

To:  
Financial Supervision Commission  
Sofia

CC:  
Bulgarian Stock Exchange  
Sofia

24 March 2011, Sofia

*Re: Additional information regarding private placement of bond issue by FIBank pursuant to Art. 28, Para. 2 of Ordinance No. 2 of the Financial Supervision Commission on the prospectuses for public offering of securities and on the disclosure of information by public companies and other securities issuers*

Dear Sirs,

Following questions addressed to us in response to the notice made by First Investment Bank regarding the private placement of a bond issue, we would like to provide additional information regarding FIBank's bond issue for up to EUR 40 000 000, with a first tranche of EUR 40 000 000.

First Financial Brokerage House OOD is the general manager and authorized investment intermediary in connection with the private offering of the bond issue.

The issue is made with a view to increasing FIBank's capital base, thus supporting the Bank's future growth, including loan portfolio growth. This will be achieved by including the debt capital (hybrid) instrument (bond issue), after obtaining permission from the Bulgarian National Bank (BNB), in the Bank's Tier 1 capital pursuant to Art. 3, Para. 1, item 6 with relation to Art. 3a, Para. 7 of BNB Ordinance No. 8 on the capital adequacy of credit institutions. With the EUR 20 mln. FIBank intends to secure a possible loan portfolio growth by over BGN 320 mln.

The interest rate on the issue is determined by the characteristics of the bond issue which in their turn are based on BNB requirements regarding instruments that may be included in Tier 1 capital. The interest rate (12.75%) cannot be compared to the interest on other market transactions because the instrument is new to Bulgaria and only became possible following the latest amendments to Ordinance No. 8 on the capital adequacy of credit institutions; as yet no other such instruments have been issued in Bulgaria with which to compare FIBank's issue. The Bank's management believes that for the purpose of the issue (inclusion in Tier 1 capital which is the highest-quality capital) the interest rate is justified and acceptable.

It will be possible to discuss further detail regarding the bond issue after it is finalised.

Regards,

*(signed)*

Evgeni Lukanov  
Executive Director  
Managing Board Member

*(signed)*

Dimitar Kostov  
Deputy Executive Director  
Managing Board Member