Bank*

**Appendix 2**

**INFORMATION AS AT 31 December 2022  
UNDER ART. 12, PARA. 3  
OF ORDINANCE No. 2**

*of the Financial Supervision on the initial and subsequent disclosure of information in the public offering of securities and the admission of securities for trading at a regulated market*

*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. The information on these transactions has been disclosed in Note 29 to the unaudited consolidated interim financial report.

*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.*

The information on these transactions has been disclosed in Note 29 to the unaudited consolidated interim financial report.

(signed)  
Nikola Bakalov  
Chief Executive Officer  
Chairman of MB

(signed)  
Chavdar Zlatev  
Executive Director  
Member of MB

(signed)  
Ianko Karakolev  
Chief Financial Officer  
Member of MB

**DECLARATION**  
**under Art. 100o, para. 4(3) with relation to Art. 100o<sup>1</sup>, para. 7 of the Public Offering of Securities Act (POSA)**

The undersigned Nikola Bakalov, Chief Executive Officer and Chairman of the Managing Board of First Investment Bank AD, Chavdar Zlatev, Executive Director and member of the Managing Board of First Investment Bank AD, and Ianko Karakolev, Chief Financial Officer and member of the Managing Board of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (consolidated) of First Investment Bank AD as at 31 December 2022, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 31 December 2022 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  
Chairman of the Managing Board

(signed)  
Chavdar Zlatev  
Executive Director  
Member of MB

(signed)  
Ianko Karakolev  
Chief Financial Officer  
MB Member

01 March 2023

FIRST INVESTMENT BANK AD

Bank **FINV9150** First Investment Bank AD

Reporting date **31.12.2022**

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 0010
0010	<b>Cash and cash balances with central banks and other deposits payable on demand</b>	Para. 54 (i) of IAS 1		<b>2 106 725</b>
0020	Cash	part 2, paragraph 1 of Appendix V		264 328
0030	Cash balances with central banks	part 2, paragraph 1 of Appendix V		1 521 699
0040	Other deposits payable on demand	part 2, paragraph 1 of Appendix V	5	320 698
0050	<b>Financial assets held for trading</b>	Supplement A to IFRS 9		<b>5 866</b>
0060	Derivatives	Supplement A to IFRS 9	10	0
0070	Equity	Para. 11 of IAS 32	4	5 770
0080	Debt securities	part 1, paragraph 31 of Appendix V	4	96
0090	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
0096	<b>Non-tradable financial assets mandatorily reported at fair value through profit or loss</b>	Para. 8 (a)(ii) of IFRS 7; IFRS 9.4.1.4	4	<b>261 821</b>
0097	Equity	Para. 11 of IAS 32	4	25 336
0098	Debt securities	part 1, paragraph 31 of Appendix V	4	236 485
0099	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
0100	<b>Financial assets at fair value through profit or loss</b>	Para. 8 (a)(i) of IFRS 7; IFRS 9.4.1.5	4	<b>0</b>
0120	Debt securities	part 1, paragraph 31 of Appendix V	4	0
0130	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
0141	<b>Financial assets at fair value through other comprehensive income</b>	Para. 8 (h) of IFRS 7; IFRS 9.4.1.2A	4	<b>530 160</b>
0142	Equity	Para. 11 of IAS 32	4	0
0143	Debt securities	part 1, paragraph 31 of Appendix V	4	530 160
0144	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
0181	<b>Financial assets at amortised cost</b>	Para. 8 (f) of IFRS 7; IFRS 9.4.1.2	4	<b>8 987 948</b>
0182	Debt securities	part 1, paragraph 31 of Appendix V	4	2 017 895
0183	Loans and advances	part 1, paragraph 32 of Appendix V	4	6 970 053
0240	<b>Derivatives - hedge accounting</b>	IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V	11	<b>0</b>
0250	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (a) of IAS 39, IFRS 9.6.5.8		<b>0</b>
0260	<b>Investments in a subsidiary, jointly-controlled entity or associate</b>	Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V	40	<b>5 716</b>
0270	<b>Tangible assets</b>			<b>859 907</b>
0280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1; Para 47 (a) of IFRS 16	21, 42	109 583
0290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1; Para. 48 of IFRS 16	21, 42	750 324
0300	<b>Intangible assets</b>	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		<b>16 368</b>
0310	Goodwill	Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575		107
0320	Other intangible assets	Para. 8 and Para. 118 of IAS 38; Para. 47 (a) of IFRS 16	21, 42	16 261
0330	<b>Tax assets</b>	Para. 54 (n)-(o) of IAS 1		<b>767</b>
0340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		0
0350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575		767
0360	<b>Other assets</b>	part 2, paragraph 5 of Appendix V		<b>709 849</b>
0370	<b>Non-current assets and disposal groups classified as held for sale</b>	Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 7 of Appendix V		<b>0</b>
0380	<b>TOTAL ASSETS</b>	Para. 9, (a), IN 6 of IAS 1		<b>13 485 127</b>



FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2022	
Basis for application	consolidated	
Accounting standard	IFRS	

Reporting currency in BGN '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 0010
0010	<b>Financial liabilities held for trading</b>	Para. 8, (e)(ii) of IFRS 7; BA Para. 6 of IFRS 9	8	0
0020	Derivatives	supplement A to IFRS 9, IFRS 9.4.2.1(a), BA, paragraph 7(a) of IFRS 9	10	0
0030	Short positions	BA, Paragraph 7(b) of IFRS 9	8	0
0040	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
0050	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
0060	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	0
0070	<b>Financial liabilities at fair value through profit or loss</b>	Para. 8 (e)(i) of IFRS 7; IFRS 9.4.2.2	8	8 488
0080	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
0090	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
0100	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	8 488
0110	<b>Financial liabilities at amortised cost</b>	Para. 8 (g) of IFRS 7; IFRS 9.4.2.1	8	11 875 081
0120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	11 522 196
0130	Issued debt securities	part 1, paragraph 37 of Appendix V	8	276 271
0140	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	76 614
0150	<b>Derivatives - hedge accounting</b>	IFRS 9.6.2.1, part 1, paragraph 26 of Appendix V	11	0
0160	<b>Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk</b>	Para. 89A (b) of IAS 39, IFRS 9.6.5.8		0
0170	<b>Provisions</b>	Para. 10 of IAS 37; Para. 54 (l) of IAS 1	43	1 615
0180	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
0190	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
0200	Restructuring	Para. 71 and 84(a) of IAS 37	43	0
0210	Pending legal matters and tax-related court cases	IAS 37, addendum B, examples 6 and 10	43	440
0220	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	1 175
0230	Other provisions	Para. 14 of IAS 37	43	0
0240	<b>Tax liabilities</b>	Para. 54 (n)-(o) of IAS 1		28 468
0250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		645
0260	Deferred tax liabilities	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		27 823
0270	<b>Share capital payable upon request</b>	IAS 32, Illustrative example 33; IFRIC 2; part 2, paragraph 12 of Appendix V		0
0280	<b>Other liabilities</b>	part 2, paragraph 13 of Appendix V		189 378
0290	<b>Liabilities in disposal groups classified as held for sale</b>	Para. 54, (p) of IAS 1; Para. 38 of IFRS 5; part 2, paragraph 14 of Appendix V		0
0300	<b>TOTAL LIABILITIES</b>	Para. 9, (b), IN 6 of IAS 1		12 103 030

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2022	
Basis for application	consolidated	
Accounting standard	IFRS	

Reporting currency in BGN '000 BGN

**1.1. Balance sheet [statement of financial position]**

**1.3 Total own funds**

		References	Breakdown in table	Carrying amount
				0010
0010	<b>Equity</b>	Para. 54(s) of IAS 1; Para. 22 of DOB	46	<b>149 085</b>
0020	Paid up share capital	Para. 78 (e) of IAS 1		149 085
0030	Not fully paid-up capital	part 2, paragraph 14 of Appendix V		0
0040	<b>Premium reserves</b>	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	<b>250 017</b>
0050	<b>Issued capital instruments other than share capital</b>	part 2, paragraphs 18-19 of Appendix V	46	<b>0</b>
0060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V		0
0070	Other issued equity instruments	part 2, paragraph 19 of Appendix V		0
0080	<b>Other own funds</b>	Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V		<b>0</b>
0090	<b>Accumulated other comprehensive income</b>	Art. 4, para. 1, item 100 of Reg 575	46	<b>(7 180)</b>
0095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		4 500
0100	<i>Tangible assets</i>	Paras. 39 -41 of IAS 16		0
0110	<i>Intangible assets</i>	Paras. 85-87 of IAS 38		4 500
0120	<i>Actuarial gains or (-) losses on defined benefit plans</i>	Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19		0
0122	<i>Non-current assets and disposal groups classified as held for sale</i>	Para. 38, IN example 12 of IFRS 5		0
0124	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	NI 6 of IAS1, paragraph 10 of IAS 28		0
0320	<i>Changes in fair value of capital instruments at fair value in other comprehensive income</i>	Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRS 9; part 2, paragraph 21 of Appendix V		0
0330	<i>Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income</i>	Para. 7 (d) of IFRS 1; IFRS 9.5.7.5 and 6.5.3; paragraph 24C of IFRS 7, part 2, paragraph 22 of Appendix V		0
0340	<i>Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]</i>	IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V		0
0350	<i>Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]</i>	Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V		0
0360	<i>Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk</i>	Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V		0
0128	Items which can be reclassified as profit or loss	Para. 81A (a)(ii) of IAS 1		(11 680)
0130	<i>Hedges of net investments in foreign operations [effective portion]</i>	IFRS 9 6.5.13(a); Paragraph 24B(b), items ii) and iii) of IFRS 7; Paragraph 24C(b), items i) and iv), and paragraph 24E(a) of IFRS 7; part 2, paragraph 24 of Appendix V		0
0140	<i>Currency exchange</i>	Para. 52 (b) of IFRS 21; Paras. 32, 38-49 of IAS 21		6 367
0150	<i>Derivatives from hedging Cash flow hedges [effective portion]</i>	Paragraph 7(e) of IAS 1; paragraph 24B(b), items ii) and iii) of IFRS 7; paragraph 24C(b), item i) and paragraph 24E of IFRS 7; IFRS 9 6.5.11(b); part 2, paragraph 25 of appendix V		0
0155	<i>Changes in fair value of debt instruments at fair value in other comprehensive income</i>	Para. 7 (da) of IAS 1; IFRS 9 4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V		(18 047)
0165	<i>Hedging instruments [unreported elements]</i>	Paragraph 7, (g) and (h) of IAS 1; IFRS 9 6.5.15 and 6.5.16; Paragraph 24 E, (b) and (c) of IFRS 7, part 2, Paragraph 60 of appendix V		0
0170	<i>Non-current assets and disposal groups classified as held for sale</i>	Para. 38, IN example 12 of IFRS 5		0
0180	<i>Share of the other comprehensive income of subsidiaries, associates and joint ventures</i>	NI 6 of IAS1, paragraph 10 of IAS 28		0
0190	<b>Retained earnings</b>	Art. 4, para. 1, item 123 of Reg 575		<b>0</b>
0200	<b>Revaluation reserve</b>	Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V		<b>0</b>

		References	Breakdown in table	Carrying amount
				0010
0210	<b>Other reserves</b>	<i>Para. 54 of IAS 1; Para. 78 (e) of IAS 1</i>		<b>894 826</b>
0220	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	<i>Para. 11 of IAS 28; part 2, item 29 of Appendix V</i>		0
0230	Other	<i>part 2, paragraph 29 of Appendix V</i>		894 826
0240	<b>(-) Repurchased own shares</b>	<i>Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, paragraph 30 of Appendix V</i>	46	<b>0</b>
0250	<b>Profit or loss attributable to the owners of the parent company</b>	<i>Para. 81B (b)(ii) of IAS 1</i>	2	<b>95 345</b>
0260	<b>(-) Interim dividends</b>	<i>Para. 11 of IAS 32</i>		<b>0</b>
0270	<b>Minority interests [Non-controlling interests]</b>	<i>Para. 54 (r) of IAS 1</i>		<b>4</b>
0280	Accumulated other comprehensive income	<i>Art. 4, para. 1, item 100 of Reg 575</i>	46	0
0290	Other items		46	4
0300	<b>TOTAL SHAREHOLDERS' EQUITY</b>	<i>Para. 9 (c), IN 6 of IAS 1</i>	46	<b>1 382 097</b>
0310	<b>TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES</b>	<i>IN 6 of IAS 1</i>		<b>13 485 127</b>

(signed)  
Nikola Bakalov  
Chief Executive Officer

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
Yanko Karakolev  
Chief Financial Officer

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date	31.12.2022	
Basis for application	consolidated	
Accounting standard	IFRS	

Reporting currency in BGN '000 BGN

**2. Profit and Loss Account**

	References	Breakdown in table	Current period	
			0010	
0010	<b>Interest income</b>	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	342 824
0020	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 33, 34 of Appendix V		2
0025	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		11 800
0030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRS 7		0
0041	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		10 915
0051	Financial assets at amortised cost	Para. 20(b) of IFRS 7; IFRS 9.4.1.2, IFRS 9.5.7.2		318 490
0070	Derivatives — hedge accounting, interest rate risk	supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V		0
0080	Other assets	part 2, paragraph 36 of Appendix V		1 612
0085	Revenue from interest on liabilities	IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V		5
0090	<b>(Interest expense)</b>	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	46 339
0100	(Financial liabilities held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 33, 34 of Appendix V		0
0110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRS 7		0
0120	(Financial liabilities at amortised cost)	Para. 20(b) of IFRS 7; IFRS 9.5.7.2		40 769
0130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V		0
0140	(Other liabilities)	part 2, paragraph 38 of Appendix V		499
0145	(Interest expense on assets)	IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V		5 071
0150	<b>(Expense for share capital payable upon request)</b>	IFRIC 2, item 11		0
0160	<b>Dividend income</b>	part 2, paragraph 40 of Appendix V	31	578
0170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRS 7; part 2, paragraphs 40 of Appendix V		346
0175	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		232
0191	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
0192	Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	part 2, paragraph 42 of Appendix V		0
0200	<b>Fee and commission income</b>	Para. 20 (c) of IFRS 7	22	181 791
0210	<b>(Fee and commission expense)</b>	Para. 20 (c) of IFRS 7	22	34 918
0220	<b>Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss</b>	part 2, paragraph 45 of Appendix V	16	6 762
0231	Financial assets at fair value through other comprehensive income	IFRS 9.4.1.2A; IFRS 9.5.7.10-11		665
0241	Financial assets at amortised cost	Para. 20(B)(v) of IFRS 7; IFRS 9.4.1.2, IFRS 9.5.7.2		6 097
0260	Financial liabilities at amortised cost	Para. 8 (a)(v) of IFRS 7; IFRS 9.5.7.2		0
0270	Other			0
0280	<b>Net profits or (-) losses from financial assets and liabilities held for trading</b>	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V	16	(542)
0287	<b>Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss</b>	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V		(136)
0290	<b>Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss</b>	Para. 20, (a)(i) of IFRS 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V	16, 45	0
0300	<b>Net profits or (-) losses from hedge accounting</b>	part 2, paragraph 47 of Appendix V	16	0
0310	<b>Net profits or (-) losses from exchange rate differences</b>	Para. 28 and Para 52 (a) of IAS 21		20 994
0320	<b>Net profits or (-) losses from derecognition of investments in subsidiaries joint ventures and associates</b>	Application V, part 2.56		0
0330	<b>Net profits or (-) losses from derecognition of non-financial assets</b>	Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V	45	(613)
0340	<b>Other operating income</b>	part 2, paragraphs 314-316 of Appendix V	45	26 336
0350	<b>(Other operating expense)</b>	part 2, paragraphs 314-316 of Appendix V	45	5 691
0355	<b>TOTAL NET OPERATING INCOME</b>			491 046
0360	<b>(Administrative expenses)</b>			204 809
0370	(Personnel costs)	Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1	44	95 989
0380	(Other administrative expenses)		16	108 820
0385	(Cash instalments for restructuring funds and deposit guarantee schemes)	part 2, paragraph 48 of Appendix V		24 930
0390	<b>(Amortisation)</b>	Paras. 102, 104 of IAS 1		14 178
0400	(Property, Plant and Equipment)	Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16		11 053
0410	(Investment Property)	Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40		0
0420	(Other intangible assets)	Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38		3 125
0425	<b>Net profits or (-) losses from modification</b>	IFRS 9.5.4.3, supplement A to IFRS 9, part 2, paragraph 49 of Appendix V		0
0426	Financial assets at fair value through other comprehensive income	Paragraph 35J of IFRS 7		0
0427	Financial assets at amortised cost	Paragraph 35J of IFRS 7		0
0430	<b>(Provisions or (-) reversed provisions)</b>	Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1	9 12 43	(266)
0435	(Undertaken obligations to make payments for restructuring funds and deposit guarantee schemes )	part 2, paragraph 48 (i) of Appendix V		0
0440	(Commitments and guarantees)	IFRS 9.4.2.1(c), (d); IFRS 9.B2.5; IAS 37; IFRS 4; part 2, para. 50 of Appendix V		(183)
0450	(Other provisions)			(83)

		References	Breakdown in table	Current period
				0010
0460	(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)	Para. 20, (a)(viii) of IFRIC 7; IFRS 9.5.4.4, part 2, items 51, 53 of Appendix V	12	140 154
0481	(Financial assets at fair value through other comprehensive income)	IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8	12	(9)
0491	(Financial assets at amortised cost)	IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8	12	140 163
0510	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	Paras. 40-43 of IAS 28	16	0
0520	(Impairment or (-) reversed impairment of non-financial assets)	Para. 126(a)-(b) of IAS 36	16	0
0530	(Property, Plant and Equipment)	Para. 73, (e), (v)-(vi) of IAS 16		0
0540	(Investment Property)	Para. 79, (d), (v) of IAS 40		0
0550	(Goodwill)	B67, (d), (v) of IFRIC 3; Para. 124 of IAS 36		0
0560	(Other intangible assets)	Para. 118, (e), (iv)-(v) of IAS 38		0
0570	(Other)	Para. 126(a)-(b) of IAS 36		0
0580	Negative goodwill in profit or loss	B64, (n)(i) to IFRIC 3		0
0590	Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	part 2, paragraph 54 of Appendix V		0
0600	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V		0
0610	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	Para. 102, IN 6 of IAS 1; Para. 33 A of IFRIC 5		107 241
0620	(Tax expense or (-) income relating to the profit or loss from current operations)	Para. 8, (d) of IAS 1; Para. 77 of IAS 12		11 941
0630	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	IN 6 of IAS 1		95 300
0640	Profit or (-) loss after tax from discontinued operations	Para. 82, (e) of IAS 1; Para. 33(a) and paragraph 33A of IFRIC 5; part 2, paragraph 56 of Appendix V		0
0650	Profit or (-) loss before tax from discontinued operations	Para. 33, (b)(i) of IFRIC 5		0
0660	(Tax expense or (-) income related to discontinued operations)	Para. 33, (b)(i) and (iv) of IFRIC 5		0
0670	PROFIT OR (-) LOSS FOR THE YEAR	Para. 81A (a) of IAS 1		95 300
0680	Relating to minority interests [non-controlling interests]	Para. 81B (b)(i) of IAS 1		(45)
0690	Attributable to the owners of the parent company	Para. 81B (b)(ii) of IAS 1		95 345

(signed)  
Nikola Bakalov  
Chief Executive Officer

(signed)  
CHAVDAR ZLATEV  
Executive Director

(signed)  
Yanko Karakolev  
Chief Financial Officer