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

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

30 November 2015

Re: Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 Sept 2015

Dear Sirs,

In compliance with the requirements of the Public Offering of Securities Act (POSA) and the regulations for its implementation, in our capacity as public company and issuer of bonds admitted for trading at a regulated market, we hereby submit the consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2015, containing:

1. Financial statements as at 30.09.2015 as per Art. 100o, para. 4(1) of POSA;
2. Notes to the financial statements as at 30.09.2015;
3. Interim activity report under Art. 100o, para. 4(2) of POSA;
4. Declaration under Art. 100o, para. 4(3) of POSA.

Sincerely,

(signed)

Dimitar Kostov
Executive Director

(signed)

Maya Oyfalosh
Executive Director

FIRST INVESTMENT BANK AD
Consolidated statement of shareholders' equity for the nine months ended 30 September 2015
unaudited

in BGN '000

	Issued share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Revaluation reserve on property	Reserve from translation of foreign operations	Statutory reserve	Non-controlling interest	Total
Balance at 01 January 2014	**110 000**	**97 000**	**438 171**	**3 504**	**4 500**	**(2 854)**	**39 865**	**2 329**	**692 515**
Total comprehensive income for the period									
Net profit for the nine months ended on 30 September 2014	-	-	26 021	-	-	-	-	(15)	26 006
Other comprehensive income for the period									
Revaluation reserve on available for sale investments	-	-	-	1 397	-	-	-	-	1 397
Reserve from translation of foreign operations	-	-	-	-	-	43	-	-	43
Balance at 30 September 2014	**110 000**	**97 000**	**464 192**	**4 901**	**4 500**	**(2 811)**	**39 865**	**2 314**	**719 961**
Balance at 01 January 2015	**110 000**	**97 000**	**468 945**	**7 114**	**4 500**	**(2 846)**	**39 865**	**2 319**	**726 897**
Total comprehensive income for the period									
Net profit for the nine months ended on 30 September 2015	-	-	14 970	-	-	-	-	(21)	14 949
Other comprehensive income for the period									
Revaluation reserve on available for sale investments	-	-	-	(1 396)	-	-	-	-	(1 396)
Reserve from translation of foreign operations	-	-	-	-	-	111	-	-	111
Dividend paid by subsidiary	-	-	(955)	-	-	-	-	-	(955)
Balance at 30 September 2015	**110 000**	**97 000**	**482 960**	**5 718**	**4 500**	**(2 735)**	**39 865**	**2 298**	**739 606**

DIMITAR KOSTOV
Executive Director

MAYA OYFALOSH
Executive Director

YANKO KARAKOLEV
Director of Finance Department

FIRST INVESTMENT BANK AD

Consolidated statement of the financial position as at 30 September 2015

unaudited		*in BGN '000*
	30.09.2015	**31.12.2014**
ASSETS		
Cash and balances with Central Banks	1 351 300	1 651 945
Financial assets held for trading	14 172	9 646
Available for sale investments	655 885	486 975
Financial assets held to maturity	231 545	63 737
Loans and advances to banks and other financial institutions	116 074	112 078
Loans and advances to customers	5 895 624	5 810 328
Property and equipment	107 451	109 025
Intangible assets	12 479	18 265
Derivatives held for risk management	3 455	4 019
Deferred tax assets	21	46
Current tax assets	867	800
Repossessed assets	541 181	521 605
Other assets	45 434	39 413
TOTAL ASSETS	**8 975 488**	**8 827 882**
LIABILITIES AND CAPITAL		
Due to banks	3 364	1 393
Due to other customers	7 274 367	6 699 677
Ministry of Finance deposit	512 606	901 844
Liabilities evidenced by paper	177 679	177 544
Perpetual debt	43 451	99 999
Hybrid debt	198 768	195 447
Deferred tax liabilities	3 108	3 336
Current tax liabilities	-	920
Other liabilities	22 539	20 825
TOTAL LIABILITIES	**8 235 882**	**8 100 985**
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 865	39 865
Revaluation reserve on available for sale investments	5 718	7 114
Revaluation reserve on property	4 500	4 500
Reserve from translation of foreign operations	(2 735)	(2 846)
Retained earnings	482 960	468 945
TOTAL SHAREHOLDERS' EQUITY	**737 308**	**724 578**
Non-controlling interest	2 298	2 319
TOTAL GROUP EQUITY	**739 606**	**726 897**
TOTAL LIABILITIES AND GROUP EQUITY	**8 975 488**	**8 827 882**

DIMITAR KOSTOV
Executive Director

MAYA OYFALOSH
Executive Director

YANKO KARAKOLEV
Director of Finance Department

FIRST INVESTMENT BANK AD

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

unaudited

	nine months ended 30 September 2015	**nine months ended 30 September 2014**
Interest income	366 537	401 863
Interest expense	(173 337)	(208 837)
Net interest income	**193 200**	**193 026**
Fee and commission income	73 999	80 764
Fee and commission expense	(14 486)	(15 433)
Net fee and commission income	**59 513**	**65 331**
Net trading income	8 020	9 470
Other net operating income	9 385	12 642
TOTAL INCOME FROM BANKING OPERATIONS	**270 118**	**280 469**
Administrative expenses	(136 527)	(145 593)
Allowance for impairment	(100 164)	(90 804)
Other expenses, net	(17 387)	(14 787)
PROFIT BEFORE TAX	**16 040**	**29 285**
Income tax expense	**(1 091)**	**(3 279)**
GROUP PROFIT AFTER TAX	**14 949**	**26 006**
Other comprehensive income for the period		
Items which should or may be reclassifed as profit or loss		
Exchange rate differences from translation of foreign operations	111	43
Revaluation reserve on available for sale investments	(1 396)	1 397
Total other comprehensive income	**(1 285)**	**1 440**
TOTAL COMPREHENSIVE INCOME	**13 664**	**27 446**
Net profit attributable to:		
Ordinary equity holders	14 970	26 021
Non-controlling interest	(21)	(15)
Total comprehensive income attributable to:		
Ordinary equity holders	13 685	27 461
Non-controlling interest	(21)	(15)
Basic and diluted earnings per share (BGN)	**0,14**	**0,24**

DIMITAR KOSTOV
Executive Director

MAYA OYFALOSH
Executive Director

YANKO KARAKOLEV
Director of Finance Department

FIRST INVESTMENT BANK AD

Consolidated statement of cash flows for the nine months ended 30 September 2015

unaudited

	nine months ended 30.09.2015	nine months ended 30.09.2014
in BGN '000		
Net cash flow from operating activities		
Net profit	14 949	26 006
Adjustment for non-cash items		
Allowance for impairment	100 164	90 804
Net interest income	(193 200)	(193 026)
Depreciation and amortization	13 445	15 262
Tax expense	1 091	3 279
(Profit)/loss from sale and write-off of tangible and intangible fixed assets, net	1 714	(11)
(Profit) from sale of other assets, net	(242)	(194)
	(62 079)	**(57 880)**
Change in operating assets		
(Increase)/decrease in financial instruments held for trading	(4 525)	6 758
(Increase)/decrease in available for sale investments	(169 060)	19 804
(Increase)/decrease in loans and advances to banks and financial institutions	(39 406)	14 170
(Increase) in loans to customers	(103 450)	(29 436)
(Increase)/decrease in other assets	(6 343)	36 790
	(322 784)	**48 086**
Change in operating liabilities		
Increase/(decrease) in deposits from banks	1 971	(3 577)
Increase/(decrease) in amounts owed to other depositors	158 965	(196 501)
Net increase in other liabilities	2 548	10 703
	163 484	**-189 375**
Interest received	241 605	268 134
Interest paid	(147 485)	(205 574)
Tax on profit, paid	(3 073)	(2 170)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(130 332)**	**-138 780**
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(10 287)	(10 440)
Sale of tangible and intangible fixed assets	2 488	38
Sale of other assets	22 419	5 061
(Increase)/decrease of investments	(167 910)	109 030
NET CASH FLOW FROM INVESTING ACTIVITIES	**(153 290)**	**103 689**
Financing activities		
Repayment of subordinated debt	-	(24 655)
Repayment of perpetual debt	(52 807)	-
Increase/(decrease) in borrowings	350	(4 432)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(52 458)**	**(29 087)**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(336 079)**	**(64 178)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**1 737 230**	**1 422 180**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1 401 151**	**1 358 002**

DIMITAR KOSTOV
Executive Director

MAYA OYFALOSH
Executive Director

YANKO KARAKOLEV
Director of Finance Department

ADDENDUM TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST INVESTMENT BANK AD
as at 30.09.2015

NOTES

1 Basis of preparation

(a) Statute

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

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

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 nine months ended 30 September 2015 comprise the Bank and its 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 on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention.

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 2014 г.

(a) Income recognition

(i) Interest income and expense

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

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

(ii) Fee and Commission

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) Control assessment over mutual funds

The Group has invested in several mutual funds. In order to assess the control level over those mutual funds, the Group focuses on the assessment of the overall economic interest in the fund (representing investment income) and the right to dismiss the fund management. The Investors do not have the right to dismiss the fund management for all funds in which they have invested. As a result of the analysis the Group concluded that it controls the following investment funds: FIB Classic, FIB Avantgarde and FIB Guarant. These mutual funds and AMS Properties EOOD are not included in the consolidated financial statements of the Group for the nine months ended 30 September 2015, as they are considered immaterial both individually and in aggregate to the financial position, financial result and the cash flow of the Group for the same reporting period.

The assessment for consolidation of the mutual funds and the other entities is reconsidered at each reporting date.

(v) 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.

(vi) 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

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management because its performance is assessed and monitored on the basis of its fair value. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell or re-classify other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(v) Recognition

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on the date of the actual delivery of the assets. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(vi) Measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in profit or loss. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired. At this time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in profit or loss.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

(vii) Fair value measurement principles

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The 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 the central bank and short-term highly liquid accounts and advances to banks with original maturity of up to three months.

(f) Investments

Investments that the Group holds for the purpose of short-term profit taking are classified as financial assets for trading. Debt investments that the Group has the intent and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

The 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 of the investments are reported as liabilities to either banks or customers.

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

(h) Borrowings

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

The borrowings of the Group include Due to credit institutions, Due to customers, Ministry of Finance deposit and other borrowed funds.

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 Assets

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Loans and advances

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

Loans and advances are presented net of specific and general allowances for impairment. The carrying amount of the asset is reduced through use of an allowance account. Specific allowance for impairment is accounted for loans for which there is objective evidence of impairment as a result of a past event that occurred after initial recognition of the asset. Objective evidence of impairment includes significant financial difficulty of the issuer or obligor; a breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy; observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets. The portfolio allowance is accounted for decreasing the carrying amount of a portfolio of loans with similar credit risk characteristics, which are collectively assessed for impairment. The estimated cash flows for a group of similar assets are determined on the basis of past practice and historical loss experience for portfolios with comparable characteristics. Historical loss experience should be adjusted, on the basis of observable data, to reflect the effects of current conditions. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Increases in the allowance account are recognised in profit or loss. When a loan is identified to be not recoverable, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off directly.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the allowance reversal is recognised in profit or loss.

(ii) Financial assets remeasured at fair value through differences in equity

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of the cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, in a subsequent period, the fair value of a financial instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent increase in the fair value of impaired equity security, available for sale, is recognized directly in the comprehensive income.

(k) Property and equipment

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

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

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

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

(l) Intangible assets

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

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

Assets	**%**
• Licences	10 - 20
• Software and licences	8 - 50

(m) 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 an reliable assessment of the amount due can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Acceptances

An acceptance is created when the 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 other borrowed funds. (Please refer to note 2(h))

(o) 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 impairment on off-statement of financial position commitments when it has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and when a reliable estimate can be made of the obligation.

(p) Taxation

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

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

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

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

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

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 30 September 2015 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 4 - determining of the fair value of the financial instruments through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- Note 19 - determining of the fair value of land and buildings through valuation techniques, in which the input data for the assets are not based on available market information.

(i) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Individual impairment on loans and advances of the Group is based on the best assessment of the Management for the present value of future cash flows. When evaluating these cash flows the Management makes an assessment of the financial position of every borrower and the net realizable value of the collateral of the loan. Each impaired asset is assessed individually while the strategy for reimbursement and the evaluation of the cash flows, considered as reimbursable, are approved independently by the Credit Committee. Cash flows could be realized from loan repayments, sale of the collateral, operations with the collateral and others depending on the individual situation and the terms of the loan contract. The expected net realizable value of the collateral is regularly reviewed and it is based on a combination of internal appraisal of the fair value, conducted by internal appraisers, and external independent appraisal reports. The expected future cash flows are discounted at the initial effective interest rate of the financial asset.

Group impairment covers loan losses inherent to a loan portfolio with similar loan characteristics, when there is objective evidence, that it contains impaired loans, but specific impaired positions could still not be identified. In assessing the need for group impairment Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

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

The accuracy of the impairment depends on the evaluation of the future cash flows when determining the individual impairment and on the assumptions made and the parameters used in the model when determining the group impairment.

(ii) Impairment of repossessed assets from collaterals

Assets accepted as collateral are recognized at the lower of the cost and the net realizable value. When evaluating the net realizable value of the assets the Management prepares several models for appraisal (e.g. discounted cash flows) and makes comparison to available market data (e.g. similar market transactions, offers from potential buyers).

(iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. Many parts of Albanian and Cyprus tax legislation remain untested and there is uncertainty about the interpretation that the financial authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(r) 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.

Employee benefits

Defined contribution plans

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

Defined benefit plans

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

The Bank has an obligation to pay certain amounts to each employee who retires with the Bank in accordance with Art. 222, § 3 of the Labour Code.

According to these regulations in the LC, when a labour contract of a bank's employee, who has acquired a pension right, is ended, the Bank is obliged to pay him compensations amounted to two gross monthly salaries. Where the employee has been with the same employer for the past 10 years, this employee is entitled to a compensation amounting to six gross monthly salaries. As at balance sheet date, the Management of the Bank estimates the approximate amount of the potential expenditures for every employee using the projected unit credit method.

For the last two years the Bank has prepared estimates for the due provisions for pensions and has not identified significant liabilities.

Termination benefits

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

Short-term employee benefits

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

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

(t) 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 an violation of the General terms of the insurance contract or a change in the terms of the contract. Reversed premiums within the current year, related to policies written within the current year, decrease the Gross Written Premiums of the Group. Reversed premiums within the current year, related to policies written within the previous year, increase the Gross Written Premiums of the Group.

Unearned-premium reserve

The unearned premium reserve is formed to cover the claims and administrative expenses, which are expected to arise on the respective type of insurance contract after the end of the reporting period. The basis for calculation of the unearned premium reserve corresponds to the base for recognition of the Group's written premiums. The amount of the reserve is calculated under the precise day method, under which the premium is multiplied with a coefficient for deferral. The coefficient for deferral is calculated as a ratio between the number of the days within the following reporting period during which the contract is valid to the total number of days during which the contract is valid.

Unexpired risk reserve

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

Claims incurred

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

Outstanding claims reserve

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

Acquisition costs

Acquisition costs include accrued commission expense from agents and brokers.

3 Segment Reporting

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

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

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

The 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 based on the location of the Bank branch that generated the revenue. Segment assets and liabilities are allocated based on their geographical location.

in BGN '000	**Bulgarian operations**		**Foreign operations**		**Total**	
	nine months ended 30 September 2015	**nine months ended 30 September 2014**	**nine months ended 30 September 2015**	**nine months ended 30 September 2014**	**nine months ended 30 September 2015**	**nine months ended 30 September 2014**
Interest income	340,231	364,643	26,306	37,220	366,537	401,863
Interest expense	(170,028)	(203,642)	(3,309)	(5,195)	(173,337)	(208.837)
Net interest income	**170,203**	**161,001**	**22,997**	**32,025**	**193,200**	**193,026**
Fee and commission income	71,508	78,356	2,491	2,408	73,999	80.764
Fee and commission expense	(14,187)	(15,066)	(299)	(367)	(14,486)	(15,433)
Net fee and commission income	**57,321**	**63,290**	**2,192**	**2,041**	**59,513**	**65,331**
Net trading income	**7,988**	**9,296**	**32**	**174**	**8,020**	**9,470**
Administrative expenses	**(131,217)**	**(140,500)**	**(5,310)**	**(5,093)**	**(136,527)**	**(145,593)**
	30.09.2015	**31.12.2014**	**30.09.2015**	**31.12.2014**	**30.09.2015**	**31.12.2014**
Assets	**8,425,346**	**8,072,205**	**550,142**	**755,677**	**8,975,488**	**8,827,882**
Liabilities	**7,990,590**	**7,859,162**	**245,292**	**241,823**	**8,235,882**	**8,100,985**

The table below shows assets and liabilities and income and expense by business segments as at 30/09/2015.

in BGN '000

Business	**Assets**	**Liabilities**	**Interest income**	**Interest expense**	**Net fee and commission income**	**Net trading income**	**Other net operating income**

Commercial banking	4,378,689	1,535,486	240,824	(19,943)	19,171	-	6,874
Retail Banking	1,516,934	6,251,487	111,475	(139,789)	25,661	-	-
Card business	-	-	-	-	11,855	-	-
Treasury	2,336,060	56,785	14,238	(238)	1,763	8,020	2,511
Other	743,805	392,124	-	(13,367)	1,063	-	-
Total	**8,975,488**	**8,235,882**	**366,537**	**(173,337)**	**59,513**	**8,020**	**9,385**

4. Financial assets and liabilities

Accounting classification and fair values

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

in BGN ‘000

30 September 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	14,172	-	-	14,172
Available for sale investments	596,733	52,864	-	649,597
Derivatives held for risk management	3,176	279	-	3,455
Total	**614,081**	**53,143**	**-**	**667,224**

in BGN ‘000

31.12.2014	**Level 1**	**Level 2**	**Level 3**	**Total**

Financial assets held for trading	9,646	-	-	9,646
Available for sale investments	434,714	45,973	-	480,687
Derivatives held for risk management	3,463	556	-	4,019
Total	**447,823**	**46,529**	**-**	**494,352**

Capital investments amounting to BGN 6,288 thousand at 30 September 2015 and at 31 December 2014 are presented in the statements at their acquisition cost, because their fair value cannot be reliably measured.

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

30 September 2015	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,351,300	-	1,351,300	1,351,300
Financial assets held to maturity	212,188	19,609	-	231,797	231,545
Loans and advances to banks and other financial institutions	-	116,074	-	116,074	116,074
Loans and advances to customers	-	634,503	5,247,764	5,882,267	5.895624
Total	**212,188**	**2,121,486**	**5,247,764**	**7,581,438**	**7,594,543**
Liabilities					
Due to banks	-	3,364	-	3,364	3,364
Due to other customers	-	2,069,344	5,204,316	7,273,660	7,274,367
Ministry of Finance deposit	-	502,670	-	502,670	512,606
Liabilities evidenced by paper	-	177,551	-	177,551	177,679
Perpetual debt	-	44,188	-	44,188	43,451
Hybrid debt	-	196,381	-	196,381	198,768
Total	**-**	**2,993,498**	**5,204,316**	**8,197,814**	**8,210,235**

31.12.2014	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	1,651,945	-	1,651,945	1,651,945
Financial assets held to maturity	45,091	18,452	-	63,543	63,737
Loans and advances to banks and other financial institutions	-	112,078	-	112,078	112,078
Loans and advances to customers	-	704,359	5,098,694	5,803,053	5,810,328
Total	**45,091**	**2,486,834**	**5,098,694**	**7,630,619**	**7,638,088**
Liabilities					
Due to banks	-	1,393	-	1,393	1,393
Due to other customers	-	1,899,357	4,822,211	6,721,568	6,699,677
Ministry of Finance deposit	-	-	889,977	889,977	901,844
Liabilities evidenced by paper	-	176,864	-	176,864	177,544
Perpetual debt	-	100,192	-	100,192	99,999
Hybrid debt	-	181,636	-	181,636	195,447
Total	**-**	**2,359,442**	**5,712,188**	**8,071,630**	**8,075,904**

5. Net interest income

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**
Interest income		
Accounts with and placements to banks and financial institutions	418	540
Retail Banking	106,309	106,354
Corporate customers	208,651	245,178
Small and medium enterprises	32,173	33,246
Microlending	5,166	5,231
Debt instruments	13,820	11,314
	366,537	**401,863**
Interest expense		
Deposits from banks	(48)	(3)
Deposits from other customers	(160,062)	(177,421)
Liabilities evidenced by paper	(2,254)	(3,853)
Subordinated term debt	0	(1,665)
Perpetual debt	(7,635)	(8,687)
Hybrid debt	(3,321)	(17,183)
Lease agreements and other	(17)	(25)
	(173,337)	**(208,837)**
Net interest income	**193,200**	**193,026**

6. Net fee and commission income

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**
Fee and commission income		
Letters of credit and guarantees	4,808	4,844
Payments transactions	10,525	12,295
Customer accounts	16,681	17,747
Card services	22,763	23,619
Other	19,222	22,259
	73,999	**80,764**
Fee and commission expense		
Letters of credit and guarantees	(220)	(146)
Payment systems	(1,376)	(1,580)
Card services	(10,413)	(11,470)
Other	(2,477)	(2,237)
	(14,486)	**(15,433)**
Net fee and commission income	**59,513**	**65,331**

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

7. Net trading income

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**
Net trading income/(expense) arises from:		
- Debt instruments	(58)	642
- Equities	(146)	185
- Foreign exchange rate fluctuations	8,224	8,643
Net trading income	**8,020**	**9,470**

8. Other net operating income

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**

Other net operating income arising from:		
- Debt instruments	2,506	3,482
- Gain on administration of loans acquired through business combination	6,875	9,160
- other	4	0
Other net operating income	**9,385**	**12,642**

9. Administrative expenses

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**
General and administrative expenses comprise:		
- Personnel cost	46,985	51,630
- Depreciation and amortisation	13,445	15,262
- Advertising	10,185	9,273
- Building rent expense	25,089	22,875
-Telecommunication, software and other computer maintenance	8,050	8,157
- Administration, consultancy, audit and other costs	32,773	38,396
Total	**136,527**	**145,593**

10. Allowance for impairment

in BGN '000	**Nine months ended 30 September 2015**	**Nine months ended 30 September 2014**
Write-downs		
Loans and advances to customers	(125,928)	(111,622)
Reversal of write-downs		
Loans and advances to customers	25,764	20,818
Impairment, net	**(100,164)**	**(90,804)**

11. Other income/(expenses), net

	Nine months ended 30 September 2015	**Nine months ended 30 September 2014**
Net income from transactions and revaluation of gold and precious metals	716	651
Rental income	2,240	1,519
Income from sale of assets	88	208
Dividend income	1,339	546
Net earned premiums	2,091	1,776
Premium contribution to the Deposit Insurance Fund	(24,597)	(25,465)
Claims incurred	(1,340)	(1,079)
Other income/(expenses), net	2,076	7,057
Total	**(17,387)**	**(14,787)**

12. Earnings per share

	Nine months ended 30 September 2015	**Nine months ended 30 September 2014**
Net profit attributable to shareholders (in thousands of BGN)	14,970	26,021
Weighted average number of ordinary shares (in 000's)	110,000	110,000
Earnings per share (BGN)	**0.14**	**0.24**

The basic earnings per share, calculated in accordance with IAS 33, are based on the profit attributable to ordinary equity holders of the Bank. During the first nine months of 2015 as in the previous year, no conversion or option rights were outstanding for the Bank's ordinary shares. The diluted earnings per share, therefore, correspond to the basic earnings per share.

13. Cash and balances with Central Banks

in BGN '000	**30.09.2015**	**31.12.2014**
Cash on hand		
- in BGN	91,540	117,419
- in foreign currency	43,221	48,192
Balances with Central Banks	636,543	840,589
Current accounts and amounts with local banks	18	16
Current accounts and amounts with foreign banks	579,978	645,729
Total	**1,351,300**	**1,651,945**

14. Financial assets held for trading

in BGN '000	**30.09.2015**	**31.12.2014**
Bonds and notes issued by:		
Bulgarian government, rated BBB-:		
- denominated in Bulgarian Leva	4,098	4,980
- denominated in foreign currencies	5,552	110
Foreign banks	1,468	1,367
Other issuers – equity instruments (unrated)	3,054	3,189
Total	**14,172**	**9,646**

15. Available for sale investments

in BGN '000	**30.09.2015**	**31.12.2014**
Bonds and notes issued by:		
Bulgarian Government		
- denominated in Bulgarian Leva	219,875	179,418
- denominated in foreign currencies	185,084	193,792
Foreign governments		
- treasury bills	39,298	5,144
- treasury bonds	152,476	56,309
Local authorities	-	51
Bulgarian banks	1,956	1,955
Foreign banks	50,908	44,018
Other issuers – equity instruments	6,288	6,288
Total	**655,885**	**486,975**

16. Financial assets held to maturity

in BGN '000	**30.09.2015**	**31.12.2014**
Securities held to maturity issued by:		
Foreign governments	121,161	44,257
Foreign banks	20,277	19,480
Other	90,107	**-**
Total	**231,545**	**63,737**

17. Loans and advances to banks and other financial institutions

(a) Analysis by type

in BGN '000	**30.09.2015**	**31.12.2014**
Placements with banks	75,657	103,851
Receivables under resale agreements	36,037	-
Other	4,380	8,227
Total	**116,074**	**112,078**

(b) Geographical analysis

in BGN '000	**30.09.2015**	**31.12.2014**
Domestic banks and financial institutions	38,046	18,819
Foreign banks and other financial institutions	78,028	93,259
Total	**116,074**	**112,078**

18. Loans and advances to customers

in BGN '000	**30.09.2015**	**31.12.2014**
Retail Banking	1,521,131	1,312,617
Small and medium enterprises	561,573	557,681
Microlending	101,940	88,984
Corporate customers	4,321,215	4,374,648
Allowance for impairment	(610,235)	(523,602)
Total	**5,895,624**	**5,810,328**

(a) Movement in impairment allowances

in BGN '000	
Balance at 01 January 2015	**523,602**
Additional allowances	125,928
Amounts released	(25,764)
Receivables written off through an allowance account	(13,579)
Effect from change in exchange rates	48
Balance at 30 September 2015	**610,235**

19. Property and equipment

in BGN '000	**Land and Buildings**	**Fixtures and fittings**	**Motor vehicles**	**Assets under Construction**	**Leasehold Improvements**	**Total**
Cost						
At 1 January 2015	**17,550**	**142,110**	**6,825**	**26,285**	**64,713**	**257,483**
Additions		77		9,979	4	**10,060**
Other transferred		59				**59**
Exchange rates and other adjustments		20	2		10	**32**
Write-offs	-185	-1,751	-204	-23		**-2,163**
Transfers	122	7,086	3	-8,736	1,261	**-264**
At 30 September 2015	**17,487**	**147,601**	**6,626**	**27,505**	**65,988**	**265,207**
Amortisation						
At 1 January 2015	**2,261**	**110,435**	**5,374**	**-**	**30,388**	**148,458**
Exchange rates and other adjustments		14	2		8	**24**
Other transferred		29				**29**
Charge for the period	469	7,496	313		2,787	**11,065**
For write offs	-8	-1,616	-196			**-1,820**
At 30 September 2015	**2,722**	**116,358**	**5,493**	**-**	**33,183**	**157,756**
Carrying amount						
At 30 September 2015	**14,765**	**31,243**	**1,133**	**27,505**	**32,805**	**107,451**
At 1 January 2015	**15,289**	**31,675**	**1,451**	**26,285**	**34,325**	**109,025**

20. Intangible assets

in BGN '000	**Software and licences**	**Greenhouse allowances**	**Goodwill**	**Total**
Cost				
At 1 January 2015	**29,272**	**3,820**	**721**	**33,813**
Additions	227	**-**	**-**	**227**
Exchange rates and other adjustments	3	**-**	**-**	**3**
Write-offs	**-**	**-**	-47	**-3,867**
Other transferred	**-59**	**-**	**-**	**-59**
Transfers	264	**-**	**-**	**264**
At 30 September 2015	**29,707**	**-**	**674**	**30,381**
Amortisation				
At 1 January 2015	**15,548**	**-**	**-**	**15,548**
Exchange rates and other adjustments	**3**	**-**	**-**	**3**
Charge for the period	**2,380**	**-**	**-**	**2,380**
Other transferred	-29	**-**	**-**	**-29**
Write-offs	-	**-**	**-**	**-**
At 30 September 2015	**17,902**	**-**	**-**	**17,902**
Carrying amount				
At 30 September 2015	**11,805**	**-**	**674**	**12,479**
At 1 January 2015	**13,724**	**3,820**	**721**	**18,265**

21. Repossessed Assets

in BGN '000	**30.09.2015**	**31.12.2014**
Land	292,724	291,367
Buildings	228,512	212,527
Machines and equipment	19,135	16,906
Fixtures and fittings	810	805
Total	**541,181**	**521,605**

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

21a. Other assets

in BGN '000	**30.09.2015**	**31.12.2014**
Deferred expense	21,160	13,697
Gold	9,691	9,672
Other	14,583	16,044
Total	**45,434**	**39,413**

22. Due to banks

in BGN '000	**30.09.2015**	**31.12.2014**
Term deposits	872	-
Payable on demand	2,492	1,393
Total	**3,364**	**1,393**

23. Due to other customers

in BGN '000	**30.09.2015**	**31.12.2014**
Retail customers		
- current accounts	626,705	638,969
- term and savings deposits	5,624,782	5,090,022
Businesses and other non-financial institutions		
- current accounts	648,955	601,000
- term deposits	373,925	369,686
Total	**7,274,367**	**6,699,677**

23a. Ministry of Finance deposit

With decision C(2014)8959 of 25/11/2014 the European Commission, DG Competition, approved the provision of liquid support to First Investment Bank AD in the form of a deposit amounting to BGN 900 mln. for a period of 18 months and due date 28 May 2016.

in BGN '000	**30.09.2015**	**31.12.2014**
	512,606	**901,844**

24. Liabilities evidenced by paper

in BGN '000	**30.09.2015**	**31.12.2014**
Acceptances under letters of credit	21,550	23,337
Liabilities under repurchase agreements	53,421	-
Financing from financial institutions	87,061	137,778
Other term liabilities	15,647	16,429
Total	**177,679**	**177,544**

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

in BGN '000

Lender	**Interest rate**	**Maturity**	**Amortised cost as at 30.09.2015**
State Fund Agriculture	2%	06.03.2015 - 20.09.2019	5,957
European Investment Fund – JEREMIE 2	0 % - 1.615%	31.12.2024	68,139
Bulgarian Bank for Development AD	3.50 - 4.00%	20.03.2017 - 30.03.2019	12,965
Total			**87,061**

in BGN '000

Lender	**Interest rate**	**Maturity**	**Amortised cost as at 31.12.2014**
State Fund Agriculture	1.97% - 2%	06.03.2015 - 20.09.2019	6,524
European Investment Fund – JEREMIE 2	0 % - 1.22%	31.12.2024	68,495
Bulgarian Bank for Development AD	3.50 - 5.00%	20.03.2017 - 30.03.2019	62,759
Total			**137,778**

25. Perpetual debt

in BGN '000

	Principal amount	**Interest rate**	**Amortised cost as at 30.09.2015**
Step-up Guaranteed Perpetual Subordinated Bonds initial interest EUR 21 mio	41,073	11.625%	43,451
Total	**41,073**		**43,451**

in BGN '000

	Principal amount	**Interest rate**	**Amortised cost as at 31.12.2014**
Step-up Guaranteed Perpetual Subordinated Bonds initial interest EUR 27 mio	52,807	12.50%	55,391
Step-up Guaranteed Perpetual Subordinated Bonds initial interest EUR 21 mio	41,073	11.625%	44,608
Total	**93,880**		**99,999**

The issue of the Step-Up Subordinated Bonds by First Investment Finance B.V., a limited liability company registered under the laws of the Netherlands and 100% owned by the Bank was fully guaranteed by the Bank. After the entry into force of Regulation 575/2013 (effective 1 January 2014) on prudential requirements for credit institutions and investment firms, the two step-up guaranteed perpetual subordinated bonds are subject to grandfathering.

In August 2015 the Group repaid Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 27 mio after obtaining permission form the Bulgarian National Bank. At 30.09.2015 the Step-up Guaranteed Perpetual Subordinated Bonds with initial principal EUR 21 mio were included in Tier 2 capital with 70% of their initial value.

26. Hybrid debt

	Principal amount	Amortised cost as at 30.09.2015
Hybrid debt with original principal EUR 40 mio	78,233	78,233
Hybrid debt with original principal EUR 60 mio	117,350	120,535
Total	**195,583**	**198,768**

in BGN '000

	Principal amount	Amortised cost as at 31.12.2014
Hybrid debt with original principal EUR 40 mio	78,233	78,127
Hybrid debt with original principal EUR 60 mio	117,350	117,320
Total	**195,583**	**195,447**

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

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

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

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

27. Other liabilities

in BGN '000	30.09.2015	31.12.2014
Liabilities to personnel	2,266	2,325
Insurance contract provisions	1,145	1,634
Other payables	19,128	16,866
Total	**22,539**	**20,825**

28. Shareholders

As at 30 September 2015 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 30 September 2015 together with the number and percentage of total issued shares.

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

29. Commitments and contingent liabilities

Contingent liabilities

in BGN '000	**30.09.2015**	**31.12.2014**
Guarantees		
- in BGN	217,463	192.548
- in foreign currency	83,600	94,874
Total guarantees	**301,063**	**287,422**
Unused credit lines	479,651	458,524
Letters of credit	19,777	13,347
Other contingent liabilities	81,874	81,874
Total	**882,365**	**841,167**

30. Related party transactions

Type of related party	**Parties that control or manage the Bank**		**Enterprises under common control**	
in BGN '000	**30 September 2015**	**31 December 2014**	**30 September 2015**	**31 December 2014**
Loans	1,476	765	16,245	17,149
Deposits and loans received:	7,601	10,346	2,208	1,787
Deposits placed		-		-
Off-balance sheet commitments	3,174	2,117	247	968

During the first nine months of 2015:

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

Executive Director:
(signed)

D. KOSTOV

Executive Director:
(signed)

M. OYFALOSH

Director of Finance Department

(signed)

Y. KARAKOLEV

INTERIM REPORT

ON THE ACTIVITY OF FIRST INVESTMENT BANK AD

as at 30 September 2015

(consolidated)

prepared under Art. 100o, para. 4(2) of the Public Offering of Securities Act (POSA) and Art. 33, para. 1(2) and (6) and para. 3 of Ordinance No 2 of the Financial Supervision Commission (FSC) on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities

During the first nine months of 2015 First Investment Bank AD (Fibank, the Bank) continued its successful development as an innovative, stable and reliable bank institution.

Highlights in the activity of Fibank in the first nine months of 2015:

- The unconsolidated unaudited financial statements of First Investment Bank AD at 31 December 2014 were published on 30 January 2015;
- On 03 February 2015 Fibank submitted amended unaudited consolidated and unconsolidated financial statements at 30 September 2014;
- On 4 March 2015 First Investment Bank AD published its consolidated unaudited financial statements at 31 December 2014;
- The annual unconsolidated (audited) financial statements of First Investment Bank AD at 31 December 2014 were published on 01 April 2015, and the annual consolidated (audited) financial statements at 31 December 2014 were published on 24 April 2015;
- The unconsolidated (unaudited) financial statements of First Investment Bank AD at 31 March 2015 was published on 30 April 2015;
- On 12 May 2015 First Investment Bank published notice for the annual general meeting of shareholders;
- Information about FIBank’s ratings from Fitch Ratings was published on 20 May 2015;

- The consolidated (unaudited) financial statements of First Investment Bank AD at 31 March 2015 – were published on 02 June 2015;
- A summary of resolutions made by the annual general meeting of shareholders held on 15 June 2015 was published on 16 June, followed by the minutes from the AGM on 17 June 2015;
- On 8 July 2015 FIBank published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD;
- On 27 July 2015 FIBank published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) and Art. 85, Para. 1(7) of Ordinance No. 38 on the requirements to the activities of investment intermediaries regarding changes in the composition of the Supervisory Board of First Investment Bank AD – new member of the Supervisory Board, Mr. J. Koskelo;
- The unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2015 were published on 30 July 2015 and the consolidated (unaudited) financial statements of First Investment Bank AD as at the same date were published on 31.08.2015.

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

- *Assets as at 30 September 2015*

  The balance sheet assets of the Bank as at 30.09.2015 increased by BGN 148 million, or by 1.67% compared to 31.12.2014, reaching BGN 8,975 million. Receivables from clients amounted to BGN 5,896 million – an increase by BGN 85 million compared to 31.12.2014.

- *Consolidated profit at 30 September 2015*

  The net profit of the Bank at 30 September 2015 amounted to BGN 14,949 thousand. The total revenue from banking operations for the same period amounted to BGN 270,118 thousand. The net interest income amounted to BGN 193,200 thousand and the net income from fees and commissions – to BGN 59,513 thousand.

- *Capital resources*

  The capital adequacy ratio of Fibank as at 30 September 2015 reached 14.06 %. The Tier 1 capital adequacy was 13.58%. The capital ratios were calculated according to the CRD4 framework.

- *Liquidity*

  The liquidity ratio of Fibank, calculated in accordance with the requirements of Ordinance No 11 of the BNB, reached 22.97 % at 30 September 2015, showing a stable liquidity position.

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

  As at 30 September 2015, First Investment Bank AD had a total of 163 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank.

Appendix 1

INFORMATION AS AT 30 September 2015
UNDER ART. 33, PARA. 1, P. 6
OF ORDINANCE No2

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

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

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

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

See „c" below.

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

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

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

No forecasts were published for the results for 2015.

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

	as at 30 June 2015		*as at 30 Sept 2015*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Mr Tseko Minev	46 750 000	42,50%	46 750 000	42,50%
Mr Ivaylo Mutafchiev	46 750 000	42,50%	46 750 000	42,50%

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

Members of the Managing Board	*at 30 June 2015*		*at 30 Sept 2015*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Vassil Christov	21 676	0,02	No change	
Maya Oyfalosh	2 350	0,00	No change	
Dimitar Kostov	0	0	No change	
Svetoslav Moldovansky	0	0	No change	
Ivaylo Ivanov	0	0	0	0
Mariana Sadzhaklieva	0	0	0	0
Milka Todorova	4935	0,004	4935	0,004
Chavdar Zlatev	523	0,00	523	0,00

Members of the Supervisory Board	*at 30 June 2015*		*at 30 Sept 2015*	
	Number of shares	*% of capital*	*Number of shares*	*% of capital*
Evgeni Lukanov	168 739	0,1	No change	
Maya Georgieva	11 388	0,01	No change	
Jordan Skortchev	19 125	0,02	No change	
Georgi Mutafchiev	9 454	0,01	No change	
Radka Mineva	-	0,00	No change	
Jyrki Koskelo (SB member since 27.7.2015)	-	-	0	0,00

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

No events have occurred.

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

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

Appendix 2

INFORMATION AS AT 30 September 2015
UNDER ART. 33, PARA. 3
OF ORDINANCE NO2
on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities

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

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

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

As at 30.09.2015, no changes have occurred in transactions concluded with related parties that have significant impact on the financial position or performance of First Investment Bank AD.

(signed)	(signed)
Dimitar Kostov Executive Director	Maya Oyfalosh Executive Director

(signed)

Yanko Karakolev
Director of Finance

DECLARATION

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

The undersigned Dimitar Kostov Kostov, Executive Director, Maya Ivanova Oyfalosh, Executive Director, and Yanko Karakolev, Director of Finance Department of First Investment Bank AD, hereby declare that to the best of our knowledge:

- the financial statements (consolidated) of First Investment Bank AD as at 30 September 2015, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 30 September 2015 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Dimitar Kostov
Executive Director
Chairman of the MB

(signed)

Maya Oyfalosh
Executive Director
Member of the MB

(signed)

Yanko Karakolev
Director of Finance Department

30 November 2015

ver2.3

FINV9150	First Investment Bank AD
30.9.2015	*Reporting date*
consolidated	*Basis for application*
IFRS	Accounting standard

in BGN ‘000

1.Balance sheet [statement of the financial position]

c010

1.1 Assets

		References	*Breakdown in table*	Carrying amount
				010
010	**Cash and cash balances with central banks and other deposits payable on demand**	*Para. 54 (i) of IAS 1*		**1 351 347**
020	Cash	*part 2, item 1 of Appendix V*		134 520
030	Cash balances with central banks	*part 2, item 2 of Appendix V*		636 543
040	Other deposits payable on demand	*part 2, item 3 of Appendix V*	5	580 284
050	**Financial assets held for trading**	*Para. 8 (a)(ii) of IFRC 7; Para. 9, AG 14 of IAS 39*		**14 172**
060	Derivatives	*Para. 9 of IAS 39*	10	0
070	Equity	*Para. 11 of IAS 32*	4	3 055
080	Debt securities	*part 1, items 24, 26 of Appendix V*	4	11 117
090	Loans and advances	*part 1, items 24, 27 of Appendix V*	4	0
100	**Financial assets at fair value through profit or loss**	*Para. 8 (a)(i) of IFRC 7; Para. 9 of IAS 39*	4	**0**
110	Equity	*Para. 11 of IAS 32*	4	0
120	Debt securities	*part 1, items 24, 26 of Appendix V*	4	0
130	Loans and advances	*part 1, items 24, 27 of Appendix V*	4	0
140	**Financial assets available-for-sale**	*Para. 8 (d) of IFRC 7; Para. 9 of IAS 39*	4	**655 885**
150	Equity	*Para. 11 of IAS 32*	4	6 288
160	Debt securities	*part 1, items 24, 26 of Appendix V*	4	649 597
170	Loans and advances	*part 1, items 24, 27 of Appendix V*	4	0
180	**Loans and receivables**	*Para. 8 (c) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39; part 1, item 16 of Appendix V*	4	**6 011 652**
190	Debt securities	*part 1, items 24, 26 of Appendix V*	4	0
200	Loans and advances	*part 1, items 24, 27 of Appendix V*	4	6 011 652
210	**Investments held to maturity**	*Para. 8 (b) of IFRC 7; Para. 9, AG 16, AG 26 of IAS 39*	4	**231 544**
220	Debt securities	*part 1, items 24, 26 of Appendix V*	4	231 544
230	Loans and advances	*part 1, items 24, 27 of Appendix V*	4	0
240	**Derivatives - hedge accounting**	*Para. 22 (d) of IFRC 7; Para. 9 of IAS 39*	11	**3 455**
250	**Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk**	*Para. 89A (a) of IAS 1*		0
260	**Investments in a subsidiary, jointly-controlled entity or associate**	*Para. 54 (e) of IAS 1; part 2, item 4 of Appendix V*	40	**0**
270	**Tangible assets**			**648 632**
280	Property, Plant and Equipment	*Para. 6 of IAS 16; Para. 54 (a) of IAS 1*	21, 42	648 632
290	Investment Property	*Para. 5 of IAS 40; Para. 54 (b) of IAS 1*	21, 42	0
300	**Intangible assets**	*Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575*		**12 479**
310	Goodwill	*Para. B67, (d) of IFRC 3; Art. 4, Para. 1, item 113 of Reg 575*		0
320	Other intangible assets	*Paras. 8, 118 of IAS 38*	21, 42	12 479
330	**Tax assets**	*Para. 54 (n)-(o) of IAS 1*		**888**
340	Current tax assets	*Para. 54(n) of IAS 1; Para. 5 of IAS 12*		867
350	Deferred tax assets	*Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 106 of Reg 575*		21
360	**Other assets**	*part 2, item 5 of Appendix V*		**45 434**
370	**Non-current assets and disposal groups classified as held for sale**	*Para. 54, (j) of IAS 1; Para. 38 of IFRC 5; part 2, item 6 of Appendix V*		**0**
380	**TOTAL ASSETS**	*Para. 9, (a), IN 6 of IAS 1*		**8 975 488**

ver2.3

FINV9150	First Investment Bank AD
30.9.2015	*Reporting date*
consolidated	*Basis for application*
IFRS	Accounting standard

in BGN ‘000

1.Balance sheet [statement of the financial position]

c010

1.2 Liabilities

		References	*Breakdown in table*	Carrying amount
				010
010	**Financial liabilities held for trading**	*Para. 8, (e)(ii) of IFRC 7; Para. 9, AG 14-15 of IAS 39*	8	**0**
020	Derivatives	*Para. 9, AG 15(a) of IAS 39*	10	0
030	Short positions	*AG15 (b) of IAS 39*	8	0
040	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V*	8	0
050	Issued debt securities	*part 1, item 31 of Appendix V*	8	0
060	Other financial liabilities	*part 1, items 32-34 of Appendix V*	8	0
070	**Financial liabilities at fair value through profit or loss**	*Para. 8, (e)(i) of IFRC 7; Para. 9 of IAS 39*	8	**0**
080	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V*	8	0
090	Issued debt securities	*part 1, item 31 of Appendix V*	8	0
100	Other financial liabilities	*part 1, items 32-34 of Appendix V*	8	0
110	**Financial liabilities at amortised cost**	*Para. 8, (f) of IFRC 7; Para. 47 of IAS 39*	8	**8 210 235**
120	Deposits	*Part 2, item 9 of Appendix 2 to ECB/2008/32; Part 1, item 30 of Appendix V*	8	7 843 758
130	Issued debt securities	*part 1, item 31 of Appendix V*	8	242 219
140	Other financial liabilities	*part 1, items 32-34 of Appendix V*	8	124 258
150	**Derivatives - hedge accounting**	*Para. 22 (b) of IAS 7; Para. 9 of IFRC 39; part 1, item 23 of Appendix V*	8	**0**
160	**Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk**	*Para. 89A (b) of IAS 39*		**0**
170	**Provisions**	*Para. 10 of IAS 37; Para. 54 (l) of IAS 1*	43	**0**
180	Pensions and other subsequent obligations to pay defined post-employment benefits	*Para. 63 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 7 of Appendix V*	43	0
190	Other long-term employee benefits	*Para. 153 of IFRC 19; Para. 78(d) of IAS 1; part 2, item 8 of Appendix V*	43	0
200	Restructuring	*Para. 71 of IAS 37; Para. 84 (a) of IAS 1*	43	0
210	Pending legal matters and tax-related court cases	*IAS 37, addendum B, examples 6 and 10*	43	0
220	Loans and guarantees	*Appendix C.9 to IAS 37*	43	0
230	Other provisions		43	0
240	**Tax liabilities**	*Para. 54 (n)-(o) of IAS 1*		**3 108**
250	Current tax liabilities	*Para. 54(n) of IAS 1; Para. 5 of IAS 12*		0
260	Deferred tax liability	*Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575*		3 108
270	**Share capital payable upon request**	*Illustrative example (IE) 33 of IAS 32; IFRC 2; part 2, item 9 of Appendix V*		**0**
280	**Other liabilities**	*part 2, item 10 of Appendix V*		**22 539**
290	**Liabilities in disposal groups classified as held for sale**	*Para. 54, (p) of IAS 1; Para. 38 of IFRC 5; part 2, item 11 of Appendix V*		**0**
300	**TOTAL LIABILITIES**	*Para. 9, (b), IN 6 of IAS 1*		**8 235 882**

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IFRS	Accounting standard

in BGN '000

1.Balance sheet [statement of the financial position]

c010

1.3 Total own funds

		References	***Breakdown in table***	**Carrying amount**
				010
010	**Equity**	*Para. 54(r) of IAS 1; Para. 22 of DOB*	46	**110 000**
020	Paid up share capital	*Para. 78 (e) of IAS 1*		110 000
030	Not fully paid-up capital	*Para. 78 (e) of IAS 1; part 2, item 14 of Appendix V*		0
040	**Premium reserves**	*Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575*	46	**97 000**
050	**Issued capital instruments other than share capital**	*part 2, items 15-16 of Appendix V*	46	**0**
060	Component of the share capital in compound financial instruments	*Paras. 28 -29 of IAS 32; part 2, item 15 of Appendix V*		0
070	Other issued equity instruments	*part 2, item 16 of Appendix V*		0
080	**Other own funds**	*Para. 10 of IFRS 2; part 2, item 17 of Appendix V*		**0**
090	**Accumulated other comprehensive income**	*Art. 4, para. 1, item 100 of Reg 575*	46	**7 483**
095	Items which cannot be reclassified as profit or loss	*Para. 89A (a) of IAS 1*		**4 500**
100	*Tangible assets*	*Paras. 39 -41 of IAS 16*		*4 500*
110	*Intangible assets*	*Paras. 85 -87 of IAS 38*		*0*
120	*Actuarial gains or (-) losses on defined benefit plans*	*Para. 7 of IAS 1*		*0*
122	*Non-current assets and disposal groups classified as held for sale*	*Para. 38, IN example 12 of IFRS 5*		*0*
124	*Share of the other comprehensive income of subsidiaries, associates and joint ventures*	*Para. 82(i) of IAS 1; Para. 11 of IAS 28*		*0*
128	Items which can be reclassified as profit or loss	*Para. 89A (a) of IAS 1*		**2 983**
130	*Hedges of net investments in foreign operations [effective portion]*	*Para. 102(a) of IAS 39*		*0*
140	*Currency exchange*	*Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21*		*-2 735*
150	*Derivatives from hedging Cash flow hedges [effective portion]*	*Para. 23, (c) of IFRC 7; Paras. 95-101 of IAS 39*		*0*
160	*Financial assets available-for-sale*	*Para. 20, (a)(ii) of IFRC 7; Para. 55(b) of IAS 39*		*5 718*
170	*Non-current assets and disposal groups classified as held for sale*	*Para. 38, IN example 12 of IFRS 5*		*0*
180	*Share of the other comprehensive income of subsidiaries, associates and joint ventures*	*Para. 82(i) of IAS 1; Para. 11 of IAS 28*		*0*
190	**Retained earnings**	*Art. 4, para. 1, item 123 of Reg 575*		**467 991**
200	**Revaluation reserve**	*Para. 30, D5-D8 of IFRS 1; part 2, item 18 of Appendix V*		**0**
210	**Other reserves**	*Para. 54 of IAS 1; Para. 78 (e) of IAS 1*		**39 865**
220	Profit or loss from the write-off of investments in subsidiaries, associates and joint ventures	*Para. 28 of IAS 11; part 2, item 19 of Appendix V*		0
230	Other	*part 2, item 19 of Appendix V*		39 865
240	**(-) Repurchased own shares**	*Para. 79 (a)(vi) of IFRC 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, item 20 of Appendix V*	46	**0**
250	**Profit or loss attributable to the owners of the parent company**	*Para. 28 of IAS 27; Para. 81B(b)(ii) of IAS 1*	2	**14 969**
260	**(-) Interim dividends**	*Para. 35 of IAS 32*		**0**
270	**Minority interests [Non-controlling interests]**	*Para. 4 of IAS 27; Para. 54 (r) of IAS 1, Para. 27 of IAS 27*		**2 298**
280	Accumulated other comprehensive income	*Paras. 27-28 of IAS 27; Art. 4, Para. 1, item 100 of Reg 575*	46	-20
290	Other items	*Paras. 27 -28 of IAS 27*	46	2 318
300	**TOTAL SHAREHOLDERS' EQUITY**	*Para. 9 (c), IN 6 of IAS 1*	46	**739 606**
310	**TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES**	*IAS 1, IN 6*		**8 975 488**

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2. Profit and Loss Account

c010

		References	Breakdown in table	Current period
				010
010	**Interest income**	*Para. 97 of IAS 1; Para. 35, (b) of IAS 18; part 2, item 21 of Appendix V*	16	**366 536**
020	Financial assets held for trading	*Para. 20, (a)(i) of IFRC 7; part 2, item 24 of Appendix V*		242
030	Financial assets at fair value through profit or loss	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7*		0
040	Financial assets available-for-sale	*Para. 20, (b) of IFRC 7; Para. 55, (b) of IAS 39; Para. 9 of IAS 39*		11 960
050	Loans and receivables	*Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (a) of IAS 39*		352 741
060	Investments held to maturity	*Para. 20 (b) of IFRC 7; Para. 9 of IAS 39; Para. 46 (b) of IAS 39*		1 593
070	Derivatives — hedge accounting, interest rate risk	*Para. 9 of IAS 39; part 2, item 23 of Appendix V*		0
080	Other assets	*part 2, item 25 of Appendix V*		0
090	**(Interest expense)**	*Para. 97 of IAS 1; part 2, item 21 of Appendix V*	16	**173 337**
100	(Financial liabilities held for trading)	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; part 2, item 24 of Appendix V*		0
110	(Financial liabilities at fair value through profit or loss)	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7*		0
120	(Financial liabilities at amortised cost)	*Para. 20 (b) of IFRC 7; Para. 47 of IAS 39*		173 320
130	(Derivatives — hedge accounting, interest rate risk)	*Para. 9 of IAS 39; part 2, item 23 of Appendix V*		0
140	(Other liabilities)	*part 2, item 26 of Appendix V*		17
150	**(Expense for share capital payable upon request)**	*Para. 11 of IRFRIC 2*		**0**
160	**Dividend income**	*Para. 35, (b), (v) of IAS 18; part 2, item 28 of Appendix V*		**1 290**
170	Financial assets held for trading	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7*		9
180	Financial assets at fair value through profit or loss	*Para. 20, (a)(i), Para. B5, (e) of IFRC 7; Para. 9 of IAS 39*		0
190	Financial assets available-for-sale	*Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39*		1 281
200	**Fee and commission income**	*Para. 20 (c) of IFRS 7*	22	**73 999**
210	**(Fee and commission expense)**	*Para. 20 (c) of IFRS 7*	22	**14 486**
220	**Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss**	*Para. 20, (a), (ii) to (v) of IAS 7; part 2, item 97 of Appendix V*	16	**9 385**
230	Financial assets available-for-sale	*Para. 20, (a)(ii) of IFRC 7; Para. 9 of IAS 39; Para. 55, (b) of IAS 39*		2 506
240	Loans and receivables	*Para. 20, (a), (iv) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39*		6 874
250	Investments held to maturity	*Para. 20, (a), (iii) of IFRC 7; Para. 9 of IAS 39; Para. 56 of IAS 39*		0
260	Financial liabilities at amortised cost	*Para. 20, (a), (v) of IFRC 7; Para. 56 of IAS 39*		0
270	Other			5
280	**Net profits or (-) losses from financial assets and liabilities held for trading**	*Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39*	16	**-204**
290	**Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss**	*Para. 20, (a)(i) of IFRC 7; Para. 55, (a) of IAS 39*	16, 45	**0**
300	**Net profits or (-) losses from hedge accounting**	*Para. 24 of IFRS 7; part 2, item 30 of Appendix V*	16	**0**
310	**Net exchange rate differences [profit (-) loss]**	*Para. 28 of IAS 21; Para. 52 (a)*		**8 224**
330	**Net profits or (-) losses from write-off of non-financial assets**	*Para. 34 of IAS 1*	45	**0**
340	**Other operating income**	*part 2, items 141-143 of Appendix V*	45	**12 415**
350	**(Other operating expense)**	*part 2, items 141-143 of Appendix V*	45	**6 470**
355	**NET TOTAL OPERATING INCOME**			**277 352**
360	**(Administrative expenses)**			**147 980**
370	(Personnel costs)	*Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1*	44	46 930
380	(Other administrative expenses)			101 050

2. Profit and Loss Account

c010

		References	Breakdown in table	Current period
390	**(Amortisation)**	*Paras. 102, 104 of IAS 1*		**13 168**
400	(Property, Plant and Equipment)	*Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16*		10 818
410	(Investment Property)	*Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40*		0
420	(Other intangible assets)	*Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38*		2 350
430	**(Provisions or (-) reversed provisions)**	*Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1*	43	**0**
440	(Loans and guarantees)			0
450	(Other provisions)			0
460	**(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)**	*Para. 20, (e) of IFRC 7*	16	**100 164**
470	(Financial assets assessed by the expense method)	*Para. 20, (e) of IFRC 7; Para. 66 of IAS 39*		0
480	(Financial assets available-for-sale)	*Para. 20, (e) of IFRC 7; Para. 67 of IAS 39*		0
490	Loans and receivables	*Para. 20, (e) of IFRC 7; Para. 63 of IAS 39*		100 164
500	(Investments held to maturity)	*Para. 20, (e) of IFRC 7; Para. 63 of IAS 39*		0
510	**(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)**	*Paras. 40 -43 of IAS 28*	16	**0**
520	**(Impairment or (-) reversed impairment of non-financial assets)**	*Para. 126(a)-(b) of IAS 36*	16	**0**
530	(Property, Plant and Equipment)	*Para. 73, (e), (v)-(vi) of IAS 16*		0
540	(Investment Property)	*Para. 79, (d), (v) of IAS 40*		0
550	(Goodwill)	*B67, (d), (v) of IFRC 3; Para. 124 of IAS 36*		0
560	(Other intangible assets)	*Para. 118, (e), (iv)-(v) of IAS 38*		0
570	(Other)	*Para. 126(a)-(b) of IAS 36*		0
580	**Negative goodwill in profit or loss**	*B64, (n)(i) to IFRC 3*		**0**
590	**Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate**	*Para. 82, (c) of IAS 1*		**0**
600	**Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations**	*Para. 37 of IFRS 5; part 2, item 27 of Appendix V*		**0**
610	**PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS**	*Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5*		**16 040**
620	**(Tax expense or (-) income relating to the profit or loss from current operations)**	*Para. 8, (d) of IAS 1; Para. 77 of IAS 12*		**1 091**
630	**PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS**	*IN 6 of IAS 1*		**14 949**
640	**Profit or (-) loss after tax from discontinued operations**	*Para. 82, (e) of IAS 1; Para. 33, (a), Para. 33 A of IFRC 5*		**0**
650	Profit or (-) loss before tax from discontinued operations	*Para. 33, (b)(i) of IFRC 5*		0
660	(Tax expense or (-) income related to discontinued operations)	*Para. 33, (b)(i) of IFRC 5*		0
670	**PROFIT OR (-) LOSS FOR THE YEAR**	*Para. 82 (f) of IAS 1*		**14 949**
680	Relating to minority interests [non-controlling interests]	*Para. 83, (a)(i) of IAS 1*		-20
690	Attributable to the owners of the parent company	*Para. 81B (b)(ii) of IAS 1*		14 969

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