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## Amazing Bulgaria...

... 1300 years of history

... the ancient Thracians, the Slavic tribes and the Bulgars led by Khan Asparuh founded, in the middle of the 7th century, the mighty Bulgarian Kingdom on the crossroads with Asia and Africa

... ranked third (after Greece and Italy) for the number of its archaeological monuments

... the first Slavic nation that adopted Christianity

... preserved its ethnic identity, religion and culture

... has 36 cultural reserves, 160 monasteries, some 40,000 monuments of history, 7 of which are on the UNESCO world heritage list

...an attractive place with it's beautiful nature - endless sand beaches and emerald sea, awesome mountain passes and picturesque gorges, rock pyramids and bizarre rock formations, head-whirling caves and waterfalls, curative mineral water-sources, crystal lakes and rivers, varied flora and fauna, fertile lowlands, orchards and vineyards



... harbored and developed culture in 2 alphabets - the Glagolitic (9th century, 862) and the Cyrillic (end of 9th century), named after its inventors Saints Cyril & Methodius

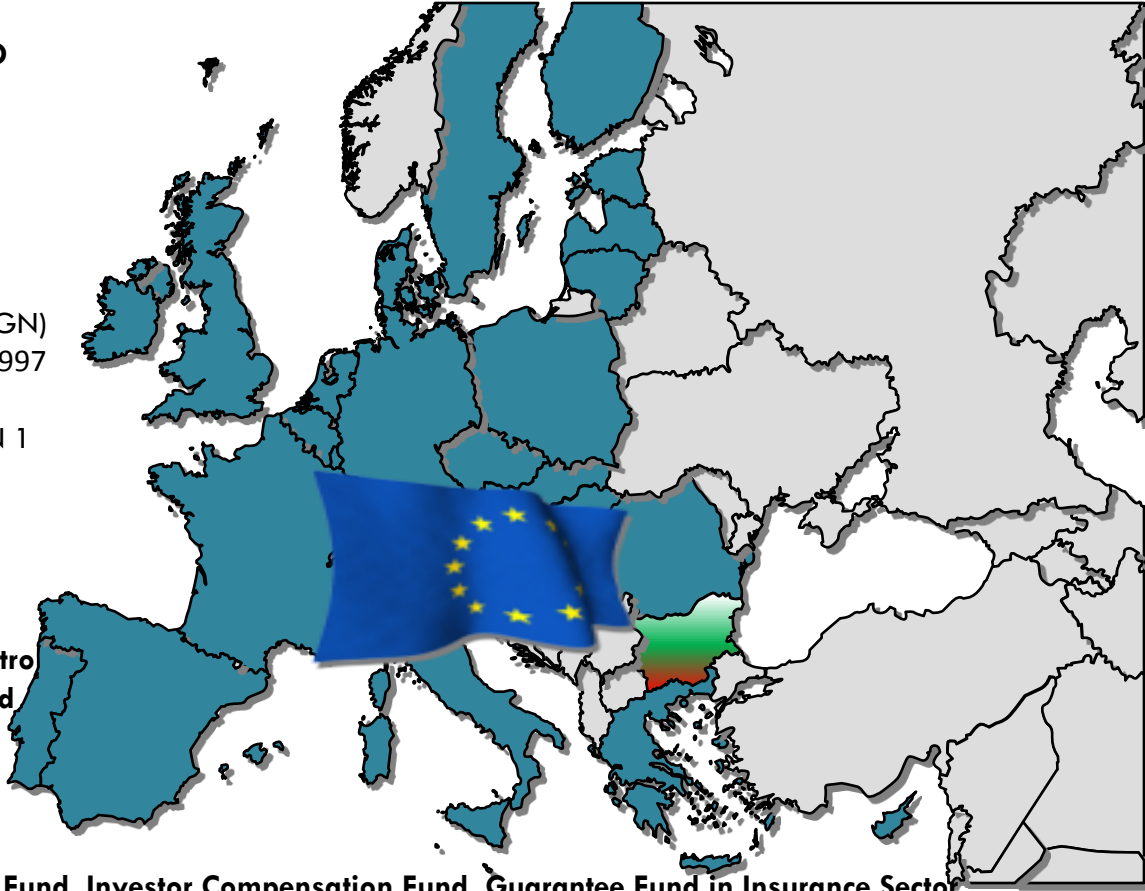
... were a highly developed civilization with cultural domination over the territories of Central Asia for a long time

... presented the folk song "Izlel e Delio Haidutin" - sent in deep space on the board of the US Space Probe - Voyager I as part of a collection of our Civilization's finest cultural artifacts

... are famous scientists, artists, and athletes (among whom is John Atanasoff - the inventor of the computer)

... have a tempting and attractive national cuisine even for visitors from countries which are famous for their longtime culinary traditions

- Full name: **Republic of Bulgaria**
- Memberships: **European Union** (since 2007), **NATO** (since 2004)
- Population: **7.7 million**
- Capital: **Sofia**
- Area: **110,994 sq km (42,855 sq miles)**
- Official language: **Bulgarian**
- Traditional religion: **Orthodox Christianity**
- Monetary unit: **Bulgarian Lev** (plural: Levs, code: BGN)
- A currency board arrangement was established in 1997 through the Bulgarian National Bank Act.
- Fixed Exchange rate: **EUR 1 = BGN 1.95583** (BGN 1 ≈ EUR 0.51)
- Main tax rates:
  - ❖ **corporate tax rate of 10%;**
  - ❖ **personal income tax rate of 10%;**
  - ❖ **Value Added Tax Act (VAT) rate of 20%;**
- Main exports: **Ferrous and non-ferrous metals, petro products, foods and drinks, textiles, machines and equipment**
- Payment Systems: **RINGS, TARGET2-BNB, BISERA, BISERA7-EUR, BORIKA, SEPA, ESROT, CENTRAL DEPOSITARY**
- Main guarantee schemes: **Bank Deposit Insurance Fund, Investor Compensation Fund, Guarantee Fund in Insurance Sector**
- Political overview: **Parliamentary republic**
- Internet domain: **.bg**
- International dialling code: **+359**



## Bulgaria current ratings



### Moody`s: Baa2, 22 July 2011

Moody's Investors Service upgraded Bulgaria's government debt ratings to Baa2 from Baa3, reflecting its ongoing fiscal discipline and improving institutional strength as well as the financial system's relative resilience in a volatile regional environment. The rating outlook is stable.

In related actions, Moody's also upgraded Bulgaria's country ceiling for foreign currency deposits to Baa2/P-2 from Baa3/P-3, and aligned the country ceiling for local currency deposits to the Baa2 level (down from Baa1) because of Bulgaria's currency board arrangement in which the Bulgarian lev is pegged to the euro. In addition, the country ceiling for foreign currency debt was raised from A1 to Aa3, equivalent to the Aa3 country ceiling for local currency debt.



### Standard & Poor`s: BBB/A-2, 13<sup>th</sup> of December 2013

The outlook on Bulgaria's credit ratings has been downgraded from 'stable' to 'negative', citing weak economic growth prospects and a worrying political situation.

The Agency confirms the ability of the government to meet its deficit targets in the period 2014-2016. The assessment of the ability for maintaining public finance stability is key for the credit rating and it has been affirmed.

### 24<sup>th</sup> of May 2011: Fitch Revises Bulgaria's Outlook to Positive; Affirms at 'BBB

"The reduction in Bulgaria's current account deficit, declining external debt ratios and strong fiscal consolidation has significantly reduced risks to macroeconomic and financial stability"

A robust and sustainable recovery in GDP would put upward pressure on the rating. Clearer evidence of a stabilization in asset quality in the banking sector and a further reduction in the budget deficit would also be important steps in completing the exit from the effects of the crisis and could lead to an upgrade



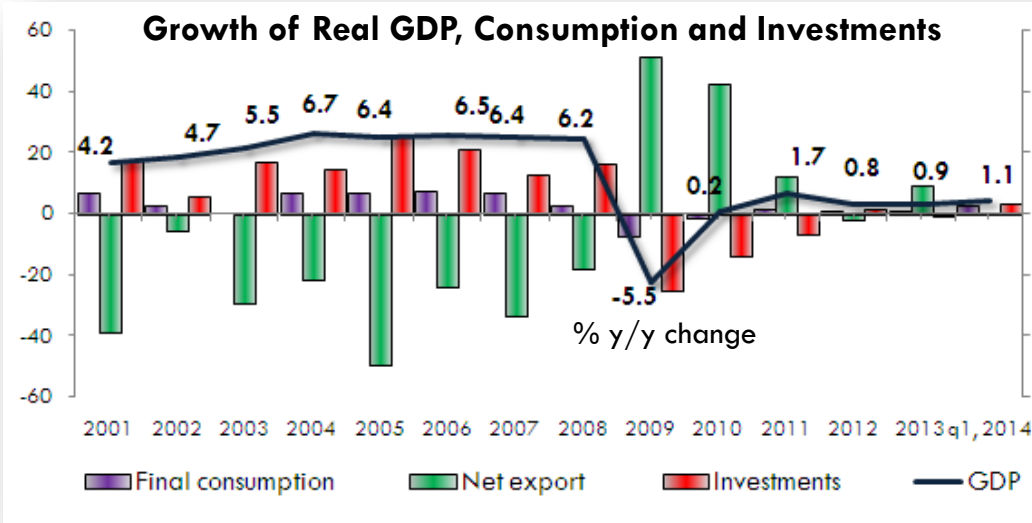
## Macroeconomic indicators

		Q1,2014	2013	2012	2011	2010	2009	2008	2007	2006
GDP	EUR million	8,139	39,940	39,667	38,504	36,052	34,932	35,430	30,772	26,476
Current account	EUR million	(82.6)	751.3	(,268)	,103	(,533)	(3,116)	(8,162)	(7,755)	(4,648)
FDI	EUR million	88.9	1 092.4	1,478	1,315	1,151	2,437	6,728	9,052	6,222
Deficit/ surplus	EUR million	(864.5)	(572)	(318.9)	(785)	(1,124)	(1,514)	591	20,2	759
GDP growth	%	1.1	0.9	0.8	1.8	0.4	(5.5)	6.2	6.4	6.5
Inflation average,	%	(0.8)	0.9	4.2	2.8	2.4	2.8	12.3	8.4	7.3
Current account	% of GDP	(0.2)	2.0	(0.7)	1.9	(1.0)	(8.9)	(23.0)	(25.2)	(17.6)
FDI	% of GDP	0.2	2.7	3.7	3.4	3.2	7.0	19.0	29.4	23.5
Deficit/ surplus	% of GDP	(1.1)	(0.7)	(0.8)	(2.0)	(3.1)	(4.3)	1.7	0.1	3.0

➤ In May 2014 unemployment was 11.2% (in the same period last year was 11.0%, 11.8% for full-2013)

➤ The accumulated inflation as at 30.04.2014 was (0.5%) (at the same period last year (0.5%) end of 2013 was 0.9%)

➤ For May 2014 FDI amounted to EUR 302.6 mln. (EUR 1,092.4 mln. for full-2013)



## Banking sector overview



The Bulgarian National Bank is one of the oldest national institutions established on January 25, 1879

BNB is an independent issuing institution of the State reporting to the National Assembly.

It plays a key role in the Bulgarian economy and takes care of maintaining the stability of the Bulgarian currency, and of strengthening and development of the banking and credit system in the country.

Since January 1, 2007 the bank is a full member of the European System of Central Banks and actively participates in the decision making process in the area of banking and finance in the European Union.

Supervising the credit institutions operating in Bulgaria is a major function of the BNB, and it aims to maintain the stability of the banking system and to protect the interests of depositors.

In performing its supervisory function, the BNB sticks to the Core principles for effective banking supervision of the Basel Committee on Banking Supervision

## 2007

**January 2007** – the effective EU regulations, regarding credit institutions were implemented aiming at harmonizing the Bulgarian banking legislation with this of the EU, including in regards to capital adequacy, liquidity management and large exposures.

**September 2007** – minimal required reserves (MRR) were increased from 8% to 12% of deposit base, as part of the BNB's anti-cyclic policy for limitation of the credit growth.

**November 2007** – together with the rest of the EU member states, the requirements of Directive 2004/39/EC on the markets in financial instruments (MiFID) regarding the activity of investment intermediaries and regulated markets were implemented in Bulgaria, aiming at ensuring better market transparency and further investors' protection.

## 2008

**April 2008** – the instruments for supervision and control of risk exposures were further developed, as the BNB amended Ordinance N9 on the evaluations and classification of risk exposures and the allocation of specific provisions for credit risk, aiming at differential approach in regards to impairment of exposures according to IAS 39.

**July 2008** – banks are among the companies that were to establish an Audit Committee for supervising the processes of financial reporting and independent financial audit within the company.

**November 2008** – the guaranteed amount of bank deposits was increased from BGN 40 thousand to BGN 100 thousand.

**At the end of 2008** – MRR were decreased, as part of the BNB's anti-cyclic policy for stimulating credit market activity and limiting inter-bank market fluctuations - from 12% to 10% of all attracted funds; from 10% to 5% of funds attracted from abroad and 0% of these from public and local budgets; 50% of cash balances of banks were recognized as MRR.

## 2009

**March 2009** – the classification groups that banks use when classifying risk exposures were amended: watch (31-90 days overdue), nonperforming (91-180 days), loss (over 180 days). The scope and types of high liquid collateral used were extended.

**November 2009** – Bulgaria was among the first EU member states that implemented the requirements of Directive 2007/64/EC on payment services, harmonizing the activity of the payment service providers, payment institutions, payments systems and payment services within the European Economic Area (EEA).

## 2010

**February 2010** – the national system component of TARGET2 - TARGET2-BNB for execution of real-time transfers in euro started operations, as did the auxiliary system BISERA7-EUR, based on the rules, practices and standards of SEPA.

**May 2010** – a new Law on consumer credit came into force, transposing Directive 2008/48/EC on consumer credit contracts, which introduced a maximum amount of BGN 147 thousand for granting such type of loan and a standardized European form for pre-contractual information.

**December 2010** – taking into consideration the financial crisis the new requirements of EU Directives on capital adequacy were implemented, including in regards to tier 1 capital, maintenance of liquidity buffers and allowed level of concentration risk.

**At the end of 2010** – the guaranteed amount of bank deposits was increased to BGN 196 thousand, thus reaching the level valid for all EU member states – EUR 100 thousand.

## 2011

**January 2011** – the new EU regulations on the principles and requirements towards remuneration policies of banks were implemented, which are part of the general risk management framework and encourage refraining from excessive risk-taking behavior.

## 2013

**February 2013** - a new Law on Public Finance was adopted, effective from January 1, 2014, which establishes a single framework of public finance, introduces certain fiscal rules and limitations, and also regulates bank servicing of governmental organizations and the system of the single account.

**In March 2013** amendments and supplements were adopted to the Law on Consumer Protection, harmonizing it with the European legal regulations on distance contracts and protecting the rights of consumers, including in the areas of the conclusion of distance contracts by telephone, the extension of term contracts, and terminating permanent contracts by notice.

The Bulgarian banking sector features no government control and almost full control by foreign financial institutions.

The Bulgarian banking sector comprises of 30 banks grouped in three groups based on their totals assets in the reporting period:

## Group I:

- UniCredit Bulbank
- DSK Bank (OTP Group)
- **First investment bank**
- Corporate Commercial Bank
- United Bulgarian Bank (NBG Group)

**The five largest banks  
based on total assets**

## Group II:

- Raiffeisenbank, Bulgaria
- Eurobank EFG, Bulgaria
- Central Cooperative Bank
- Societe Generale Expressbank
- Piraeus Bank Bulgaria
- CIBANK
- Allianz Bank, Bulgaria
- Investbank
- Bulgarian Development Bank
- ProCredit Bank Bulgaria
- Municipal Bank
- International Asset Bank
- Bulgarian-American Credit Bank
- D Commerce Bank
- Tokuda Bank
- Crédit Agricole Bulgaria
- TBI Bank
- Texim Private Entrepreneurial Bank

**The other Bulgarian Banks**

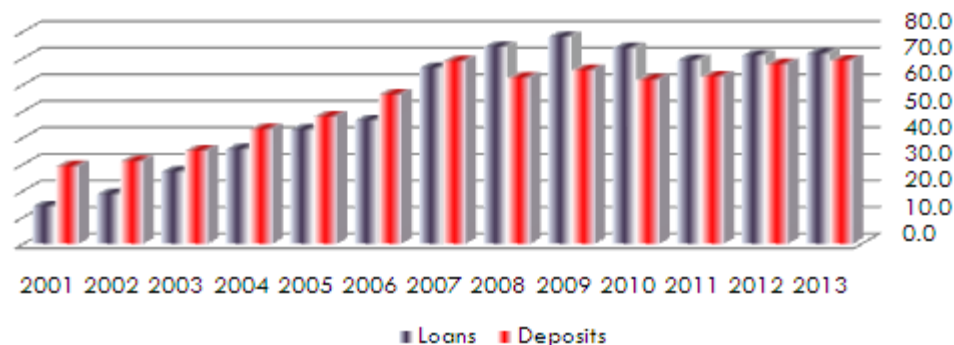
## Group III:

- Alpha Bank, Bulgaria branch
- Citi Bank, N.A., Sofia branch
- ING Bank N.V., Sofia branch
- BNP Paribas S.A., Sofia branch
- T.C. Ziraat bank, Sofia branch
- Isbank gmbh-sofia branch

**Foreign bank  
branches in Bulgaria**

## SECTOR DEVELOPMENT

Loans and Deposits % of GDP



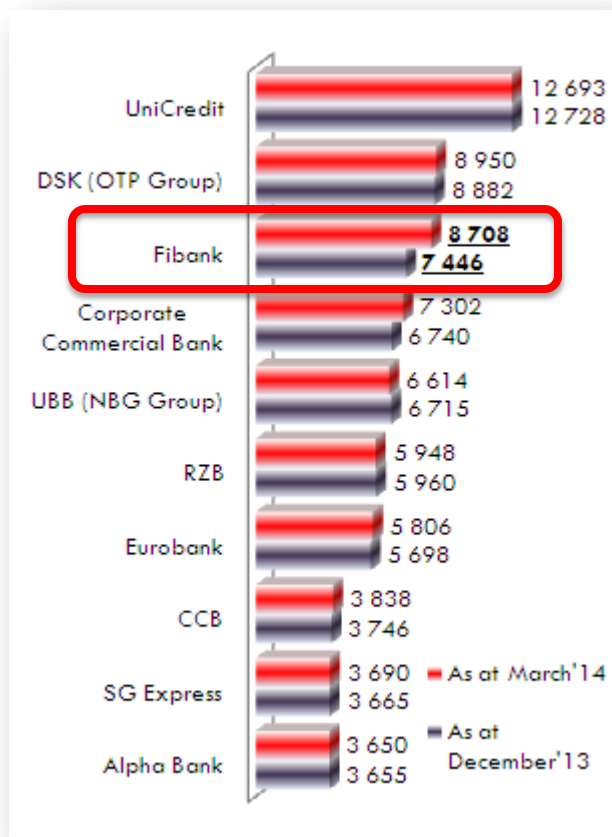
## CURRENT STATUS OF THE BANK SYSTEM

y/oy	2006	2007	2008	2009	2010	2011	2012	2013	Q1, 2014
Bank system assets, BGN million	42,195	59,090	69,560	70,868	73,726	76,811	82,416	<b>85,747</b>	<b>86,508</b>
Growth of assets in the bank system, %	28.4	40.0	17.7	1.9	4.0	4.2	7.3	<b>4.0</b>	<b>3.6</b>
Bank system profit, BGN million	808	1,144	1,387	780	616.6	586	566.8	<b>584.9</b>	<b>223.7</b>
Profit growth, %, y/oy	38.4	41.6	21.2	(43.7)	(20.96)	(4.9)	(3.3)	<b>3.2</b>	<b>33.7</b>
Bank system deposits, BGN million	29,620	38,833	41,736	43,285	46,928	52,808	57,256	<b>62,230</b>	<b>63,378</b>
Growth of deposits, %	44.9	31.1	7.5	3.7	8.4	12.5	8.4	<b>8.7</b>	<b>8.3</b>
Bank system loans, BGN million	22,771	37,443	49,424	51,574	53,073	55,208	56,847	<b>57,376</b>	<b>57,743</b>
Growth of loans, %	23.9	64.4	32.0	4.4	2.9	4.0	3.0	<b>0.9</b>	<b>2.1</b>
Capital adequacy, %	14.5	13.8	14.9	17.0	17.48	17.53	16.7	<b>16.85</b>	<b>20.42</b>
Liquidity, %	33.5	28.2	21.7	21.9	24.37	25.57	26.0	<b>27.1</b>	<b>27.12</b>

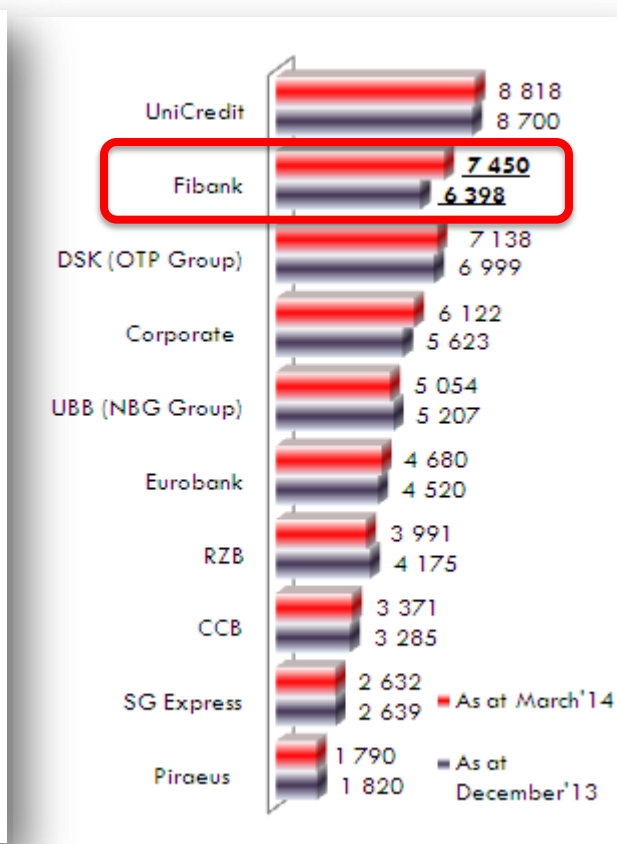
- ◆ At the end of March 2014 and throughout the year the banking system kept stable its financial parameters
- ◆ The capital position, measured by the capital adequacy ratio, was 20.42%
- ◆ For the period March'13 - March'14 total bank assets increased by 3.6% (7.2% growth for the same period in 2013); deposits (other than from credit institutions) increased by 8.3% (8.5% for the same period in 2012) and loans to non-banks grew by 2.1% (2.4% for the same period in 2013)
- ◆ As at 31 March 2014:
  - decrease of mortgage lending is 0.7% (0.6% for the same period in 2013)
  - growth of consumer lending is 0.6 ((1.9%) for the same period in 2013)

## Top 10 Banks

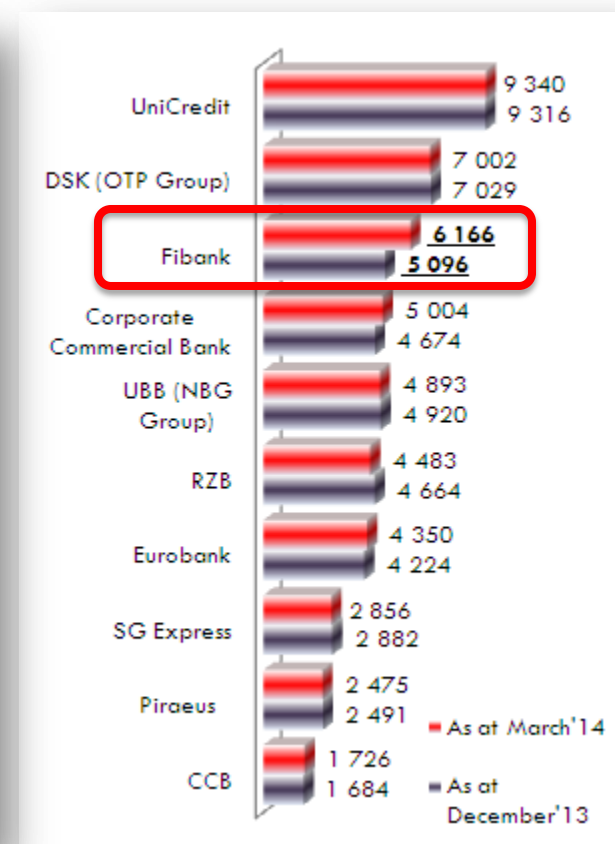
**Total Assets (BGN'mln)**



**Deposits NFI (BGN'mln)**



**Loans NFI (BGN'mln)**



## Fibank and the banking sector as at 31 March 2014

in '000		December 2013	March 2014	Growth
Assets	Banking system	85 746 670	86 508 054	0.9%
	<b>Fibank</b>	<b>7 445 943</b>	<b>8 708 337</b>	<b>17.0%</b>
Deposits (other than from credit institution)	Banking system	62 230 442	63 377 997	1.8%
	<b>Fibank</b>	<b>6 397 543</b>	<b>7 450 203</b>	<b>16.5%</b>
Deposit of individuals and households	Banking system	39 248 436	40 280 571	2.6%
	<b>Fibank</b>	<b>4 984 034</b>	<b>5 538 759</b>	<b>11.1%</b>
Loans to non-banks	Banking system	57 375 994	57 743 446	0.6%
	<b>Fibank</b>	<b>5 095 969</b>	<b>6 165 762</b>	<b>21.0%</b>
Consumer loans	Banking system	9 115 266	8 974 700	(1.5%)
	<b>Fibank</b>	<b>529 740</b>	<b>602 986</b>	<b>13.8%</b>
Mortgage loans	Banking system	9 388 647	9 448 344	0.6%
	<b>Fibank</b>	<b>355 957</b>	<b>690 071</b>	<b>93.9%</b>
Corporate loans	Banking system	38 305 779	38 764 444	1.2%
	<b>Fibank</b>	<b>4 210 272</b>	<b>4 872 705</b>	<b>15.7%</b>

in '000		December 2013	March 2014	Growth
Profit	Banking system	167 317	223 680	33.7%
	<b>Fibank</b>	<b>7 032</b>	<b>2 919</b>	<b>(58.5%)</b>

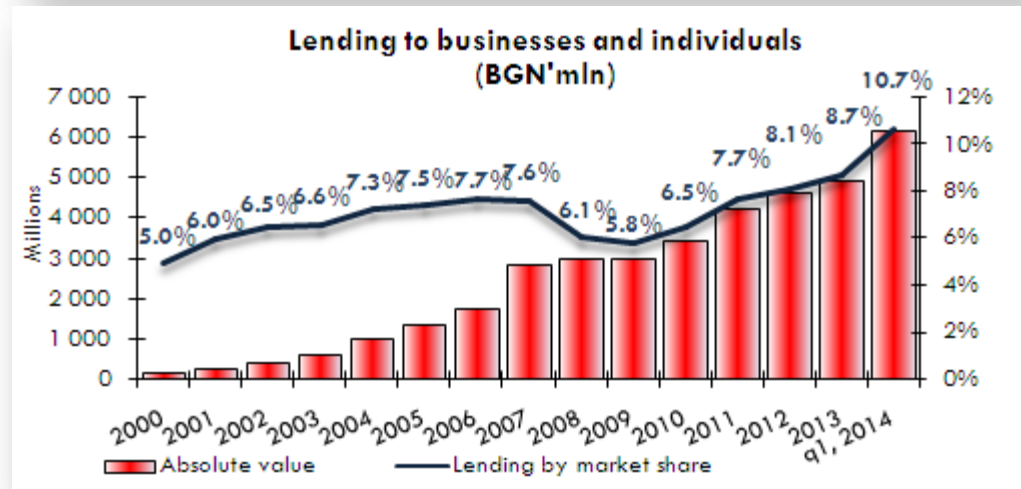
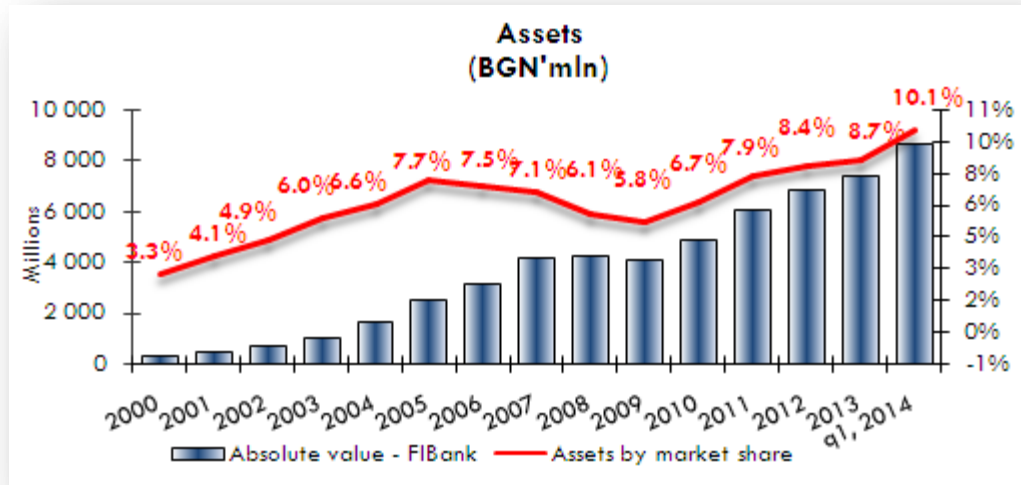
## Market Position

- ◆ Among the leading banks in the cards business
- ◆ Among the leading banks in international settlements and trade finance
- ◆ Third in assets
- ◆ Second in deposits (other than from credit institutions)
- ◆ Second in deposits of individuals and households
- ◆ Third in loans to non-banks
- ◆ Third in corporate loans
- ◆ Seventh in consumer loans
- ◆ Fifth in mortgage loans
- ◆ Fifteenth in terms of profit

## Main competitive advantages

- ◆ Well established market position
- ◆ A streamlined decision-making process
- ◆ An efficient distribution network
- ◆ A good understanding of the Bulgarian market
- ◆ A proven track record in managing risks and a moderate exposure to market risks
- ◆ Insight into corporate client activities and established long-term relationships with personalized service and tailored products
- ◆ First-class customer service
- ◆ Innovative approach to product development

## Fibank market share



## Market Share

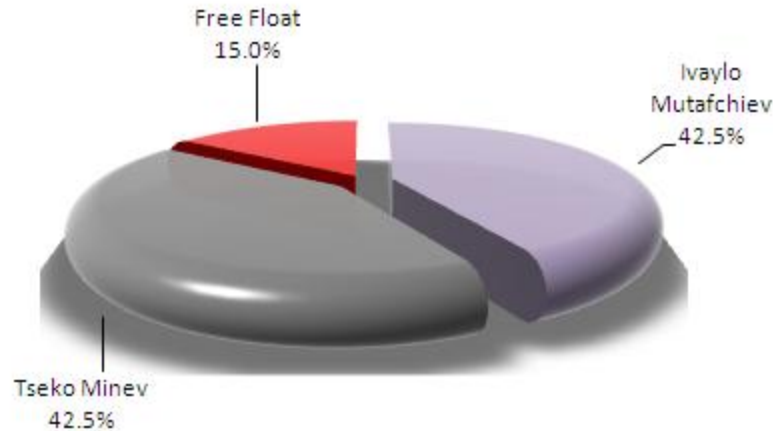
### March 2013

<u>11.8%</u>	Deposits (other than from credit institutions)
<u>13.8%</u>	Deposits from individual and households
<u>12.6%</u>	Corporate loans
<u>7.3%</u>	Mortgage loans
<u>6.7%</u>	Consumer loans

### May 2014

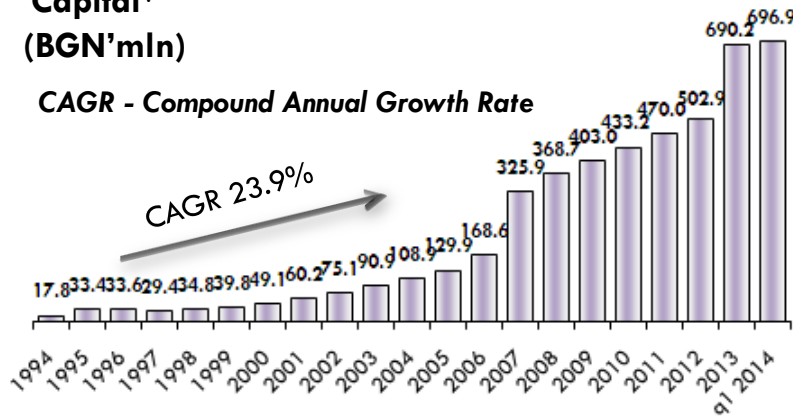
<u>5.28%</u>	Trade finance, Sent
<u>5.69%</u>	Trade finance, Received
<u>8.00%</u>	Payments, Sent
<u>10.82%</u>	Payments, Received

## Shareholders' structure



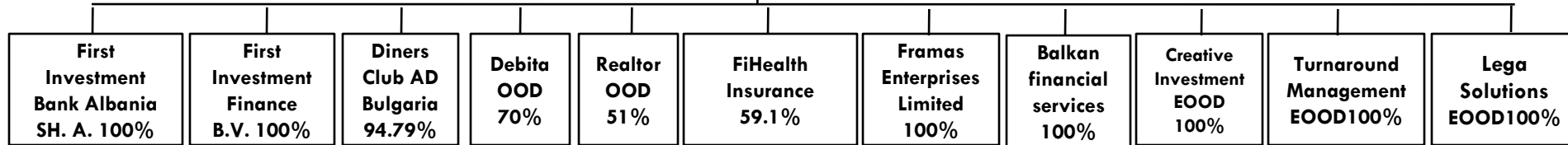
## Capital\* (BGN'mln)

### CAGR - Compound Annual Growth Rate



- ◆ 2003 – 2005: Fibank entered into 10 Subordinated term debt agreements for the total amount of EUR 28 mln. included in the Tier 2 capital.
- ◆ In August 2005, the Bank issued its first perpetual subordinated bonds with par value of €27 million included in the Tier 2 capital. The arranger of the instrument was Dresdner Bank.
- ◆ 2006: Fibank issued perpetual debt for a total amount of EUR 21 mln included in the Tier 2 capital.
- ◆ In October 2006 Fibank issued 1 million ordinary shares with nominal value of BGN 10 each - total BGN 10 mln. All of the newly issued shares have been fully paid-up. Each of the founding shareholders acquired new shares pro rata from the capital increase.
- ◆ In December 2006 reserves and retained earnings were converted into 8 million ordinary shares distributed pro rata to existing shareholders.
- ◆ In March 2007 Fibank decided on 10 for 1 stock split where 10 million shares with nominal value of BGN 10 each were replaced by 100 million shares with nominal value BGN 1 each.
- ◆ In May 2007 Fibank issued 10 million new ordinary shares through an IPO. FFBH offered 6.5 million shares of its shareholding in Fibank. The issue was oversubscribed nearly 6 times.
- ◆ 2011: Fibank issued a new EUR 20 mln perpetual debt instrument which was included in the additional Tier 1 capital of the Bank. Meet all the requirements of Basel 3.
- ◆ 2012: Second tranche of EUR 20 mln. perpetual debt instrument was issued which was included in the additional Tier 1 capital of the Bank. Meet all the requirements of Basel 3.
- ◆ 2012 Fibank issued a new hybrid instrument (bond issue) under private subscription with a nominal value of EUR 20 million, constituting the first tranche of a bond issue with a total amount of up to EUR 60 million, which was included in the Bank's tier 1 capital. Meet all the requirements of Basel 3.
- ◆ On 09 January 2014 each of the majority shareholders, Messrs Ivaylo Mutafchiev and Tseko Minev acquired directly 14 920 000 additional First Investment Bank shares. As a result each of said shareholders will own 46 750 000 registered dematerialized shares of the Bank's share capital, i.e. the two shall own a total of 93 500 000 shares constituting 85% of the Bank's share capital.

## First Investment Bank Group



Fibank has eleven subsidiaries:

- ❖ First Investment Bank – Albania Sh.a was incorporated in April 2006 and granted a full banking license in June 2007. On 1<sup>st</sup> of September 2007, the new bank took over all assets and liabilities of the pre-existing Tirana Branch of First Investment bank
- ❖ First Investment Finance B.V. (Netherlands) was created for special investment purposes – to provide additional financing for the Bank in the form of bonds and other debt instruments. The company has a registered seat in the Netherlands and complies with local corporate governance practices.
- ❖ Diners Club Bulgaria AD is a company registered in Bulgaria as an issuer of credit cards and a processor of payments. In May 2005 Fibank became the majority shareholder in Diners Club Bulgaria AD by acquiring 80% of the company's share capital. As at 31 December 2010 Fibank holds 94.79%, of the company's capital.
- ❖ Debita OOD is set up with the aim to act as a servicing company in accordance with special purpose of investment companies act and is engaged in the following activities – acquisition, servicing, management and transactions with receivables, as well as consultancy services in relation to such operations
- ❖ Realtor OOD is set up with the aim to act as a servicing company in accordance with special purpose of investment companies act and is engaged in the following activities - management, servicing and maintenance of real estates, the organization of construction and renovation of buildings, and consultancy services related to real estates.
- ❖ FiHealth Insurance is engaged in the business of providing voluntary health insurance services to customers. The company is registered in public register of health insurance companies kept by the Financial Supervision Commission.
- ❖ Framas Enterprises Limited is to provide auxiliary services pursuant to the provisions of the Law on Credit Institutions.
- ❖ Balkan financial services is specialized in banking software implementation.

## Areas of operation:

Fibank is licensed and registered as:

- ❖ A Joint-stock company (JSC) (registered in Commercial Register, since 1993)
- ❖ A Credit institution (licensed by Bulgarian National Bank – domestic license since 1993, universal license since 1995)
- ❖ A Public company (registered in the public register of the Financial Supervision Commission, since 2007)
- ❖ An investment intermediary (registered in the public register of the Financial Supervision Commission, since 1997)
- ❖ A Primary dealer of Government Securities (included in the list of primary dealers of government securities held by the Ministry of Finance of Bulgaria)

Fibank is present across all key business lines:

- ❖ Corporate banking
- ❖ Micro-companies and SMEs
- ❖ Retail banking
- ❖ Bank cards – issuing and acquiring
- ❖ Trade finance
- ❖ Payments
- ❖ Money Markets
- ❖ Foreign Exchange
- ❖ Investment gold

## Mission Statement

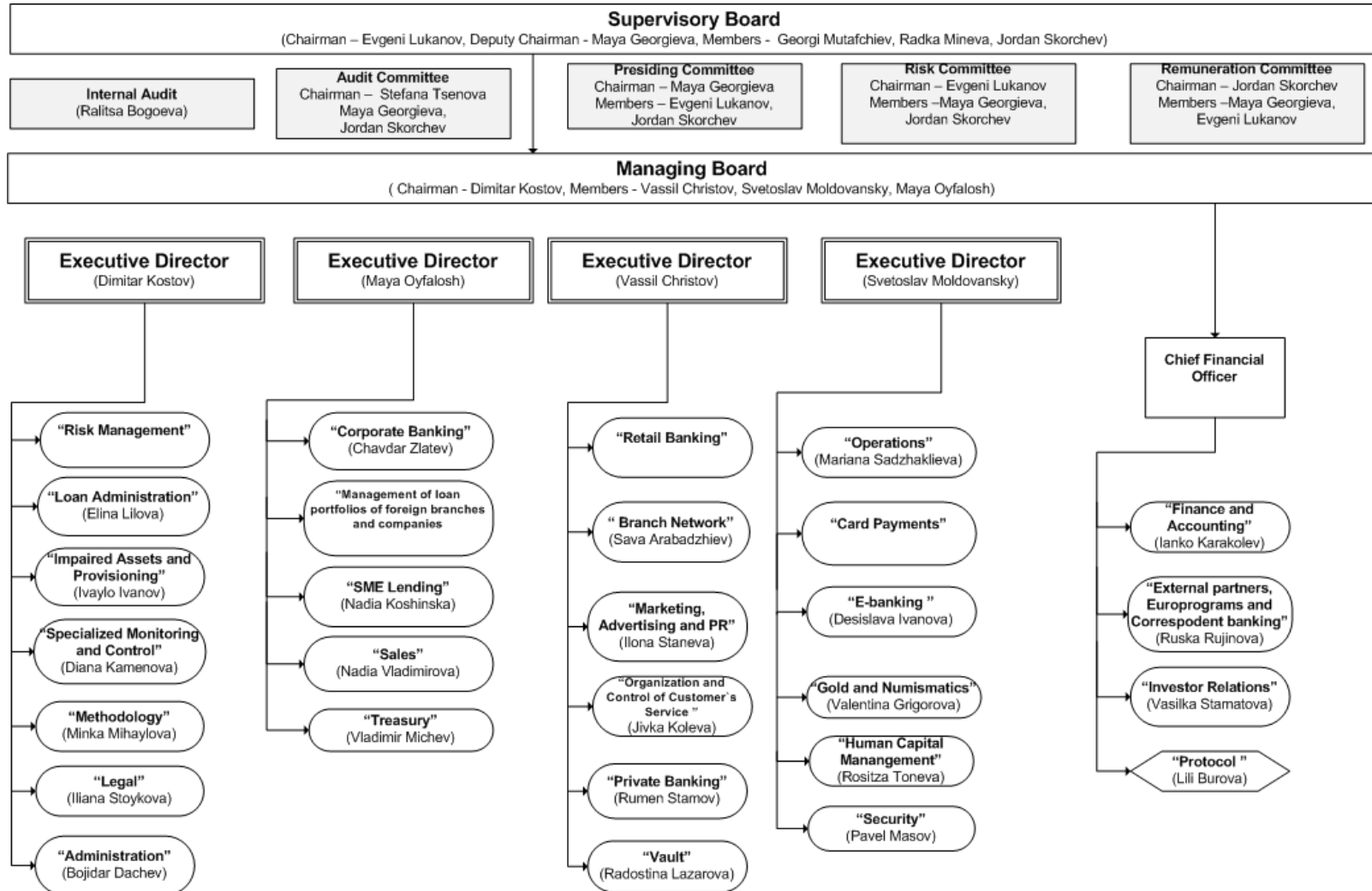


First Investment Bank Central Office, Sofia

First Investment Bank AD aspires to be one of the finest banks in Bulgaria and the Balkan region, to be recognised as a rapidly growing, innovative, customer-oriented bank, offering outstanding products and services, ensuring excellent careers for its people, and contributing to the community



First Investment Bank New Head Office, Sofia



History highlights	
1993	First Investment Bank was established on 8 October 1993 in Sofia. It was granted a full banking licence for carrying out operations in Bulgaria and abroad.
1994 – 1995	The Bank developed and specialised in servicing corporate clients.
1996	FIBank was the first in Bulgaria to offer services enabling banking from home or from the office. FIBank was the first bank to receive a 5-year loan from the European Bank for Reconstruction and Development for financing small and medium-sized enterprises in Bulgaria.
1997	The Bank started issuing Cirrus/Maestro debit cards, Eurocard/Mastercard credit cards and the American Express card. Fibank was the first Bulgarian bank to offer debit cards with international access. Thompson Bankwatch awarded Fibank its first credit rating. The Bank opened its first branch abroad, in Cyprus.
1998	Fibank obtained its first syndicated loan from foreign banks. The Bank negotiated financing for the import of investment goods from Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland, guaranteed by export insurance agencies.
2000	First Investment Bank started developing its business in the field of retail banking. Deposits from private individuals grew 2.3 times.
2001	First Investment Bank launched the first virtual bank branch in Bulgaria allowing customers to bank via the Internet. The Bank was awarded the prize “Bank of the Year” by ‘Pari’ (‘Money’) daily. Maya Georgieva, Executive Director of FIBank, received the prize “Banker of the Year” from ‘The Banker’ weekly.
2002	FIBank was named “Bank of the Client” in the annual rating of ‘Pari’ daily.
2003	Products and services to individuals became the focus of the Bank’s activities. Loans to individuals increased over five times during the year. FIBank was named “Bank of the Client” for the second time in the annual rating of ‘Pari’ daily.
2004	The Bank expanded its infrastructure. The branch network expanded by 27 new branches and offices, the ATM network more than doubled. The Bank was awarded the prize “Financial Product of the Year” for its Mortgage Overdraft product.
2005	FIBank acquired 80% of the capital of Diners Club Bulgaria AD. The Bank issued Eurobonds at the amount of EUR 200 million on the Luxembourg Stock Exchange. FIBank was also the first Bulgarian bank to issue perpetual subordinated bonds. Matthew Mateev, Deputy Chief Executive Director of Fibank, was awarded the prize “Banker of the Year” by ‘The Banker’ weekly.

History highlights	
2006	<p>Fibank negotiated financing for SMEs, at the amount of USD 10 million for a 5-year term, covered by OPIC.</p> <p>Share capital was increased from BGN 10 million to BGN 20 million through the issuance of 1 million shares.</p> <p>Fibank was named “Bank of the Client” for the third time in the annual rating of ‘Pari’ daily.</p> <p>Fibank received a syndicated loan, at the amount of EUR 185 million, organised by Bayerische Landesbank in which 33 banks participated.</p> <p>Fibank’s share capital was increased from BGN 20 million to BGN 100 million by transforming retained profits into 8 million new shares with a nominal value of BGN 10 each.</p>
2007	<p>Fibank realized the biggest banking initial public offering of shares in Bulgaria. The Bank became a public company and increased its issued share capital from BGN 100 million to BGN 110 million.</p> <p>„Fibank Mobile“ – the first banking mobile portal created by Fibank with useful financial information for its customers, started functioning.</p> <p>Fibank was one of the first banks in Bulgaria to implement the new chip technology when issuing debit and credit cards. The processing of card transactions was transferred to the new authorization centre in Macedonia – CaSys International.</p> <p>The Albanian Central Bank issued a full banking licence to First Investment Bank – Albania Sh.a.</p>
2008	<p>Repaid on maturity EUR 200 million of principal and EUR 15 million of interest on a long-term bond, issued by First Investment Finance B.V.</p> <p>Fibank successfully completed the first stage of the new centralized and integrated core banking information system FlexCube, suitable for retail banking as well as for corporate banking, with a module for Internet banking and a module for work processes management.</p> <p>Fibank was named “Bank of the Client” for the fourth time in the annual rating of ‘Pari’ daily.</p> <p>First Investment Bank received a syndicated loan at the amount of EUR 65 million from 11 leading banks all over the world.</p> <p>Fibank became the first bank in Bulgaria with own corporate blog– an Internet platform where clients, employees and fans of Fibank can exchange ideas, share impressions of the Bank in general, its products and services, its initiatives and values.</p> <p>Fibank received the prestigious card business award OSCARDS of Publi-News in the Europe region for innovation in the card business.</p>
2009	<p>Fibank signed an Agreement with the Bulgarian Development Bank for a credit facility for funding agricultural producers</p> <p>Fibank became the only Bulgarian bank - partner under the GSM-102 Program for the South East Balkans. The Program aims at relieving the export of USA agricultural goods and facilitating the payment of the latter</p> <p>Fibank signed an Agreement with the National Guarantee Fund EAD, a subsidiary of the Bulgarian Development Bank for co-financing of small and medium-size enterprises in Bulgaria</p> <p>Fitch upgraded First Investment Bank's (Fibank) Support rating from '5' to '3'</p> <p>Fibank won the prestigious award “Bank of the Client” in the annual competition of “Pari” daily</p> <p>In November 2009, Fibank and China Eximbank signed a Memorandum of Understanding for a strategic business relationship</p>

History highlights	
2010	<p>Fibank set up two new companies: Debita OOD and Realtor OOD.</p> <p>The number of Fibank's customers reached 1,000,000.</p> <p>Fibank's "social responsibility" fund financed 6 projects for children deprived of parental care.</p> <p>Fibank's Virtual Branch introduced identification by a Token device.</p> <p>Fibank won the Straight-Through Processing (STP) Excellence award-2009 of Deutsche Bank.</p> <p>Fibank won the Bank of the Client award in the annual competition of "Pari" daily.</p> <p>Fibank acquired a 2% minority stake capital of "Health Insurance Fund Prime Health" AD and has the option of listing the amount of shares needed to become a majority shareholder at the next increase of capital of the company.</p> <p>Fitch Ratings affirmed Fibank's ratings: Long-term Issuer Default Rating 'BB-', Short-term IDR 'B', Individual rating 'D' Support rating of '3', Support rating floor 'BB-'.</p> <p>Fibank's Social Responsibility Fund financed 6 projects for children deprived of parental care.</p> <p>Fibank acquired minority share in "Health Insurance Fund Prime Health" AD, with the option of listing additional capital.</p> <p>Fibank became the first bank in Bulgaria to introduce Maestro and MasterCard PayPass.</p> <p>Fibank assumed controlling shares in two companies: FiHealth and Framas Enterprises</p>
2011	<p>Fibank's management team was strengthened by new members of the Managing Board and Deputy Executive Directors</p> <p>Fibank issued a new EUR20m hybrid debt instrument which was included in the Tier I capital of the Bank</p> <p>Balkan Financial Services Ltd became a subsidiary of First Investment Bank</p> <p>Fitch Ratings affirmed Fibank's ratings, revising its outlook to "stable". FIBank's ratings are, as follows: Long-term Issuer Default Rating (LT IDR) 'BB-', Outlook Stable, Short-term Issuer Default Rating 'B', Individual Rating 'D', Support rating '3' and Support Rating Floor 'BB-'</p> <p>Change in legal form of Balkan Financial Services, subsidiary of First Investment Bank</p> <p>First General meeting of bond holders of the first tranche of First Investment Bank bond issue, ISIN code BG2100008114</p> <p>Fibank was granted the following prestigious awards:</p> <p>Best Bank in Bulgaria award by the financial magazine Euromoney</p> <p>Bank of the Year 2010 by Market Share award in the annual competition "Bank of the year"</p> <p>Straight-Through Processing (STP) Excellence award-2010 of Deutsche Bank</p> <p>Fibank renewed its five-year partnership with the Bulgarian Olympic Committee and became the main sponsor of the Bulgarian Athletics Federation (BFLA)</p> <p>Fitch Ratings affirms First Investment Bank's ratings</p> <p>Mrs. Maya Georgieva, Executive Director of FIBank, received the prize "Banker of the Year" from 'The Banker' weekly.</p>

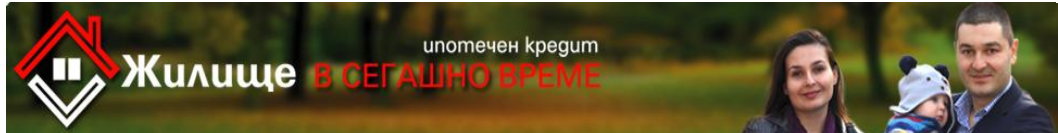
History highlights	
2012	<p>The Bank donated BGN 300,000 to the people who suffered from the floods in Harmanli and Svilengrad municipalities, as part of its corporate social responsibility program.</p> <p>Fibank was included in the Top 1000 banks in terms of tier 1 capital of the world ranking, determined by The Banker prestige edition.</p> <p>Fibank was granted the prestigious “Bank of the Year 2011” award in the annual ranking of “Bank of the Year” Association, with the best complex performance in terms of market share, efficiency and development dynamics. The Bank was also awarded the prize for market share for a second consecutive year.</p> <p>The Bank signed an agreement with the European Investment Fund for the financing of small and medium enterprises under the JEREMIE initiative on the total amount of EUR 70 million, at twice lower interest rates and preferential terms for collateral and fees and commissions.</p> <p>Mr. Vassil Christov, Executive Director of First Investment Bank (Fibank) won the prestigious award Banker of the Year 2012 of the “Banker” Weekly for young and prospective manager.</p> <p>The Bank started redemption of investment gold and silver in the form of bars and coins with the cooperation of the Italian refinery “Italpreziosi”.</p> <p>New products were developed for contactless payments –the Visa Classic payWave credit cards and Visa Electron payWave debit cards, based on NFC (Near Field Communication) contactless technology.</p>
2013	<p>On 15 August 2013 the Bank has signed with the Hungarian MKB Bank Zrt a share purchase agreement to acquire 100% of shares of MKB Unionbank EAD.</p> <p>Fibank (First Investment Bank) won the award for “Bank of the Client 2012”, the prize for “Mystery Client” and the award for “Market Share” in the competition “Bank of the Year” 2012</p> <p>Fibank (First Investment Bank) began lending at preferential terms under the JEREMIE Programme.</p> <p>Fibank renewed the framework agreement with Eximbank Taiwan</p> <p>Fibank successfully finalized the purchase of 100% of MKB Unionbank EAD from the Hungarian MKB Bank Zrt, a subsidiary of the German Bayerische Landesbank AG.</p> <p>Fibank has signed the first RSI guarantee agreement for Bulgaria aimed at innovative enterprises</p>

## New Products 2011-2013

May 2011



December 2011



January 2011



February 2013



**JEREMIE - Business loans from Fibank**

April 2013



**Easter consumer loan**

June 2013



**Six and a Half Mortgage Loan**

September 2011

**Combined Deposit "Portfolio" - term deposit and investment in shares of mutual funds**

June 2012



**"Free mortgage loans"**

April 2014

**Без лихва за първата година**



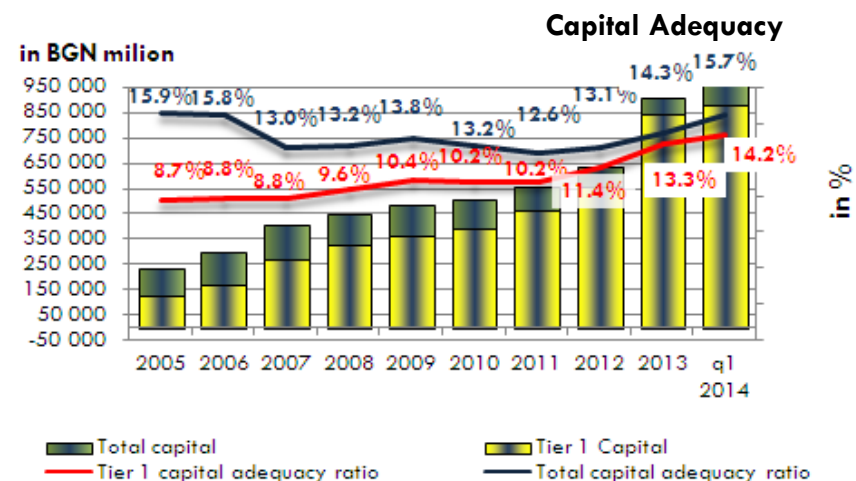
**Right of Choice**

## IFRS

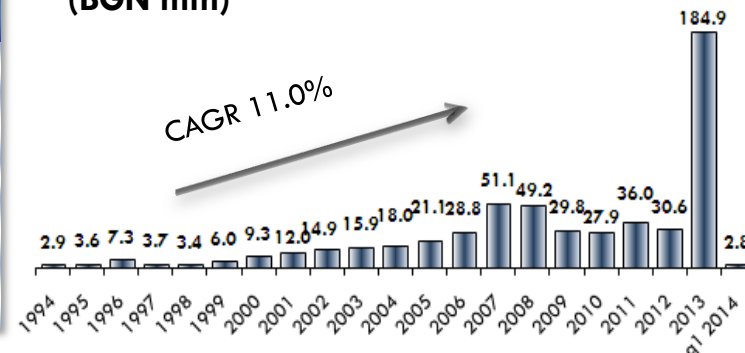
KEY RATIOS (%)	*As at 31.03.14	As at 31.12.13	As at 31.12.12	As at 31.12.11	As at 31.12.10	As at 31.12.09	As at 31.12.08	As at 31.12.07
Solvency ratio (Capital Adequacy)	15.73	14.26	13.10	12.57	13.23	13.83	13.18	12.98
Liquidity ratio	24.17	22.63	27.64	26.17	26.06	19.79	25.67	29.92
Loan provision ratio	4.43	4.12	3.99	3.29	2.95	2.56	2.32	2.62
ROE (after taxation)	1.61	33.35	6.29	7.95	6.67	7.65	14.08	20.54
ROA (after taxation)	0.13	2.47	0.46	0.64	0.61	0.72	1.21	1.50
Income diversity ratio	66.77	62.76	64.29	66.53	66.6	67.47	69.05	67.94
Interest margin	3.62	3.4	2.97	3.47	3.56	3.61	4.35	4.60

Since 1<sup>st</sup> January 2007 the reported capital adequacy is compliant with Basel II. Ratios for previous dates are based on the pre-Basel II rules (the Basel Capital Accord)

INCOME STATEMENT (BGN thousands)	*As at 31.03.14	As at 31.12.13	As at 31.12.12	As at 31.12.11	As at 31.12.10	As at 31.12.09	As at 31.12.08	Growth 13/12
Profit after tax	2,752	184,904	30,573	35,962	27,851	29,796	49,170	504.9%
Total income from banking operations	87,294	289,529	239,897	243,472	206,976	189,960	213,631	20.7%
Net interest income	58,287	181,711	154,235	161,989	137,854	128,150	147,509	17.8%
Net fees & commissions income	20,957	91,775	74,304	72,328	55,923	50,864	63,383	23.5%
General administrative expenses	(51,323)	(161,323)	(160,022)	(157,926)	(144,568)	(144,358)	(156,169)	0.8%

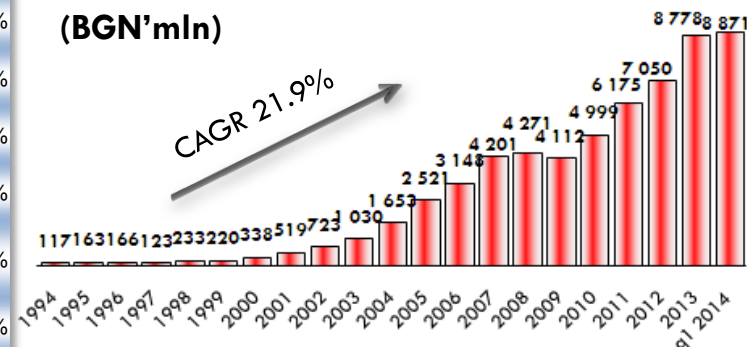


## Profit after tax (BGN'mln)



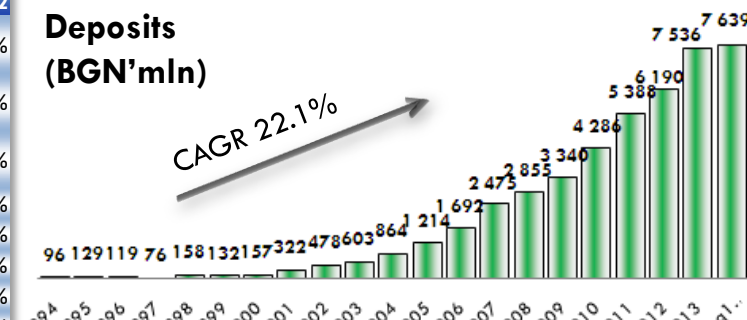
Assets (BGN thousands)	*As at 31.03.14	As at 31.12.13	As at 31.12.12	As at 31.12.11	As at 31.12.10	As at 31.12.09	As at 31.12.08	Growth 13/12
Cash & balances with Central banks	1,321,736	1,347,555	1,140,889	926,394	556,861	603,792	751,864	18.1%
Financial assets held for trading	8,453	16,423	6,553	8,659	16,641	9,023	9,681	150.6%
Available for sale investments	465,006	423,640	726,619	663,925	715,405	285,110	286,623	-41.7%
Financial assets held to maturity	22,5977	178,658	118,770	65,886	57,102	35,425	62,395	50.4%
Loans & advances to banks & financial institutions	140,468	120,126	45,939	100,427	21,736	26,187	10,244	161.5%
Loans & advances to customers	5,996,767	6,020,792	4,540,389	4,182,236	3,417,094	2,966,461	2,969,984	32.6%
Fixed Assets	25,892	115,964	139,179	138,316	149,560	150,336	158,990	-16.7%
Other assets	572,274	554,835	332,110	88,609	64,377	35,950	20,970	67.0%
<b>Total assets:</b>	<b>8,871,219</b>	<b>8,777,993</b>	<b>7,050,448</b>	<b>6,174,452</b>	<b>4,998,776</b>	<b>4,112,284</b>	<b>4,270,751</b>	<b>24.5%</b>

## Assets (BGN'mln)



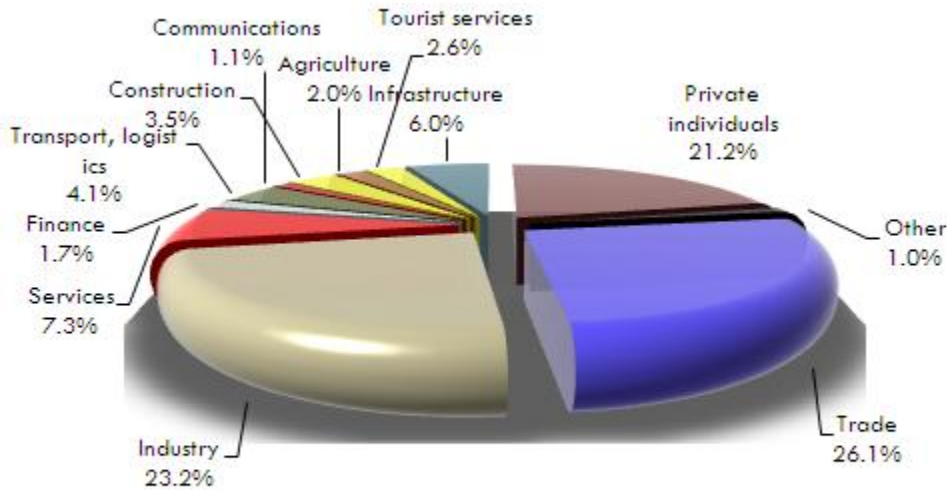
Liabilities and capital	*As at 31.03.14	As at 31.12.13	As at 31.12.12	As at 31.12.11	As at 31.12.10	As at 31.12.09	As at 31.12.08	Growth 13/12
Deposits from credit institutions	2,822	5,302	2,580	1,782	8,826	7,650	53,035	105.5%
Deposits from other customers	7,639,480	7,535,756	6,189,721	5,388,310	4,285,693	3,339,546	2,855,327	21.7%
Liabilities evidenced by paper	196,696	196,444	62,420	112,306	116,725	193,363	832,620	214.7%
Subordinated term debt	3,946	24,655	54,988	50,596	47,169	60,641	53,852	-55.2%
Perpetual debt	97,911	99,792	99,584	99,376	99,201	98,952	98,658	0.2%
Hybrid debt	210,915	205,251	123,901	42,800	-	-	-	65.7%
Deferred tax liabilities	4,385	3,137	3,565	3,636	3,248	1,944	1,729	-12.0%
Other liabilities	18,190	15,141	8,422	5,644	4,739	7,153	6,797	19.8%
<b>Total liabilities</b>	<b>8,009,740</b>	<b>8,085,478</b>	<b>6,545,181</b>	<b>5,704,450</b>	<b>4,565,601</b>	<b>3,709,249</b>	<b>3,902,017</b>	<b>23.5%</b>
Shareholders' equity	694,557	690,186	502,922	467,726	430,898	402,943	368,676	37.2%
Non-controlling interests		2,329	2,345	2,276	2,277	92	58	-0.7%
<b>Total group equity</b>	<b>694,557</b>	<b>692,515</b>	<b>505,267</b>	<b>470,002</b>	<b>433,175</b>	<b>403,035</b>	<b>368,734</b>	<b>37.1%</b>
<b>Total liabilities and equity</b>	<b>8,871,219</b>	<b>8,777,993</b>	<b>7,050,448</b>	<b>6,174,452</b>	<b>4,998,776</b>	<b>4,112,284</b>	<b>4,270,751</b>	<b>24.5%</b>

## Deposits (BGN'mln)

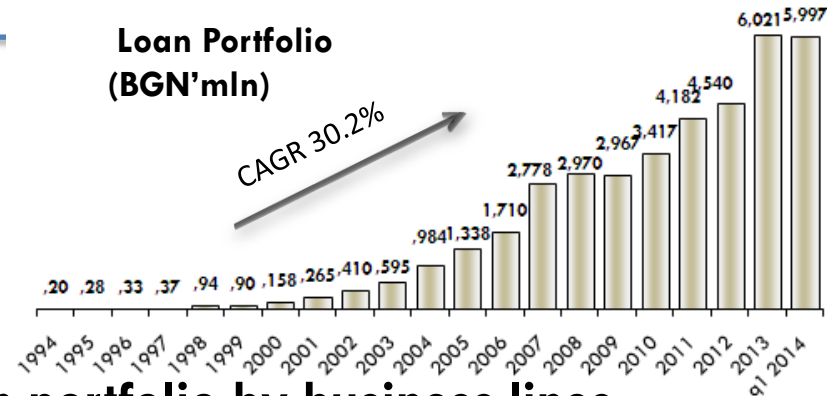


CAGR - Compound Annual Growth Rate  
 \*Consolidated - unaudited data

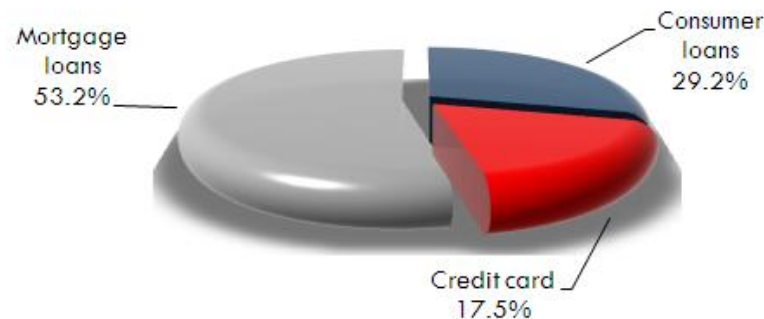
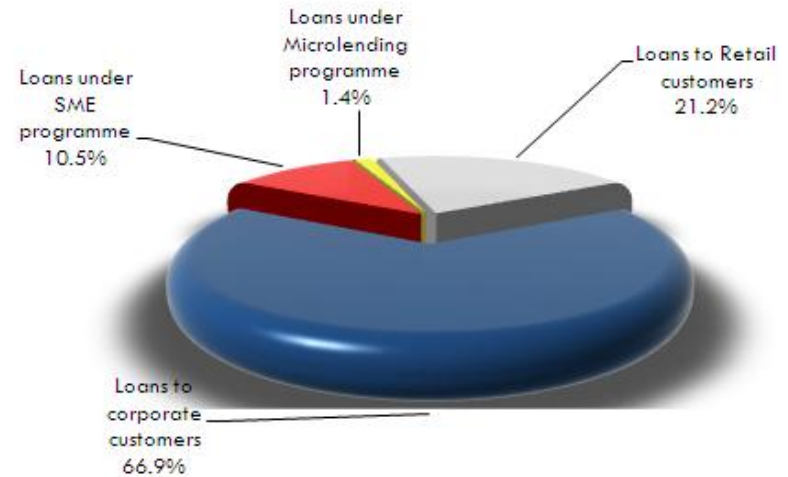
## Loan portfolio by sectors of economy



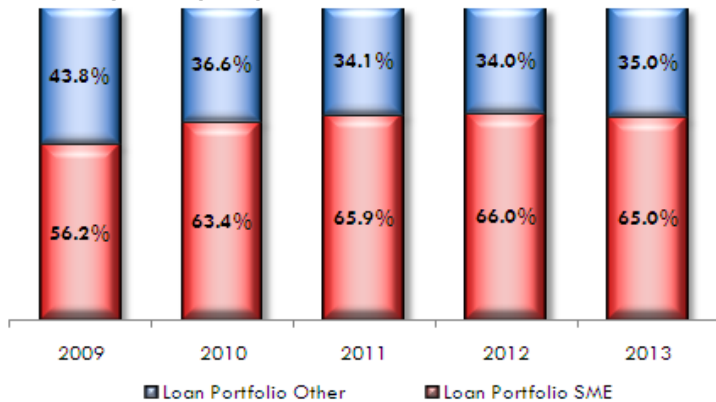
## Loan Portfolio (BGN'mln)



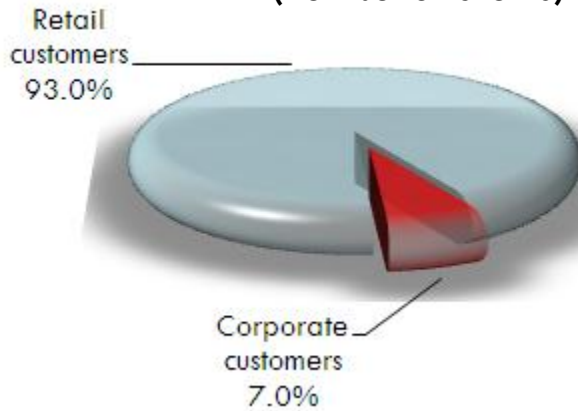
## Loan portfolio by business lines



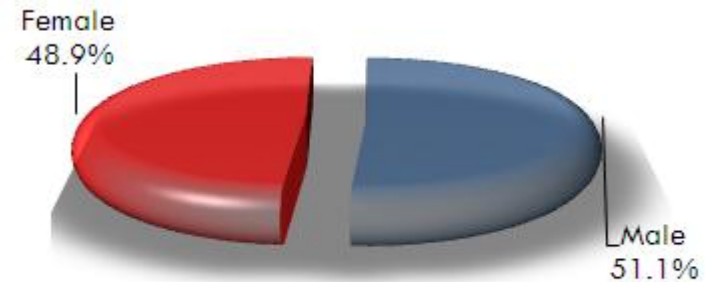
## \*Corporate Loan portfolio as per EU definition for SME



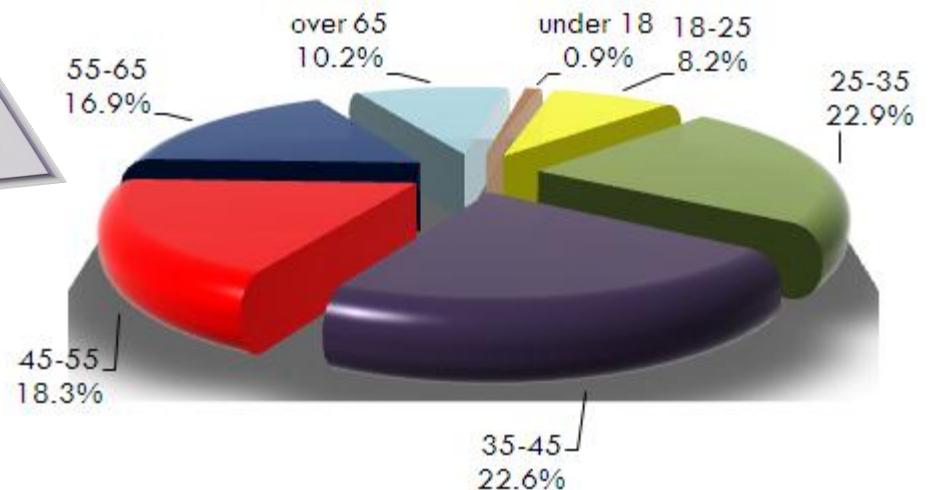
**Retail vs. Corporate  
(number of clients)**



**Retail customers  
per gender**

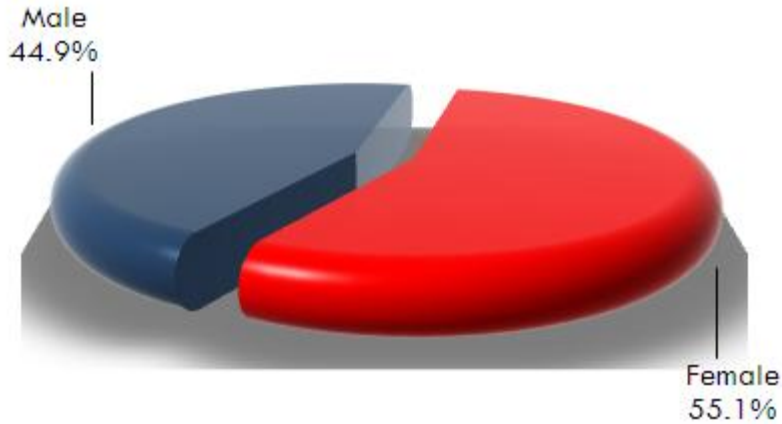


**Retail customers per age groups**

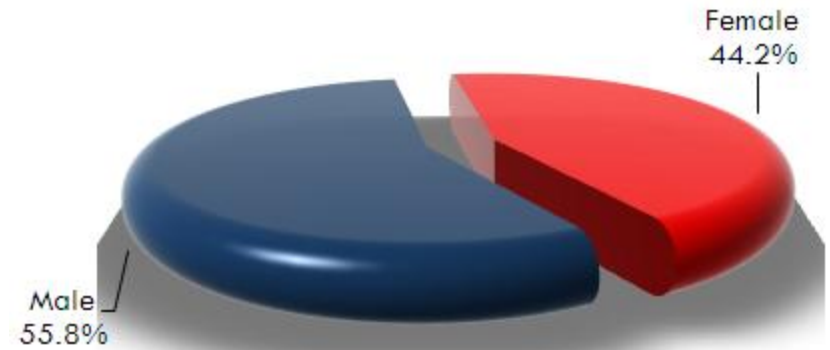


◆ 72.9% of the customers are less than 55 years old

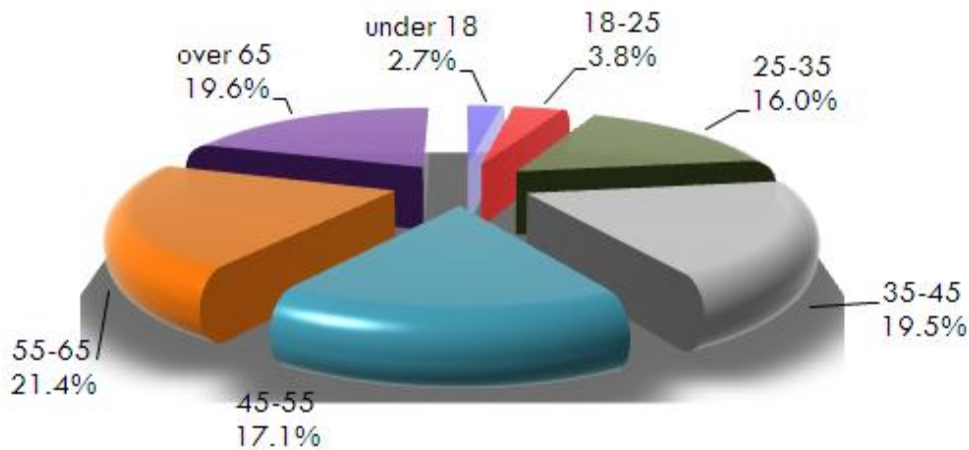
**Customers with deposits per gender**



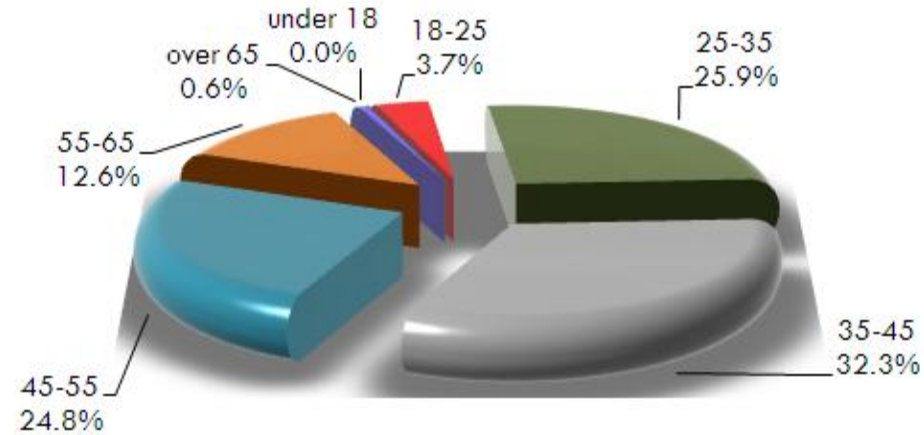
**Customers with loans per gender**



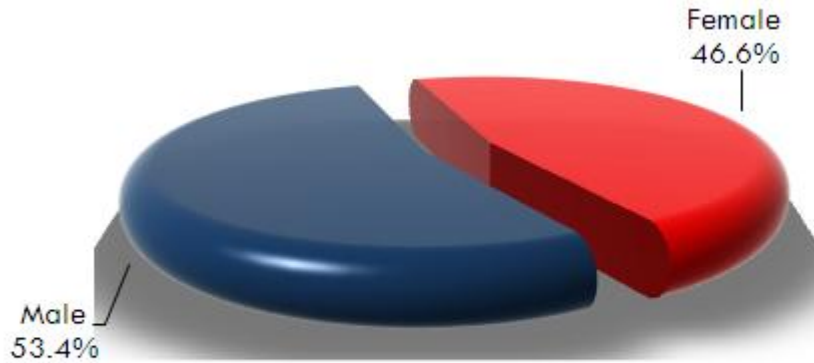
**Customers with deposits per age groups**



**Customers with loans per age groups**



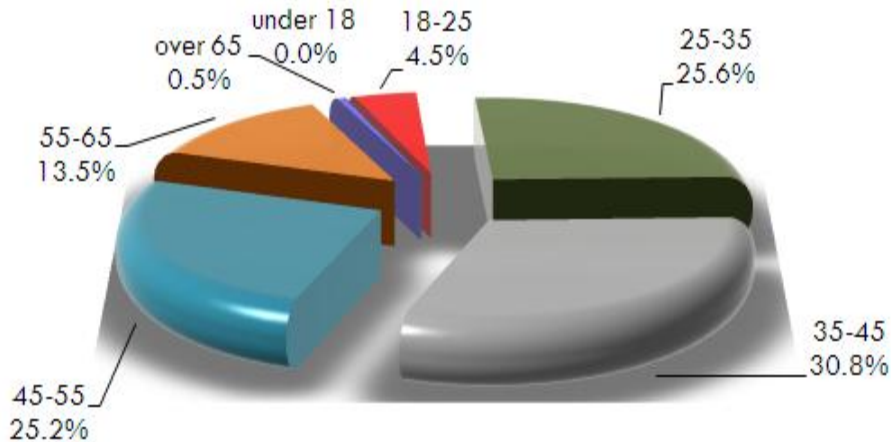
**Customers with consumer credits per gender**



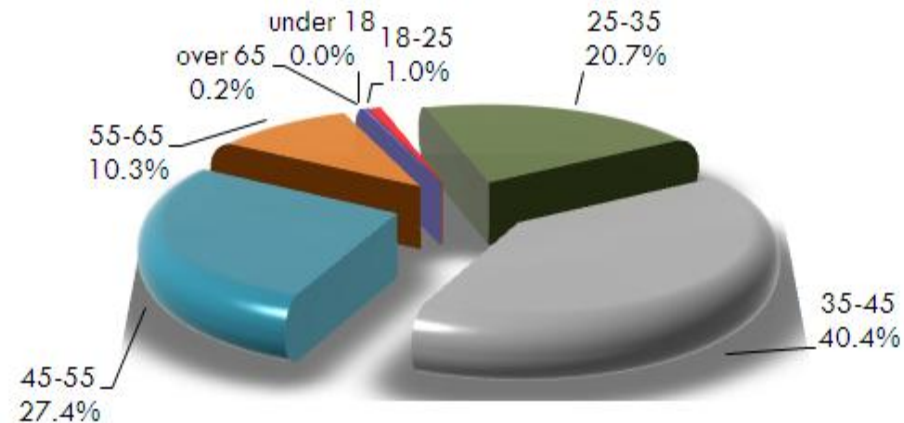
**Customers with mortgage loans per gender**



**Customers with consumer credits per age groups**



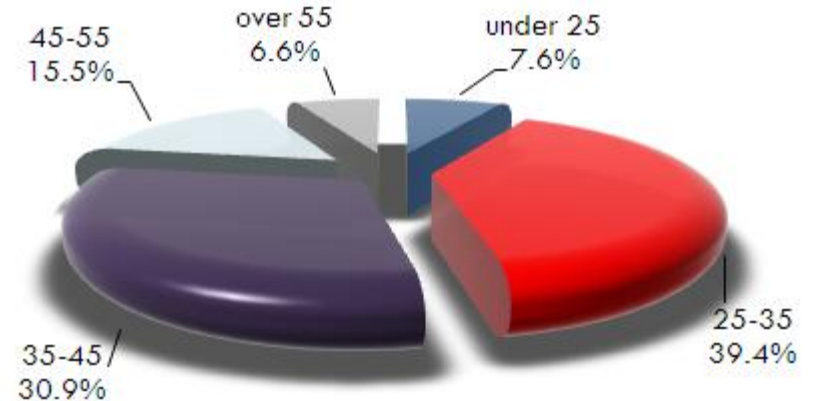
**Customers with mortgage loans per age groups**



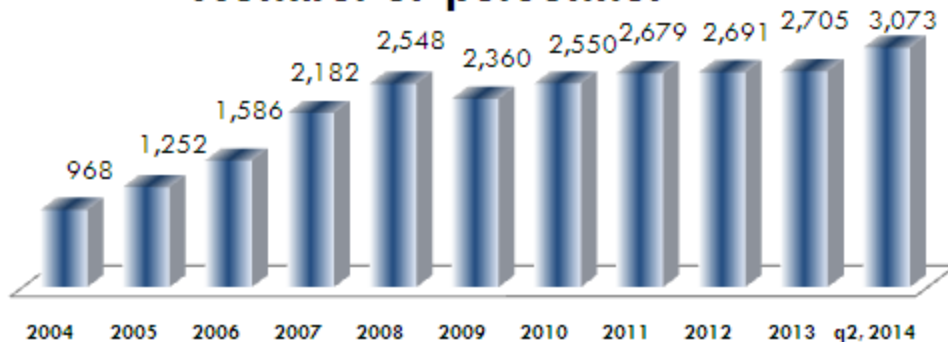
## Human Resources

- ◆ As at 30 June 2014 the total number of Fibank employees in Bulgaria was 3,073.
- ◆ 879 (28.6%) employees work in the Head Office and 2,194 (71.4%) in the branch network
- ◆ Employees per sex : 32.2% male and 67.8% female
- ◆ Average age: 38 years
- ◆ Average personnel turnover for Q2, 2014 5.78%.
- ◆ As at 30.06.14 the number of participants in training programs reached 204 (6.6% of total Fibank employees)

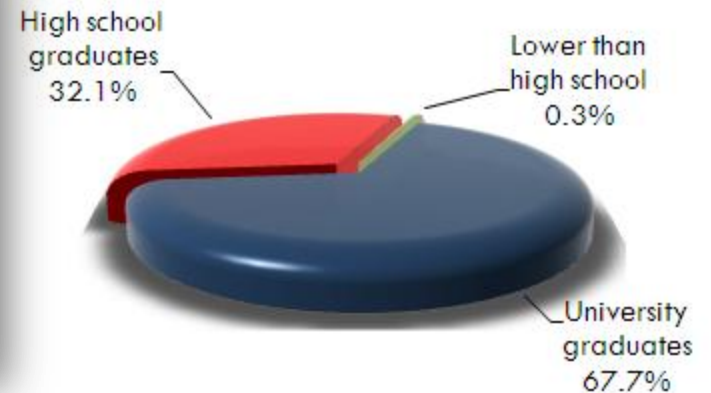
## Personnel per age groups



## Number of personnel



## Personnel per education



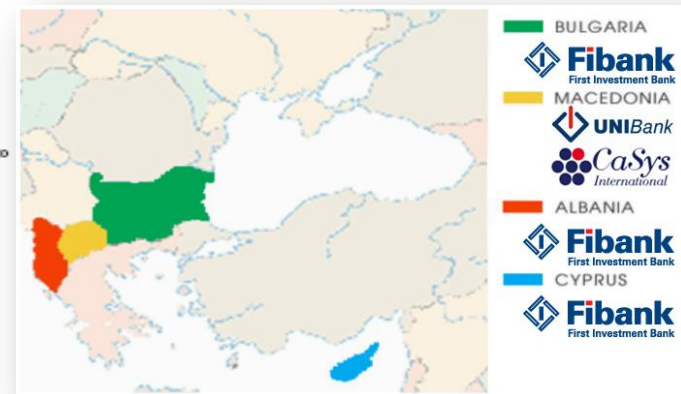
## Domestic network

◆ As at 31 March 2014, Fibank clients are served in 190 outlets all over the country



## Regional presence

- ◆ Fibank has 1 branch in Cyprus
- ◆ Fibank has a wholly owned subsidiary in Albania with 10 branches





Bank of the Customer,  
by the influential Bulgarian  
daily "Pari" ("Money")



Financial product of the year,  
by International Finance Exhibition  
"Banks, Investments, Money"



The best customers service of the year,  
by International Finance Exhibition  
"Banks, Investments, Money"  
2007



FIBank won three awards for  
charity at the Fifth Annual  
Donors' Conference organized  
by the Bulgarian Donors' Forum



VISA International Certificate  
for VISA Cards Retail Sales  
Volume for 2006



Best public company on the  
Bulgarian Stock Exchange,  
by "Dnevnik" newspaper



The Bank's corporate site won  
category "Business",  
By Bulgarian Web Awards 2009



For achieving a Straight Through  
Processing Rate in excess of 97%  
for US Dollar payments sent to  
Citibank New York



2012

First prize for best corporate BG Site

2009



OSCARD for innovative co-branded credit card Fibank-Vivatel



“The best corporate blogs in Bulgaria 2009”, by Nova Vizia



2009

2010

2011

Straight-Through Processing (STP) Excellence Award, Deutsche Bank



“Golden Martenitsa“ for most favorable policy towards Bulgarian entrepreneur, by “Made in Bulgaria” union 2012



2009

2010

2011

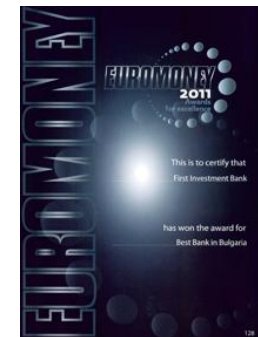
STP Award, Commerzbank



2011

2012

Best brand in financial institutions, by My love marks



“Best Bank in Bulgaria” by the financial magazine Euromoney, 2011



Bank of the year by market share,  
by Bank of the year association



Bank of the year by Bank of  
the year association



Mrs. Maya Georgieva  
Banker of the year,  
by financial magazine Banker



Mr. Vasil Christov  
Banker of the year,  
by financial magazine Banker



Fibank is the strongest  
brand in Bulgarian market  
by the Superbrands  
2012-2013



„Bank of the Client,, by  
Bank of the year  
association



"Mystery Client,, by Bank  
of the year association

- ❖ Fibank successfully finalized the purchase of 100% of MKB Unionbank EAD from the Hungarian MKB Bank Zrt, a subsidiary of the German Bayerische Landesbank AG.
- ❖ This was the most significant transaction of such kind on the Bulgarian financial market for the recent years.
- ❖ Fibank received approval from the Bulgarian regulatory bodies for the acquisition of Union Bank.
- ❖ With this acquisition, Fibank aims at consolidating its leading position in the Bulgarian financial market, and increasing of efficiency, and focus further on SME lending and services
- ❖ The integration and development of the best practices and know-how of the two institutions will make it possible to offer even more competitive services for businesses and individuals, as well as benefits for society.
- ❖ New opportunities for the customers:
  - even wider access to banking products;
  - new products, services and funding schemes;
  - better conditions for banking;
  - bank servicing of the highest quality.

- ❖ MKB Unionbank (“the Bank”) is a limited liability company with privately owned share capital. The Bank was licensed in 1994 and is the legal successor of the financial-brokerage house “Sofia” AD.
- ❖ The Bank is registered to operate as a universal commercial bank authorised to carry out banking operations in Bulgaria, with its license issued by the Bulgarian National Bank in October 1994.
- ❖ Since March 1995 the Bank has been permitted to open accounts in foreign countries, and from January 1996 the Bank is licensed to carry on banking operations both domestically and internationally.
- ❖ On 03.05.2006 MKB BANK RT acquired 60% of the share capital of the Bank.
- ❖ On 25.09.2009 MKB BANK RT acquired all shares of Union Group and Boras OOD and increased its percentage.
- ❖ in the share capital of the Bank with 34% to 94%.
- ❖ In 2013 MKB Bank sells 100% of Unionbank`s capital to First Investment Bank.



2008

Mrs. Maria Ilieva  
Banker of the year,  
by financial magazine Banker



2008

Most Dynamic Bank of the Year  
by the influential Bulgarian daily  
“Pari” (“Money”)



2009

“Golden Martenitsa” for most  
favorably crediting bank



2010

Best Financial Product for  
Innovation and Quality



2010

Energy Efficiency Award



2010

Green Company Certificate



2010

“Best Non-Paper Practices’ 2010”  
Prize



2011

“Green Financial Services’ 2011”  
Charter

## The Bank's main strategic goals

- ❖ To strengthen its position among the leading banks in the country as a stable and competitive credit institution.
- ❖ To maintain its successful development and stable financial position, registering sustainable growth of assets and business operations.
- ❖ To successfully finalize the integration of the newly acquired Unionbank EAD.
- ❖ To continue to maintain adequate liquidity and capital adequacy in accordance with the market environment and the regulatory framework.
- ❖ To increase its loan portfolio in accordance with the market conditions, focusing on loans to small and medium enterprises.
- ❖ To continue to support innovative projects financed under the programs and funds of the European Union.
- ❖ To expand its range of products and offer more competitive services to individuals and companies, while maintaining its strategic focus on high standards of customer service.
- ❖ To remain among the leading banks on the Bulgarian market in the main business lines, such as payment transactions, including card payments, attracting funds, international operations and trade financing.
- ❖ To maintain its profile as an initiator of new products for the local market and carrying out innovative technologies, while applying conservative risk taking and risk management.
- ❖ To maintain high banking standards in compliance with the EU regulations, the local legislation and the best international practices.

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