

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

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

Cc:
The public via *x3news*

30 January 2020

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

Dear Sirs,

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

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

Sincerely,

(signed)

Nedelcho Nedelchev
Chief Executive Officer
MB Chairperson

(signed)

Svetozar Popov
Executive Director
Member of the MB

FIRST INVESTMENT BANK AD

Individual statement of the financial position as at 31 December 2019

unaudited

in BGN '000

	2019	2018
ASSETS		
Cash and balances with Central Banks	1 998 543	1 615 646
Investments in securities	843 378	681 464
Loans and advances to banks and other financial institutions	79 576	125 472
Loans and advances to customers	5 776 915	5 525 957
Property and equipment	77 407	80 627
Intangible assets	11 406	13 339
Derivatives held for risk management	814	905
Current tax assets	15	605
Repossessed assets	708 428	804 707
Investment Property	410 511	242 558
Investments in subsidiaries	43 872	36 179
Right-of-use assets	144 270	-
Other assets	104 911	110 378
TOTAL ASSETS	10 200 046	9 237 837
LIABILITIES AND CAPITAL		
Due to banks	25 048	17 243
Due to other customers	8 684 001	8 021 439
Liabilities evidenced by paper	109 723	118 156
Hybrid debt	267 615	208 786
Derivatives held for risk management	361	88
Deferred tax liability	16 488	1 696
Current tax liabilities	-	-
Lease liabilities	144 270	-
Other liabilities	9 434	57 516
TOTAL LIABILITIES	9 256 940	8 424 924
Issued share capital	110 000	110 000
Share premium	97 000	97 000
Statutory reserve	39 861	39 861
Revaluation reserve of investments in securities	11 812	10 881
Revaluation reserve on property	4 500	4 500
Other reserves and retained earnings	679 933	550 671
TOTAL SHAREHOLDERS' EQUITY	943 106	812 913
TOTAL LIABILITIES AND GROUP EQUITY	10 200 046	9 237 837
NEDELCHO NEDELICHEV	SVETOZAR POPOV	
Chief Executive Officer	Executive Director	
CHAVDAR ZLATEV	JIVKO TODOROV	
Executive Director	Chief Financial Officer	

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

unaudited

in BGN '000

	2019	2018
Net cash flow from operating activities		
Net profit	129 262	164 138
Adjustment for non-cash items		
Allowance for impairment	117 490	82 500
Net interest income	(230 696)	(250 885)
Depreciation and amortization	13 844	14 840
Tax expense	14 873	(11 814)
(Profit)/loss from sale and write-off of tangible and intangible fixed assets, net	(358)	11
(Profit) from sale of other assets, net	(1 201)	(81 248)
(Positive) revaluation of investment property	(72 940)	(13 669)
	(29 726)	(96 127)
Change in operating assets		
(Increase)/Decrease in financial assets at fair value through profit or loss	(246 126)	26 058
(Increase)/decrease in financial assets at fair value in other comprehensive income	90 327	(23 573)
(Increase) in loans and advances to banks and financial institutions	(25 313)	(12)
(Increase) in loans to customers	(402 329)	(955 688)
(Increase)/decrease in other assets	(25 441)	6 102
	(608 882)	(947 113)
Change in operating liabilities		
Increase in due to banks	7 805	11 500
Increase in amounts owed to other depositors	662 970	697 806
Net increase/(decrease) in other liabilities	(16 499)	31 083
	654 276	740 389
Interest received	307 968	375 791
Interest paid	(59 222)	(75 898)
Dividends received	5 678	61
(Paid)/refunded profit tax	404	(3 031)
NET CASH FLOW FROM OPERATING ACTIVITIES	270 496	(5 928)
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(11 708)	(13 159)
Sale of tangible and intangible fixed assets	817	8
Sale of other assets	14 143	270 894
(Increase)/decrease of investments	(12 093)	10 136
NET CASH FLOW FROM INVESTING ACTIVITIES	(8 841)	267 879
Financing activities		
(Decrease) in borrowings	(8 636)	(532)
Increase of subordinated liabilities	58 675	-
NET CASH FLOW FROM FINANCING ACTIVITIES	50 039	(532)
NET INCREASE IN CASH AND CASH EQUIVALENTS	311 694	261 419
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1 728 774	1 467 355
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2 040 468	1 728 774

NEDELCHO NEDELICHEV

Chief Executive Officer

CHAVDAR ZLATEV

Executive Director

SVETOZAR POPOV

Executive Director

JIVKO TODOROV

Chief Financial Officer

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

unaudited

in BGN '000

	2019	2018
Interest income	289 867	312 212
Interest expense	(59 171)	(61 327)
Net interest income	230 696	250 885
Fee and commission income	126 389	115 372
Fee and commission expense	(23 159)	(21 826)
Net fee and commission income	103 230	93 546
Net trading income	14 929	12 279
Other net operating income	71 930	15 653
TOTAL INCOME FROM BANKING OPERATIONS	420 785	372 363
Administrative expenses	(209 157)	(202 315)
Allowance for impairment	(117 490)	(82 500)
Other income, net	49 997	64 776
PROFIT BEFORE TAX	144 135	152 324
Tax income/(expense)	(14 873)	11 814
NET PROFIT	129 262	164 138
Other comprehensive income for the period		
Items which should or may be reclassified as profit or loss		
Revaluation reserve of investments in securities	931	(3 739)
Total other comprehensive income	931	(3 739)
TOTAL COMPREHENSIVE INCOME	130 193	160 399

NEDELCHO NEDELICHEV
Chief Executive Officer

SVETOZAR POPOV
Executive Director

CHAVDAR ZLATEV
Executive Director

JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Individual statement of shareholders' equity for the year ended 31 December 2019

unaudited

*in BGN
'000*

	Issued share capital	Share premium	Other reserves and retained earnings	Revaluation reserve of investments in securities	Revaluation reserve on property	Statutory reserve	Total
Balance at 01 January 2018	110 000	97 000	658 399	19 524	4 500	39 861	929 284
Initial application of IFRS 9							
Effect from the initial application of IFRS 9 as regards impairment losses	-	-	(276 770)	-	-	-	(276 770)
Effect from the initial application of IFRS 9 as regards the revaluation reserve of investments in securities	-	-	4 904	(4 904)	-	-	-
Change in balances as at 1 January 2018	110 000	97 000	386 533	14 620	4 500	39 861	652 514
Total comprehensive income for the period							
Net profit for the year ended 31 December 2018	-	-	164 138	-	-	-	164 138
Other comprehensive income for the period							
Revaluation reserve of investments in securities	-	-	-	(3 739)	-	-	(3 739)
Balance as at 31 December 2018	110 000	97 000	550 671	10 881	4 500	39 861	812 913
Total comprehensive income for the period							
Net profit for 2019	-	-	129 262	-	-	-	129 262
Other comprehensive income for the period							
Revaluation reserve of investments in securities	-	-	-	931	-	-	931
Balance as at 31 December 2019	110 000	97 000	679 933	11 812	4 500	39 861	943 106

NEDELCHO NEDELICHEV
Chief Executive Officer
CHAVDAR ZLATEV
Executive Director

SVETOZAR POPOV
Executive Director
JIVKO TODOROV
Chief Financial Officer

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

NOTES

1. Basis of preparation

(a) Statute

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

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

The Bank has foreign operations in Cyprus.

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.

(b) Statement of compliance

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

(c) Presentation

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

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

The present financial statements of the Bank are not consolidated. These individual financial statements form an integral part of the consolidated financial statements. Information about the basic earnings per share is given in the consolidated financial statements.

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

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

- IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017), endorsed by the EU on 8 February 2019, published in the Official Journal on 11 February 2019
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019

The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies with the exception of the application of IFRS 9.

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

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

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

Lessor accounting remains largely unchanged.

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

The Management is currently assessing the effect from implementation of the standard:

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

The Management analyses the effect from the implementation of the standard with expected contractual lease term of up to 5 years, because in the majority of rental contracts to which the Bank is a party as a lessee, the Bank has the option of terminating with a 3- or 6-month notice without paying penalties. Even in the other contracts such an option is possible in accordance with the law. This affects the expected actual lease term because the contract term depends on the probability of the Bank exercising that option. With relation to this, the Bank considers the 5-year period as indicative of the maximum duration of the lease term, although there are contracts with a longer term.

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

Right-of-use assets	113,282
Lease liabilities	113,282

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

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

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

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

2. Significant accounting policies

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2018, with the exception of the disclosed effect from the application of IFRS 16.

(a) Income recognition

(i) Interest income

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 Bank estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

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

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

(ii) Fees and Commissions

Fee and commission income arises on financial services provided by the Bank 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 Bank.

(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 of subsidiaries

Investments in subsidiaries are stated at cost, minus the accrued impairment.

(c) Foreign currency transactions

(i) Functional and presentation currency

The financial statements are presented in Bulgarian leva, which is the Bank's functional and presentation currency.

Transactions and balances

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

(iii) Foreign operations

The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. In determining the functional currency of the foreign operations, the Bank takes into account the fact that they are carried out as an extension of the reporting entity.

(d) Financial assets

(i) Recognition

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

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

(ii) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

(vi) Fair value measurement principles

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

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

When there is no quoted price in an active market, the Bank 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 Bank 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 Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

(vii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank 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 Bank is recognised as a separate asset or liability.

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

The Bank 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 Bank 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 Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(e) Cash and cash equivalents

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

(f) Investments

Investments that the Bank holds for the purpose of short-term profit taking or repurchases are classified as financial assets for trading. Investments in debt instruments held by the Bank as part of a business

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

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the statement of financial position and are measured in accordance with the accounting policy for either assets held for trading or available-for-sale as appropriate. The proceeds from the sale are reported as liabilities to either banks or other customers.

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

(h) Borrowings

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

If the Bank 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 Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(j) Impairment of financial assets

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

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

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

(k) Property and equipment

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

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

Assets	%
• Buildings	3 - 4
• Equipment	10 - 50
• Fixtures and fittings	10 - 15
• Motor vehicles	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 acquired by the Bank are stated at cost, less accumulated amortisation and any impairment losses.

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

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

(m) Investment Property

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

(n) Provisions

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

(o) Acceptances

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

(p) Off-balance sheet commitments

In the ordinary course of its business, the Bank enters into off-statement of financial position commitments such as guarantees and letters of credit. The Bank recognizes provision for off-statement of

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

(q) Taxation

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

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

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

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

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

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 31 December 2019 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

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

(ii) Assessment of repossessed assets from collaterals

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

(iii) Income taxes

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

(s) 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

Bank'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 Labor Code.

According to these regulations in the LC, when a labor 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 Bank 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 Bank 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 Bank 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.

3. Segment Reporting

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

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

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

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

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

<i>in BGN '000</i>	Bulgarian operations		Foreign operations		Total	
	2019	2018	2019	2018	2019	2018
Interest income	289,662	311,466	205	746	289,867	312,212
Interest expense	(59,154)	(61,305)	(17)	(22)	(59,171)	(61,327)
Net interest income	230,508	250,161	188	724	230,696	250,885
Fee and commission income	123,601	113,363	2,788	2,009	126,389	115,372
Fee and commission expense	(23,116)	(21,796)	(43)	(30)	(23,159)	(21,826)
Net fee and commission income	100,485	91,567	2,745	1,979	103,230	93,546
Net trading income	13,645	11,094	1,284	1,185	14,929	12,279
Administrative expenses	(207,386)	(200,894)	(1,771)	(1,421)	(209,157)	(202,315)
Assets	10,181,802	9,229,337	18,244	8,500	10,200,046	9,237,837
Liabilities	8,980,876	8,210,833	276,064	214,091	9,256,940	8,424,924

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

Business	Assets	Liabilities	Net interest income	Net fee and commission income	Net trading income	Other net operating income
Corporate customers	3,079,348	846,817	72,918	23,040	-	124
Small and medium enterprises	757,545	594,353	25,834	19,354	-	185
Retail Banking	1,940,022	7,242,831	127,456	55,479	-	809
Treasury	2,922,311	99,159	(522)	5,335	14,929	9,839
Other	1,500,820	473,780	5,010	22	-	60,973
Total	10,200,046	9,256,940	230,696	103,230	14,929	71,930

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)(vi).

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the 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 a Risk Management function, which is independent of Treasury division and reports to management, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. Specific controls include:

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

Where third-party information, such as broker quotes or pricing services, are used to measure fair value, Risk 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 thousands of BGN

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	6,936	258,605	14	256,555
Financial assets at fair value through other comprehensive income	539,591	26,227	-	565,818
Derivatives held for risk management	814	(361)	-	453
Total	547,341	284,471	14	831,826

In BGN '000

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	7,176	17,488	14	24,678
Financial assets at fair value through other comprehensive income	630,306	25,732	-	656,038
Derivatives held for risk management	905	(88)	-	817
Total	638,387	43,132	14	681,533

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

in thousands of BGN

31 December 2019	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,998,543	-	1,998,543	1,998,543
Financial assets at amortised cost	12,121	-	-	12,121	12,005
Loans and advances to banks and other financial institutions	-	79,576	-	79,576	79,576
Loans and advances to customers	-	1,080,406	4,890,731	5,971,137	5,776,915
Total	12,121	3,158,525	4,890,731	8,061,377	7,867,039
Liabilities					
Due to banks	-	25,048	-	25,048	25,048
Due to other customers	-	4,132,480	4,556,909	8,689,389	8,684,001
Liabilities evidenced by paper	-	109,714	-	109,714	109,723
Hybrid debt	-	267,615	-	267,615	267,615
Total	-	4,534,857	4,556,909	9,091,766	9,086,387

In BGN '000

31 December 2018	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	1,615,646	-	1,615,646	1,615,646
Financial assets at amortised cost	-	862	-	862	748
Loans and advances to banks and other financial institutions	-	125,472	-	125,472	125,472
Loans and advances to customers	-	770,242	4,986,901	5,757,143	5,525,957
Total	-	2,512,222	4,986,901	7,499,123	7,267,823
Liabilities					
Due to banks	-	17,243	-	17,243	17,243
Due to other customers	-	3,421,023	4,607,405	8,028,428	8,021,439
Liabilities evidenced by paper	-	118,128	-	118,128	118,156
Hybrid debt	-	208,786	-	208,786	208,786
Total	-	3,765,180	4,607,405	8,372,585	8,365,624

5. Net interest income

in thousands of BGN

	2019	2018
Interest income		
Accounts with and placements to banks and financial institutions	1,437	1,478
Revenue from interest on liabilities	9	84
Retail Banking	114,894	115,692
Corporate customers	123,142	146,291
Small and medium enterprises	34,759	31,213
Microlending	7,200	8,601
Debt instruments	8,426	8,853
	289,867	312,212
Interest expense		
Deposits from banks	(70)	(10)
Deposits from other customers	(31,666)	(35,312)
Liabilities evidenced by paper	(829)	(1,017)
Hybrid debt	(23,038)	(22,883)
Interest on assets cost	(3,551)	(2,054)
Lease agreements and other	(17)	(51)
	(59,171)	(61,327)
Net interest income	230,696	250,885

6. Net fee and commission income

<i>in thousands of BGN</i>	2019	2018
Fee and commission income		
Letters of credit and guarantees	3,508	2,686
Payment operations	23,209	21,401
Customer accounts	31,214	30,254
Card services	33,522	32,642
Other	34,936	28,389
	126,389	115,372
Fee and commission expense		
Letters of credit and guarantees	(660)	(313)
Payment systems	(2,922)	(2,404)
Card services	(15,616)	(14,233)
Other	(3,961)	(4,876)
	(23,159)	(21,826)
Net fee and commission income	103,230	93,546

7. Net trading income

<i>in thousands of BGN</i>	2019	2018
Net trading income arises from:		
- Debt instruments	(82)	(108)
- Equities	30	(124)
- Foreign exchange rate fluctuations	14,981	12,511
Net trading income	14,929	12,279

8. Other net operating income

<i>In BGN '000</i>	2019	2018
Other net operating income arising from:		
- net income/(expense) from transactions and revaluation of gold and precious metals	788	452
Rental income	5,542	8,862
- Debt instruments	5,495	2,435
- Equities	4,344	1,282
- income from management of assigned receivables	54,643	584
- Gain on administration of loans acquired through business combination	1,118	2,038
Other net operating income	71,930	15,653

9. Administrative expenses

<i>in thousands of BGN</i>	2019	2018
General and administrative expenses comprise:		
- Personnel cost	66,553	66,061
Amortisation of property, equipment and intangibles	13,844	14,840
- Amortisation of right-of-use assets	32,263	-
- Advertising	12,976	15,603
- Building rent expense	-	32,462
- Telecommunication, software and other computer maintenance	11,663	11,737
- Other expenses for external services	71,858	61,612
Administrative expenses	209,157	202,315

10. Allowance for impairment

<i>in thousands of BGN</i>	2019	2018
Write-downs		
Loans and advances to customers	(198,674)	(159,158)
Investments in subsidiaries	-	(178)
Off balance sheet commitments	(694)	(1,012)
Securities	(779)	-
Reversal of write-downs		
Loans and advances to customers	81,652	59,558
Off balance sheet commitments	1,005	18,290
Impairment cost, net	(117,490)	(82,500)

10a. Other income/(expenses), net

<i>in thousands of BGN</i>	2019	2018
Income from sale of assets	1,500	81,117
Revaluation of investment property	72,940	13,669
Profit from sale of investment property	31	168
Dividend income	5,678	61
Cost of guarantee schemes	(31,828)	(32,339)
Reversal of expense for provisions for pending court cases	(228)	102
Other income, net	1,904	1,998
Total	49,997	64,776

11. Cash and balances with Central Banks

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Cash on hand		
- in BGN	149,515	123,104
- in foreign currency	45,328	49,041
Balances with Central Banks	1,718,780	1,035,796
Current accounts and amounts with foreign banks	84,920	407,705
Total	1,998,543	1,615,646

12. Investments in securities

<i>In thousands of BGN</i>	31.12.2019	31.12.2018
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	194,315	181,470
- denominated in foreign currencies	162,966	141,419
Foreign governments		
- treasury bills	147,695	247,145
- treasury bonds	49,072	45,813
Corporates	236,485	17,084
Foreign banks	26,227	26,480
Other issuers – equity instruments	26,618	22,053
Total	843,378	681,464
Of which:		
at fair value through other comprehensive income	565,818	656,038
at amortised cost	12,005	748
at fair value through profit and loss	265,555	24,678
Total	843,378	681,464

13. Loans and advances to banks and other financial institutions**(a) Analysis by type**

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Placements with banks	45,313	23,059
Receivables under resale agreements	5,416	4,985
Other	28,847	97,428
Total	79,576	125,472

(b) Geographical analysis

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Domestic banks and financial institutions	13,613	28,901
Foreign banks and other financial institutions	65,963	96,571
Total	79,576	125,472

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

		31/12/2019	
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	845,305	(39,031)	806,274
- Mortgage loans	823,239	(14,882)	808,357
- Credit cards	176,309	(16,195)	160,114
- Other programmes and collateralised financing	5,098	-	5,098
Small and medium enterprises	768,701	(11,156)	757,545
Microlending	163,102	(2,923)	160,179
Corporate customers	3,494,654	(415,306)	3,079,348
Including receivables from financial lease	379,350	(834)	378,516
Total	6,276,408	(499,493)	5,776,915

In BGN '000

		31.12.2018	
	Gross value	Allowance for impairment	Amortised cost
Retail Banking			
- Consumer loans	734,928	(47,974)	686,954
- Mortgage loans	700,311	(25,061)	675,250
- Credit cards	187,577	(29,900)	157,677
- Other programmes and collateralised financing	6,231	-	6,231
Small and medium enterprises	751,180	(33,507)	717,673
Microlending	139,943	(21,018)	118,925
Corporate customers	3,745,434	(582,187)	3,163,247
Including receivables from financial lease	389,909	(11,480)	378,429
Total	6,265,604	(739,647)	5,525,957

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

Balance as at 01 January 2019	<u>739,647</u>
Additional allowances	198,674
Amounts released	(81,652)
Write-offs	(358,350)
Other	1,174
Balance as at 31 December 2019	<u><u>499,493</u></u>

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

	31/12/2019		31/12/2018	
	Gross amount of loans and advances to customers	Allowance for impairment	Gross amount of loans and advances to customers	Allowance for impairment
Exposures without increase of credit risk after the initial recognition (phase 1)	3,662,196	10,815	3,715,064	26,444
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,103,288	58,160	1,156,689	89,594
Non-performing (impaired) exposures (phase 3)	1,510,924	430,518	1,393,851	623,609
Total	<u>6,276,408</u>	<u>499,493</u>	<u>6,265,604</u>	<u>739,647</u>

31 December 2019

Class of exposure	<i>in thousands of BGN</i>		
	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	4,765,484	(68,975)	4,696,509
Non-performing			
Collectively impaired	218,841	(73,351)	145,490
Individually impaired	1,292,083	(357,167)	934,916
Total	6,276,408	(499,493)	5,776,915

31 December 2018

Class of exposure	<i>in thousands of BGN</i>		
	Gross amount of loans and advances to customers	Allowance for impairment	Carrying amount of loans and advances to customers
Performing			
Collectively impaired	4,871,753	(116,038)	4,755,715
Non-performing			
Collectively impaired	351,996	(150,125)	201,871
Individually impaired	1,041,855	(473,484)	568,371
Total	6,265,604	(739,647)	5,525,957

As at 31 December 2019 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 752,708 thousand (31 December 2018: BGN 815,860 thousand).

15. Property and equipment

<i>in BGN '000</i>	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
Cost						
At 01 January 2019	17,651	140,457	6,575	18,794	66,509	249,986
Additions	5,135	2	-	11,706	-	16,843
Disposals	(578)	(7,969)	-	(6,796)	(2,587)	(17,930)
Transfers	-	5,851	-	(9,241)	1,471	(1,919)
At 31 December 2019	22,208	138,341	6,575	14,463	65,393	246,980
Amortisation						
At 01 January 2019	4,765	118,004	6,080	-	40,510	169,359
Accrued during the year	645	7,344	234	-	2,455	10,678
On disposals	(132)	(7,750)	-	-	(2,582)	(10,464)
At 31 December 2019	5,278	117,598	6,314	-	40,383	169,573
Carrying amount						
At 01 January 2019	12,886	22,453	495	18,794	25,999	80,627
At 31 December 2019	16,930	20,743	261	14,463	25,010	77,407

16. Intangible assets

<i>in thousands of BGN</i>	Software and licences	Total
Cost		
At 01 January 2019	40,422	40,422
Disposals	(2,184)	(2,184)
Transfers	1,919	1,919
At 31 December 2019	40,157	40,157
Amortisation		
At 01 January 2019	27,083	27,083
Accrued during the year	3,166	3,166
On disposals	(1,498)	(1,498)
At 31 December 2019	28,751	28,751
Carrying amount		
At 01 January 2019	13,339	13,339
At 31 December 2019	11,406	11,406

17. Repossessed assets

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Land	464,714	478,133
Buildings	207,447	283,933
Machines, plant and vehicles	35,467	41,852

Fixtures and fittings	800	789
Total	708,428	804,707

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

18. Investment Property

in thousands of BGN

Balance as at 01 January 2019	242,558
Added for the period	8
Transferred from reposessed assets	99,394
Revaluation of investment property to the fair value recognised at transfer	72,940
Transferred to Land and Buildings	(4,136)
Write-offs upon sale	(253)
Balance as at 31 December 2019	410,511

19. Investments in subsidiaries

Investments in subsidiaries are as follows:

in thousands of BGN

31/12/2019

Entity	% held	Acquisition cost	Allowance for impairment	Carrying amount
First Investment Finance B.V., Netherlands	100%	3,947	-	3,947
Diners Club Bulgaria AD	94.79%	5,443	-	5,443
First Investment Bank – Albania Sh.a.	100%	23,420	-	23,420
Debita OOD	70%	105	(104)	1
Realtor OOD	51%	77	(74)	3
Fi Health Insurance AD	59.10%	3,315	-	3,315
Balkan Financial Services EAD	100%	7,743	-	7,743
Turnaround Management EOOD	100%	-	-	-
Creative Investment EOOD	100%	-	-	-
Lega Solutions EOOD	100%	-	-	-
AMC Imoti EOOD	100%	-	-	-
Total		44,050	(178)	43,872

In BGN '000

31/12/2018

Entity	% held	Acquisition cost	Allowance for impairment	Carrying amount
First Investment Finance B.V., Netherlands	100%	3,947	-	3,947
Diners Club Bulgaria AD	94.79%	5,443	-	5,443
First Investment Bank – Albania Sh.a.	100%	23,420	-	23,420
Debita OOD	70%	105	(104)	1
Realtor OOD	51%	77	(74)	3
Fi Health Insurance AD	59.10%	3,315	-	3,315
Balkan Financial Services EAD	100%	50	-	50
Turnaround Management EOOD	100%	-	-	-
Creative Investment EOOD	100%	-	-	-
Lega Solutions EOOD	100%	-	-	-
AMC Imoti EOOD	100%	-	-	-
Total		36,357	(178)	36,179

20. Right-of-use assets

In BGN '000

01 January 2019	113,282
Additions	965
Amortisation	(32,263)
Effect from change in lease	62,286
At 31 December 2019	144,270

Lease liabilities

Translation from Bulgarian

01 January 2019	113,282
Additions	965
Lease payments	(32,263)
Effect of modification to lease terms and expectations on lease term	62,286
At 31 December 2019	144,270

21. Other assets

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Deferred expense	10,540	10,735
Gold	5,479	5,585
Other assets	88,892	94,058
Total	104,911	110,378

22. Due to banks

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Term deposits	2,086	-
Payable on demand	22,962	17,243
Total	25,048	17,243

23. Due to other customers

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Retail customers		
- current accounts	1,448,789	1,204,229
- term and savings deposits	5,275,148	5,188,626
Businesses and public institutions		
- current accounts	1,511,780	1,184,170
- term deposits	448,284	444,414
Total	8,684,001	8,021,439

24. Liabilities evidenced by paper

<i>in thousands of BGN</i>	31.12.2019	31.12.2018
Acceptances under letters of credit	10,164	13,553
Debt related to agreements for full swap of profitability	73,750	73,525
Financing from financial institutions	25,809	31,078
Total	109,723	118,156

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

in thousands of BGN

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2019
State Fund Agriculture	2%	20.12.2019 - 15.02.2020	3
European Investment Fund – JEREMIE 2	0 % - 1.286%	30/09/2025	7,419
Bulgarian Bank for Development AD	1% - 1.583%	15.03.2027 - 30.11.2028	16,137
Fund manager of financial instruments in Bulgaria	0%	31/12/2033	2,250
Total			25,809

In BGN '000

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2018
---------------	----------------------	-----------------	--

State Fund Agriculture	2%	20.12.2019 - 15.02.2020	68
European Investment Fund – JEREMIE 2	0 % - 1.312%	30/09/2025	13,674
Bulgarian Bank for Development AD	1% - 3.50%	30.03.2019 - 30.11.2028	17,336
Total			31,078

25. Hybrid debt

in thousands of BGN

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

In BGN '000

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

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

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

26. Other liabilities

in thousands of BGN

	31.12.2019	31.12.2018
Liabilities to personnel	3,080	3,096
Provisions for pending court cases	962	734
Impairment on off balance sheet commitments	701	1,012
Other payables	4,691	52,674
Total	9,434	57,516

27. Shareholders

As at 31 December 2019 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The table below shows those shareholders of the Bank holding shares as at 31 December 2019 together with the number and percentage of total issued shares.

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

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

28. Commitments and contingent liabilities

Contingent liabilities

in thousands of BGN

	31.12.2019	31.12.2018
Bank guarantees	211,649	228,705
Unused credit lines	639,956	512,911
Letters of credit	8,385	16,984
Total	859,990	758,600
Impairment on off balance sheet commitments	701	1,012

29. Related party transactions

Type of related party <i>in BGN '000</i>	Parties that control or manage the Bank		Enterprises under common control	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Loans	2,327	1,769	20,908	21,915
Deposits and loans received:	11,718	12,862	118,118	111,018
Deposits placed	-	-	18,748	19,704
Other receivables	-	-	16,790	22,146
Other borrowings	-	-	100	100
Off-balance sheet commitments issued by the Bank	975	1,283	4,235	3,469

As at 30/12/2019:

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

(signed)
Nedelcho Nedelchev
Chief Executive Officer
Chairman of the MB

(signed)
Svetozar Popov
Executive Director
Member of the MB

(signed)
Chavdar Zlatev
Executive Director
Member of the MB

(signed)
Jivko Todorov
Chief Financial Officer
Member of the MB

**INTERIM REPORT
ON THE ACTIVITY OF FIRST INVESTMENT BANK AD
as at 31 December 2019**

(individual)

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

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

Highlights in the activity of First Investment Bank AD as at 31 December 2019:

- Notification pursuant to Article 27(2), item 1 of Notification pursuant to Art. 27(2), item 1 of Ordinance No. 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information: a financial lease transaction with an international investor for a significant portion of the site of the former Kremikovtsi steel plant were published at 30.01.2019.
- Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 31.01.2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 01.03.2019.
- Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2018 were published at 05.04.2019;
- Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2018 were published at 30 April 2019;
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 April 2019;
- Notice and materials for the General Meeting of Shareholders of First Investment Bank AD were published at 17 May 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 were published at 30 May 2019;
- Information regarding FIBank's ratings from Fitch Ratings and Moody's Investors Service was disclosed on 05 June 2019;
- Summary results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 19 June 2019 were published on that day;

- The minutes of the regular Annual General Meeting of Shareholders of First Investment Bank AD held on 19 June 2019 and amendments to its By-Laws were published at 21 June 2019;
- On 01 July 2019 First Investment Bank AD disclosed information pursuant to Regulation (EU) No. 575/2013;
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 were published on 25 July 2019;
- On 26 July 2019 First Investment Bank AD published a notification pursuant to Art. 100y, Para. 1(1) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD;
- Information regarding the outcome from the asset quality review and the stress test of Fibank carried out by ECB was disclosed on 26 July 2019;
- Information regarding FIBank's ratings from Moody's Investors Service was disclosed on 01 August 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 were published on 30 August 2019.
- Notice and agenda for an extraordinary meeting of shareholders of First investment bank AD were published on 10 October 2019
- Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 were published on 30 October 2019;
- Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding changes in the Managing Board of First Investment Bank AD – Ms Sevdalina Vassileva was delisted as a member of the Managing Board and Executive Director of First Investment Bank was disclosed on 14 November 2019;
- The minutes of the extraordinary General Meeting of Shareholders of First Investment Bank AD held on 18 November 2019 were published on 18 November 2019;
- Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 were published on 29 November 2019;
- Notification regarding a decision for capital increase of First Investment Bank AD via public offering was published on 20 December 2019;
- Notification of private placement of Fibank bonds was published on 20 December 2019;
- Notification regarding the sale of loan portfolios was published on 20 December 2019.

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

- *Balance sheet as at 31 December 2019.*

The balance sheet assets of the Bank as at 31.12.2019 reached BGN 10,200 million, showing growth by BGN 962 mln against the end of 2018, and thus First Investment Bank AD retains its place among the leading banks in the Bulgarian banking system. As at 31.12.2019 the deposits from other customers amounted to BGN 8,684 million, with growth of BGN 663 mln for the period; for this indicator the Bank also retains its position as one of the leading banks in Bulgaria. As at 31 December 2019 the accounting equity amounted to BGN 943 million net, which means growth by BGN 130 mln compared to the end of 2018. Receivables from clients at the end of 2019 amounted to BGN 5,777 million book value, an increase for 2019 by BGN 251 mln.

- *2019 stand-alone profit*

The net profit of the Bank for 2019 amounted to BGN 129,262 thousand, a decrease by BGN 34,876 thousand in comparison to 2018. The profit before tax and impairment for 2019 is BGN 261,625 thousand vs BGN 234,824 thousand in the previous year, which is an increase by BGN 26,801 thousand.

The total revenue from banking operations in 2019 amounted to BGN 420,785 thousand, which is BGN 48,422 thousand more than the previous year. The net interest income totalled at BGN 230,696 thousand, and the net fee and commission income was BGN 103,230 thousand.

- *Capital resources*

The capital adequacy ratio of First Investment Bank AD as at 31 December 2019 reached 18,80 %. The Tier 1 capital ratio was also 18.80%, too, while CET1 ratio was 15.00%. During the period the Bank was in compliance with and significantly above the regulatory capital requirements.

- *Liquidity*

The liquidity coverage ratio of First Investment Bank AD, as at 31 December 2019 reached 198,25 % and the net stable funding ratio is 134,34 %, showing a stable liquidity position

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

As at 31 December 2019, First Investment Bank AD had a total of 143 branches and offices in Bulgaria. The number of outlets reflects the adherence to a policy of synergy and maintaining optimum efficiency in the branch network of the Bank

Appendix 1

INFORMATION AS AT 31 December 2019 UNDER ART. 33, PARA. 1, P. 7 OF ORDINANCE No2

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

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

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

- *IFRS 16 Leases (issued on 13 January 2016), endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), endorsed by the EU on 22 March 2018, published in the Official Journal on 26 March 2018*
- *IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019;*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017), endorsed by the EU on 8 February 2019, published in the Official Journal on 11 February 2019*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018), endorsed by the EU on 13 March 2019, published in the Official Journal on 14 March 2019*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), endorsed by the EU on 14 March 2019, published in the Official Journal on 15 March 2019*

The adoption of these new standards and amendments to the existing standards has not led to any changes in the Bank's accounting policies with the exception of the application of IFRS 9.

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

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

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

Lessor accounting remains largely unchanged.

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

The Management is currently assessing the effect from implementation of the standard:

- *All agreements are subjected to comprehensive review in order to assess whether further agreements may be considered as lease agreements pursuant to the new definition of IFRS 16;*
- *A decision is to be made which transition approach to opt for - either a full or a modified retrospective transition approach (which means that comparative information will not be restated). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. The decision which approach to choose is important because it cannot be changed later.*

- Current disclosures on financial lease and operating lease agreements are being assessed, since they might be the basis for determining the capitalised amount and may become right-of-use assets.
- It is being determined what accounting simplification is applicable to lease agreements and whether the right to exemption will be used.
- The requirements to the existing IT system are being reviewed;
- the additional required disclosures are being assessed.

The Management analyses the effect from the implementation of the standard with expected contractual lease term of up to 5 years, because in the majority of rental contracts to which the Bank is a party as a lessee, the Bank has the option of terminating with a 3- or 6-month notice without paying penalties. Even in the other contracts such an option is possible in accordance with the law. This affects the expected actual lease term because the contract term depends on the probability of the Bank exercising that option. With relation to this, the Bank considers the 5-year period as indicative of the maximum duration of the lease term, although there are contracts with a longer term.

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

Right-of-use assets	113,282
Lease liabilities	113,282

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

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

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

The accounting policy applied by the Bank in the preparation of these interim condensed financial statements is the same as the one applied in the preparation of the last annual financial statements for the year ended on 31 December 2018, with the exception of the disclosed effect from the application of IFRS 16.

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

No changes occurred in the 4th quarter of 2019.

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

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

No forecasts were published for the results for 2019.

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

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

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

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

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

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

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

No events have occurred.

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

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

ordinary activity of the Bank.

Appendix 2

**INFORMATION AS AT 31 December 2019
UNDER ART. 33, PARA. 3
OF ORDINANCE NO2**

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

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

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

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

As at 31.12.2019, no changes have occurred in transactions concluded with related parties that have significant impact on the financial position or performance of First Investment Bank AD.

(signed)
Nedelcho Nedelchev
Chief Executive Officer
Chair of MB

(signed)
Svetozar Popov
Executive Director
MB Member

(signed)
Chavdar Zlatev
Executive Director
MB Member

(signed)
Jivko Todorov
Chief Financial Officer
MB Member

DECLARATION

under Art. 100o, para. 4(3) and with relation to Art. 100o¹, para. 7 of the Public Offering of Securities Act (POSA) and Art. 33a², para. 2 of Ordinance No 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information

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

- the financial statements (individual) of First Investment Bank AD as at 31 December 2019, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit of First Investment Bank AD;
- the interim report on the activities of First Investment Bank AD as at 31 December 2019 contains a fair review of the information under Art. 100o, para. 4(2) of the Public Offering of Securities Act.

(signed)

Nedelcho Nedelchev
Chief Executive Officer
MB Chairperson

(signed)

Svetozar Popov
Executive Director
MB Member

(signed)

Chavdar Zlatev
Executive Director
MB Member

(signed)

Jivko Todorov
Chief Financial Officer
MB Member

30 January 2020

This document was prepared in compliance with the requirements of Art. 100o, Para. 4(4) of the Law on the Public Offering of Securities, as per Art. 33, Para. 1, items (3) and (5) of Ordinance No. 2 of the Financial Supervision 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

**Information on circumstances which occurred by 31 December 2019
and which may have an impact on the price of First Investment Bank shares**

1. Notification pursuant to Article 27(2), item 1 of Notification pursuant to Art. 27(2), item 1 of Ordinance No. 2 of the Financial Supervision Commission on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information: a financial lease transaction with an international investor for a significant portion of the site of the former Kremikovtzi steel plant. – Registered at FSC under incoming No. 10-05- 567/30.01.2019.
2. Non-consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-609/30.01.2019 and No. 10-05-652/31.01.2019;
3. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-1068/01.03.2019.
4. Annual unconsolidated (audited) financial statements of First Investment Bank AD as at 31 December 2018 – Registered at FSC under incoming No. 10-05-1704/05.04.2019;
5. Annual consolidated (audited) financial statements of First Investment Bank AD as at 31 Dec 2018 – Registered at FSC under incoming No. 10-05-2367/30.04.2019;
6. Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 – Registered at FSC under incoming No. 10-05-2424/30.04.2019;
7. Notice and materials for the General Meeting of Shareholders of First Investment Bank AD – Registered at FSC under incoming No. 10-05-2778/17.05.2019;
8. Consolidated (unaudited) financial statements of First Investment Bank AD as at 31 March 2019 – Registered at FSC under incoming No. 10-05-3146/30.05.2019;
9. Disclosure of Information regarding First Investment Bank’s ratings from Fitch Ratings and Moody's Investor Services – Registered at FSC under incoming No. 10-05-3242/05.06.2019;
10. Information on the results from the regular Annual General Meeting of Shareholders of First Investment Bank held on 19 June 2019 – Registered at FSC under incoming No. 10-05-3473/19.06.2019;
11. Submission of minutes of the regular Annual General Meeting of Shareholders of First Investment Bank AD held on 21 June 2019 and amendments to the By-Laws of First Investment Bank AD – Registered at FSC under incoming No. 10-05-3528/21.06.2019.
12. Disclosure of Information by First Investment Bank AD pursuant to Regulation (EU) No. 575/2013 – Registered at FSC under incoming No. 10-05-3757/01.07.2019;

13. Individual (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 – Registered at FSC under incoming No. 10-05-4138/26.07.2019;
14. Notification pursuant to Art. 100y, Para. 1(2) with relation to Para.2 of the Law on the Public Offering of Securities (LPOS) regarding amendments to the By-Laws of First Investment Bank AD – Registered at FSC under incoming No. 10-05-4167/26.07.2019;
15. Disclosure of information regarding the results of Fibank’s asset quality review and the stress test carried out by ECB – Registered at FSC under incoming No. 10-05-4173/26.07.2019;
16. Disclosure of Information regarding FIBank’s ratings from Moody’s Investor Services – Registered at FSC under incoming No. 10-05-4502/01.08.2019;
17. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 June 2019 – Registered at FSC under incoming No. 10-05-4631/16.08.2019;
18. Notice and agenda for the extraordinary meeting of shareholders of First investment bank AD – Registered at FSC under incoming No. 10-05-5175/10.10.2019;
19. Unconsolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 – Registered at FSC under incoming No. 10-05-5650/30.10.2019;
20. Notification pursuant to Art. 100y, Para. 1(2) and Para.2 of the Law on the Public Offering of Securities (LPOS) regarding changes in the Managing Board of First Investment Bank AD – Ms Sevdalina Vassileva was delisted as a member of the Managing Board and Executive Director of First Investment Bank – Registered at FSC under incoming No. 10-05-5818/14.11.2019;
21. Minutes of the extraordinary General Meeting of Shareholders of First Investment Bank AD held on 18 November 2019 – Registered at FSC under incoming No. 10-05-5855/18.11.2019;
22. Consolidated (unaudited) financial statements of First Investment Bank AD as at 30 September 2019 – Registered at FSC under incoming No. 10-05-6087/29.11.2019;
23. Notification regarding decision for capital increase of First Investment Bank’s AD via public offering – Registered at FSC under incoming No. 10-05-6312/20.12.2019;
24. Notification of private placement of Fibank bonds – Registered at FSC under incoming No. 10-05-6311/20.12.2019;
25. Notification regarding sale of credit portfolios – Registered at FSC under incoming No. 10-05-6310/20.12.2019.

(signed)
 Nedelcho Nedelchev
 Chief Executive Officer
 Chairperson of MB

(signed)
 Svetozar Popov
 Executive Director
 Member of MB

(signed)
 Chavdar Zlatev
 Executive Director
 Member of MB

(signed)
 Jivko Todorov
 Chief Financial Officer
 Member of MB

FIRST INVESTMENT BANK AD

Bank FINV9150

First Investment Bank AD

Reporting date 31.12.2019

Basis for application Individual

Accounting standard IFRS

Reporting currency in BGN '000

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

c010

1.1 Assets

		References	Breakdown in table	Carrying amount
				part 1, paragraph 27 of Appendix V
				010
010	Cash and cash balances with central banks and other deposits payable on demand	Para. 54 (i) of IAS 1		2 016 302
020	Cash	part 2, paragraph 1 of Appendix V		194 843
030	Cash balances with central banks	part 2, paragraph 1 of Appendix V		1 718 780
040	Other deposits payable on demand	part 2, paragraph 1 of Appendix V	5	102 679
050	Financial assets held for trading	Supplement A to IFRS 9		6 940
060	Derivatives	Supplement A to IFRS 9	10	0
070	Equity	Para. 11 of IAS 32	4	4 488
080	Debt securities	part 1, paragraph 31 of Appendix V	4	2 452
090	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
096	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 8 (a)(ii) of IFRS 7; IFRS 9.4.1.4	4	258 615
097	Equity	Para. 11 of IAS 32	4	22 130
098	Debt securities	part 1, paragraph 31 of Appendix V	4	236 485
099	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
100	Financial assets at fair value through profit or loss	Para. 8 (a)(i) of IFRS 7; IFRS 9.4.1.5	4	0
120	Debt securities	part 1, paragraph 31 of Appendix V	4	0
130	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
141	Financial assets at fair value through other comprehensive income	Para. 8 (h) of IFRS 7; IFRS 9.4.1.2A	4	565 818
142	Equity	Para. 11 of IAS 32	4	0
143	Debt securities	part 1, paragraph 31 of Appendix V	4	565 818
144	Loans and advances	part 1, paragraph 32 of Appendix V	4	0
181	Financial assets at amortised cost	Para. 8 (f) of IFRS 7; IFRS 9.4.1.2	4	5 850 737
182	Debt securities	part 1, paragraph 31 of Appendix V	4	12 005
183	Loans and advances	part 1, paragraph 32 of Appendix V	4	5 838 732
240	Derivatives - hedge accounting	IFRS 9.6.2.1, part 1, paragraph 22 of Appendix V	11	0
250	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	Para. 89A (a) of IAS 39, IFRS 9.6.5.8		0
260	Investments in a subsidiary, jointly-controlled entity or associate	Para. 54 (e) of IAS 1; part 1, paragraph 21 and part 2, paragraph 4 of Appendix V	40	43 872
270	Tangible assets			487 918
280	Property, Plant and Equipment	Para. 6 of IAS 16; Para. 54 (a) of IAS 1	21, 42	77 407
290	Investment Property	Para. 5 of IAS 40; Para. 54 (b) of IAS 1	21, 42	410 511
300	Intangible assets	Para. 54(c) of IAS 1; Art. 4, Para. 1, item 115 of Reg 575		11 406
310	Goodwill	Para. B67, (d) of IFRS 3; Art. 4, Para. 1, item 113 of Reg 575		0
320	Other intangible assets	Paras. 8, 118 of IAS 38	21, 42	11 406
330	Tax assets	Para. 54 (n)-(o) of IAS 1		15
340	Current tax assets	Para. 54(n) of IAS 1; Para. 5 of IAS 12		15
350	Deferred tax assets	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 106 of Reg 575		0
360	Other assets	part 2, paragraph 5 of Appendix V		814 153
370	Non-current assets and disposal groups classified as held for sale	Para. 54, (j) of IAS 1; Para. 38 of IFRS 5; part 2, item 7 of Appendix V		0
380	TOTAL ASSETS	Para. 9, (a), IN 6 of IAS 1		10 055 776

FIRST INVESTMENT BANK AD

Bank	FINV9150	First Investment Bank AD
Reporting date		31.12.2019
Basis for application	Individual	
Accounting standard	IFRS	Reporting currency in BGN '000

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

c010

1.2 Liabilities

		References	Breakdown in table	Carrying amount
				part 1, paragraph 27 of Appendix V
				010
010	Financial liabilities held for trading	Para. 8, (e)(ii) of IFRIC 7; BA Para. 6 of IFRS 9	8	0
020	Derivatives	supplement A to IFRS 9, IFRS 9.4.2.1(a), BA, paragraph 7(a) of IFRS 9	10	0
030	Short positions	BA, Paragraph 7(b) of IFRS 9	8	0
040	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
050	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
060	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	0
070	Financial liabilities at fair value through profit or loss	Para. 8 (e)(i) of IFRIC 7; IFRS 9.4.2.2	8	0
080	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	0
090	Issued debt securities	part 1, paragraph 37 of Appendix V	8	0
100	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	0
110	Financial liabilities at amortised cost	Para. 8 (g) of IFRIC 7; IFRS 9.4.2.1	8	9 086 387
120	Deposits	Part 2, item 9 of Appendix 2 to ECB/2013/33; Part 1, item 36 of Appendix V	8	8 782 798
130	Issued debt securities	part 1, paragraph 37 of Appendix V	8	267 615
140	Other financial liabilities	part 1, paragraph 38-41 of Appendix V	8	35 974
150	Derivatives - hedge accounting	IFRS 9.6.2.1, part 1, paragraph 26 of Appendix V	11	0
160	Changes in the fair value of hedged positions when hedging a portfolio for interest rate risk	Para. 89A (b) of IAS 39, IFRS 9.6.5.8		0
170	Provisions	Para. 10 of IAS 37; Para. 54 (l) of IAS 1	43	1 663
180	Pensions and other obligations to pay defined post-employment benefits	Para. 63 of IFRIC 19; Para. 78(d) of IAS 1; part 2, item 9 of Appendix V	43	0
190	Other long-term employee benefits	Para. 153 of IFRIC 19; Para. 78(d) of IAS 1; part 2, item 10 of Appendix V	43	0
200	Restructuring	Para. 71 and 84(a) of IAS 37	43	0
210	Pending legal matters and tax-related court cases	IAS 37, addendum B, examples 6 and 10	43	962
220	Commitments and guarantees	IFRS 9.4.2.1(c), (d); 9.5.5; 9.C2.5; IAS 37; IFRS 4; part 2, para. 11 of Appendix V	9 12 43	701
230	Other provisions	Para. 14 of IAS 37	43	0
240	Tax liabilities	Para. 54 (n)-(o) of IAS 1		16 488
250	Current tax liabilities	Para. 54(n) of IAS 1; Para. 5 of IAS 12		0
260	Deferred tax liabilities	Para. 54, (o) of IAS 1; Para. 5 of IAS 12; Art. 4, Para. 1, item 108 of Reg 575		16 488
270	Share capital payable upon request	IAS 32, Illustrative example 33; IFRIC 2; part 2, paragraph 12 of Appendix V		0
280	Other liabilities	part 2, paragraph 13 of Appendix V		8 132
290	Liabilities in disposal groups classified as held for sale	Para. 54, (p) of IAS 1; Para. 38 of IFRIC 5; part 2, paragraph 14 of Appendix V		0
300	TOTAL LIABILITIES	Para. 9, (b), IN 6 of IAS 1		9 112 670

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ANNEX III

FIRST INVESTMENT BANK AD

Bank FINV9150

First Investment Bank AD

Reporting date 31.12.2019

Basis for application Individual

Accounting standard IFRS

Reporting currency in BGN '000

1.1. Balance sheet [statement of financial position]

c010

1.3 Total own funds

		References	Breakdown in table	Carrying amount
				010
010	Equity	Para. 54(s) of IAS 1; Para. 22 of DOB	46	110 000
020	Paid up share capital	Para. 78 (e) of IAS 1		110 000
030	Not fully paid-up capital	part 2, paragraph 14 of Appendix V		0
040	Premium reserves	Para. 78(e) of IAS 1; Art. 4, Para. 1, item 124 of Reg 575	46	97 000
050	Issued capital instruments other than share capital	part 2, paragraphs 18-19 of Appendix V	46	0
060	Component of the share capital in compound financial instruments	Paras. 28 -29 of IAS 32; part 2, item 18 of Appendix V		0
070	Other issued equity instruments	part 2, paragraph 19 of Appendix V		0
080	Other own funds	Para. 10 of IFRS 2; part 2, paragraph 20 of Appendix V		0
090	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	16 313
095	Items which cannot be reclassified as profit or loss	Para. 89A (a) of IAS 1		4 500
100	Tangible assets	Paras. 39 -41 of IAS 16		4 500
110	Intangible assets	Paras. 85-87 of IAS 38		0
120	Actuarial gains or (-) losses on defined benefit plans	Para. 7, NI 6 of IAS 1; Para. 120(c) of IAS 19		0
122	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0
124	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
320	Changes in fair value of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IAS 1; 5.7.5 and B5.7.1 of IFRC 9; part 2, paragraph 21 of Appendix V		0
330	Inefficiency of hedging in fair value hedging of capital instruments at fair value in other comprehensive income	Para. 7 (d) of IFRS 1; IFRS 9.5.7.5 and 6.5.3; paragraph 24C of IFRS 7, part 2, paragraph 22 of Appendix V		0
340	Changes in fair value of capital instruments at fair value in other comprehensive income [hedged position]	IFRS 9 5.7.5 and 6.5.8(b); part 2, paragraph 22 of Appendix V		0
350	Changes in fair value of capital instruments at fair value in other comprehensive income [hedging instrument]	Para. 7 (e) of IFRS 1; IFRS 9.5.7.5 and 6.5.8(a); part 2, paragraph 57 of Appendix V		0
360	Changes in fair value of financial liabilities at fair value in profit or loss due to changes in credit risk	Para. 7 (f) of IAS 1; IFRS 9.5.7.7; part 2, paragraph 23 of Appendix V		0
128	Items which can be reclassified as profit or loss	Para. 81A (a)(ii) of IAS 1		11 813
130	Hedges of net investments in foreign operations [effective portion]	IFRS 9.6.5.13(a); Paragraph 24B(b), items ii) and iii) of IFRS 7; Paragraph 24C(b), items i) and iv), and paragraph 24E(a) of IFRS 7; part 2, paragraph 24 of Appendix V		0
140	Currency exchange	Para. 52 (b) of IFRC 21; Paras. 32, 38-49 of IAS 21		0
150	Derivatives from hedging Cash flow hedges [effective portion]	Paragraph 7(e) of IAS 1; paragraph 24B(b), items ii) and iii) of IFRS 7; paragraph 24C(b), item i) and paragraph 24E of IFRS 7; IFRS 9.6.5.11(b); part 2, paragraph 25 of appendix V		0
155	Changes in fair value of debt instruments at fair value in other comprehensive income	Para. 7 (da) of IAS 1; IFRS 9.4.1.2A and 5.7.10; part 2, paragraph 26 of Appendix V		11 813
165	Hedging instruments [unreported elements]	Paragraph 7, (g) and (h) of IAS 1; IFRS 9 6.5.15 and 6.5.16; Paragraph 24 E, (b) and (c) of IFRS 7, part 2, Paragraph 60 of appendix V		0
170	Non-current assets and disposal groups classified as held for sale	Para. 38, IN example 12 of IFRS 5		0

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ANNEX III

180	Share of the other comprehensive income of subsidiaries, associates and joint ventures	NI 6 of IAS1, paragraph 10 of IAS 28		0
190	Retained earnings	Art. 4, para. 1, item 123 of Reg 575		0
200	Revaluation reserve	Para. 30, D5-D8 of IFRS 1; part 2, item 28 of Appendix V		0
210	Other reserves	Para. 54 of IAS 1; Para. 78 (e) of IAS 1		590 531
220	Reserves or losses from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	Para. 11 of IAS 28; part 2, item 29 of Appendix V		0
230	Other	part 2, paragraph 29 of Appendix V		590 531
240	(-) Repurchased own shares	Para. 79 (a)(vi) of IAS 1; Paras. 33-34, IE14, IE36 of IAS 32; part 2, paragraph 30 of Appendix V	46	0
250	Profit or loss attributable to the owners of the parent company	Para. 81B (b)(ii) of IAS 1	2	129 262
260	(-) Interim dividends	Para. 11 of IAS 32		0
270	Minority interests [Non-controlling interests]	Para. 54 (r) of IAS 1		0
280	Accumulated other comprehensive income	Art. 4, para. 1, item 100 of Reg 575	46	0
290	Other items		46	0
300	TOTAL SHAREHOLDERS' EQUITY	Para. 9 (c), IN 6 of IAS 1	46	943 106
310	TOTAL SHAREHOLDERS' EQUITY AND TOTAL LIABILITIES	IN 6 of IAS 1		10 055 776

(signed)
NEDELCHO NEDELICHEV
Chief Executive Officer

(signed)
SVETOZAR POPOV
Executive Director

(signed)
CHAVDAR ZLATEV
Executive Director

(signed)
JIVKO TODOROV
Chief Financial Officer

FIRST INVESTMENT BANK AD

Bank FINV9150

First Investment Bank AD

Reporting date 31.12.2019

Basis for application Individual

Accounting standard IFRS

Reporting currency in BGN '000

2. Profit and Loss Account

c010

		References	Breakdown in table	Current period
				010
010	Interest income	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	289 868
020	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V		64
025	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7, IFRS 9.5.7.1		485
030	Financial assets at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7		0
041	Financial assets at fair value through other comprehensive income	Para. 20(b) of IFRIC 7; IFRS 9.5.7.10-11, IFRS 9.4.1.2A		7 891
051	Financial assets at amortised cost	Para. 20(b) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2		281 419
070	Derivatives — hedge accounting, interest rate risk	supplement A to IFRS 9, C.6.6.16, part 2, paragraph 35 of Appendix V		0
080	Other assets	part 2, paragraph 36 of Appendix V		0
085	Revenue from interest on liabilities	IFRS 9.5.7.1, part 2, paragraph 37 of Appendix V		9
090	(Interest expense)	Para. 97 of IAS 1; part 2, paragraph 31 of Appendix V	16	59 171
100	(Financial liabilities held for trading)	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 33, 34 of Appendix V		0
110	(Financial liabilities at fair value through profit or loss)	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7		0
120	(Financial liabilities at amortised cost)	Para. 20(b) of IFRIC 7; IFRS 9.5.7.2		55 603
130	(Derivatives — hedge accounting, interest rate risk)	Para. 9 of IAS 39; part 2, paragraph 35 of Appendix V		0
140	(Other liabilities)	part 2, paragraph 38 of Appendix V		17
145	(Interest expense on assets)	IFRS 9.5.7.1, part 2, paragraph 39 of Appendix V		3 551
150	(Expense for share capital payable upon request)	IFRIC 2, item 11		0
160	Dividend income	part 2, paragraph 40 of Appendix V	31	5 678
170	Financial assets held for trading	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; part 2, paragraphs 40 of Appendix V		47
175	Non-tradable financial assets mandatorily reported at fair value through profit or loss	Para. 20, (a)(i), Para. B5, (e) of IFRIC 7; IFRS 9.5.7.1A, part 2, paragraphs 40 of Appendix V		57
191	Financial assets at fair value through other comprehensive income	Para. 20, (a)(ii) of IFRIC 7; IFRS 9.4.1.2A, IFRS 9.5.7.1A, part 2, paragraph 41 of Appendix V		0
192	Investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	part 2, paragraph 42 of Appendix V		5 574
200	Fee and commission income	Para. 20 (c) of IFRS 7	22	126 388
210	(Fee and commission expense)	Para. 20 (c) of IFRS 7	22	23 159
220	Net profits or (-) losses from write-off of financial assets and liabilities which are not accounted at fair value through profit or loss	part 2, paragraph 45 of Appendix V	16	61 142
231	Financial assets at fair value through other comprehensive income	IFRS 9.4.12A; IFRS 9.5.7.10-11		5 381
241	Financial assets at amortised cost	Para. 20(B)(v) of IFRIC 7; IFRS 9.4.1.2, IFRS 9.5.7.2		55 761
260	Financial liabilities at amortised cost	Para. 8 (a)(v) of IFRIC 7; IFRS 9.5.7.2		0
270	Other			0
280	Net profits or (-) losses from financial assets and liabilities held for trading	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 43, 46 of Appendix V	16	-52
287	Net profits or (-) losses from non-tradable financial assets and liabilities mandatorily reported at fair value through profit or loss	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 46 of Appendix V		4 458
290	Net profits or (-) losses from financial assets and liabilities at fair value through profit or loss	Para. 20, (a)(i) of IFRIC 7; IFRS 9.5.7.1, part 2, items 44 of Appendix V	16, 45	0
300	Net profits or (-) losses from hedge accounting	part 2, paragraph 47 of Appendix V	16	0
310	Net profits or (-) losses from exchange rate differences	Para. 28 and Para 52 (a) of IAS 21		14 981
330	Net profits or (-) losses from write-off of non-financial assets	Para. 34 of IAS 1; part 2, paragraph 48 of Appendix V	45	1 532

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ANNEX III

340	Other operating income	<i>part 2, paragraphs 314-316 of Appendix V</i>	45	82 570
350	(Other operating expense)	<i>part 2, paragraphs 314-316 of Appendix V</i>	45	33 225
355	TOTAL NET OPERATING INCOME			471 010
360	(Administrative expenses)			195 313
370	(Personnel costs)	<i>Para. 7 of IAS 19; Para. 102, IN 6 of IAS 1</i>	44	66 553
380	(Other administrative expenses)			128 760
390	(Amortisation)	<i>Paras. 102, 104 of IAS 1</i>		13 844
400	(Property, Plant and Equipment)	<i>Para. 104 of IAS 1; Para. 73, (e), (vii) of IAS 16</i>		10 678
410	(Investment Property)	<i>Para. 104 of IAS 1; Para. 79, (d), (iv) of IAS 40</i>		0
420	(Other intangible assets)	<i>Para. 104 of IAS 1; Para. 118, (e), (vi) of IAS 38</i>		3 166
425	Net profits or (-) losses from modification	<i>IFRS 9.5.4.3, supplement A to IFRS 9, part 2, paragraph 49 of Appendix V</i>		0
426	Financial assets at fair value through other comprehensive income	<i>Paragraph 35J of IFRS 7</i>		0
427	Financial assets at amortised cost	<i>Paragraph 35J of IFRS 7</i>		0
430	(Provisions or (-) reversed provisions)	<i>Para. 59, 84 of IAS 37; Para. 98, (b), (f), (g) of IAS 1</i>	9 12 43	-83
440	(Commitments and guarantees)	<i>IFRS 9.4.2.1(c), (d); IFRS 9.B2.5; IAS 37; IFRS 4; part 2, para. 50 of Appendix V</i>		-311
450	(Other provisions)			228
460	(Impairment or (-) impairment adjustment of financial assets which are not accounted at fair value through profit or loss)	<i>Para. 20, (a)(viii) of IFRC 7; IFRS 9.5.4.4, part 2, items 51, 53 of Appendix V</i>	12	117 801
481	(Financial assets at fair value through other comprehensive income)	<i>IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8</i>	12	0
491	(Financial assets at amortised cost)	<i>IFRS 9.5.4.4; IFRS 9.5.5.1; IFRS 9.5.5.2; IFRS 9.5.5.8</i>	12	117 801
510	(Impairment or (-) reversed impairment of investments in a subsidiary, jointly-controlled entity or associate)	<i>Paras. 40-43 of IAS 28</i>	16	0
520	(Impairment or (-) reversed impairment of non-financial assets)	<i>Para. 126(a)-(b) of IAS 36</i>	16	0
530	(Property, Plant and Equipment)	<i>Para. 73, (e), (v)-(vi) of IAS 16</i>		0
540	(Investment Property)	<i>Para. 79, (d), (v) of IAS 40</i>		0
550	(Goodwill)	<i>B67, (d), (v) of IFRC 3; Para. 124 of IAS 36</i>		0
560	(Other intangible assets)	<i>Para. 118, (e), (iv)-(v) of IAS 38</i>		0
570	(Other)	<i>Para. 126(a)-(b) of IAS 36</i>		0
580	Negative goodwill in profit or loss	<i>B64, (n)(i) to IFRC 3</i>		0
590	Share of profit or (-) loss from investments in a subsidiary, jointly-controlled entity or associate reported via the equity method	<i>part 2, paragraph 54 of Appendix V</i>		0
600	Profit or (-) loss from non-current assets and disposal groups classified as held for sale, which do not meet the requirements for discontinued operations	<i>Para. 37 of IFRS 5, part 2, paragraph 55 of Appendix V</i>		0
610	PROFIT OR (-) LOSS BEFORE TAX FROM CURRENT OPERATIONS	<i>Para. 102, IN 6 of IAS 1; Para. 33 A of IFRC 5</i>		144 135
620	(Tax expense or (-) income relating to the profit or loss from current operations)	<i>Para. 8, (d) of IAS 1; Para. 77 of IAS 12</i>		14 873
630	PROFIT OR (-) LOSS AFTER TAX FROM CURRENT OPERATIONS	<i>IN 6 of IAS 1</i>		129 262
640	Profit or (-) loss after tax from discontinued operations	<i>Para. 82, (e) of IAS 1; Para. 33(a) and paragraph 33A of IFRC 5; part 2, paragraph 56 of Appendix V</i>		0
650	Profit or (-) loss before tax from discontinued operations	<i>Para. 33, (b)(i) of IFRC 5</i>		0
660	(Tax expense or (-) income related to discontinued operations)	<i>Para. 33, (b)(i) and (iv) of IFRC 5</i>		0
670	PROFIT OR (-) LOSS FOR THE YEAR	<i>Para. 81A (a) of IAS 1</i>		129 262
680	Relating to minority interests [non-controlling interests]	<i>Para. 81B (b)(i) of IAS 1</i>		0
690	Attributable to the owners of the parent company	<i>Para. 81B (b)(ii) of IAS 1</i>		129 262

(signed)
NEDELCHO NEDELCHIEV
Chief Executive Officer

(signed)
SVETOZAR POPOV
Executive Director

(signed)
CHAVDAR ZLATEV
Executive Director

(signed)
JIVKO TODOROV
Chief Financial Officer