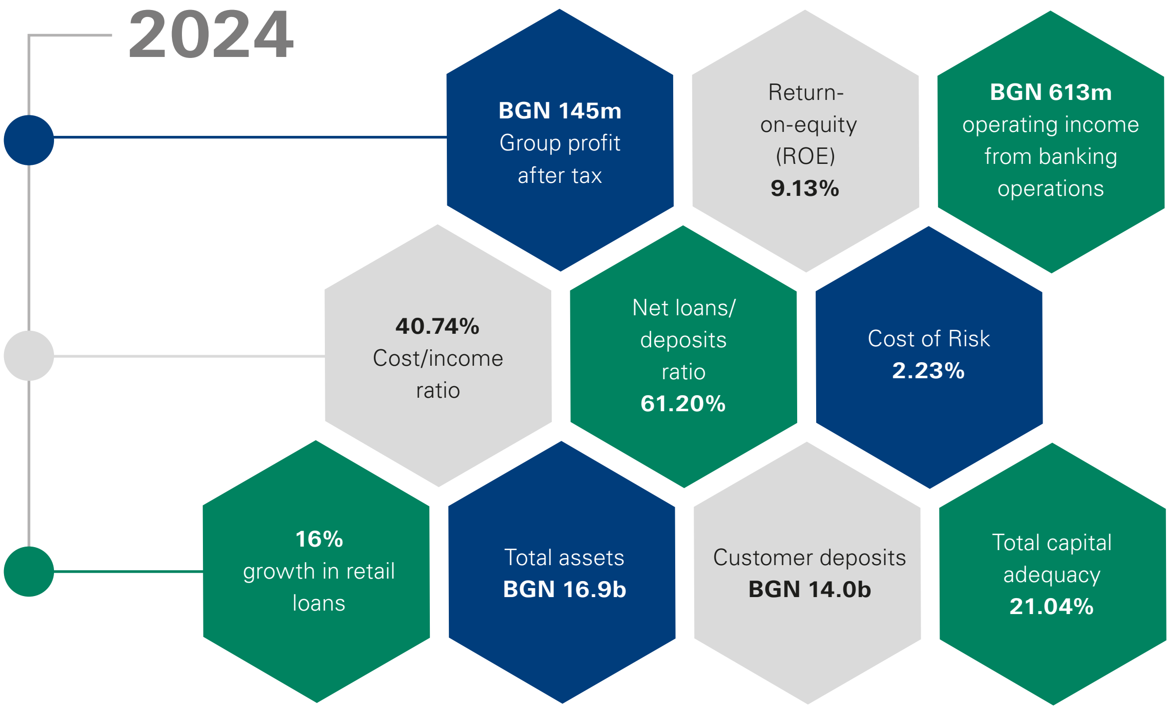
Fibank

My bank

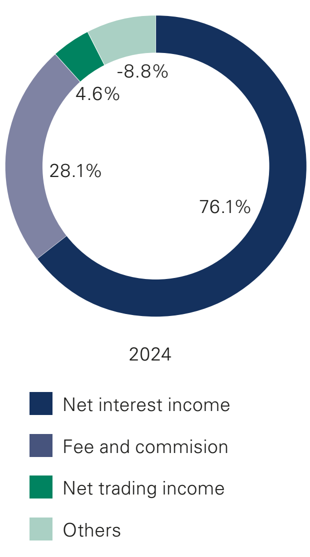
ANNUAL REPORT 2024

The present report is prepared on the grounds of and in compliance with the requirements of the Accounting Act, the Law on Public Offering of Securities, Ordinance №2 of the Financial Supervision Commission for initial and subsequent disclosure of information in public offering and admittance for trade on a regulated market of securities, Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and its supplementing acts, as well as the National Corporate Governance Code, approved by the Financial Supervision Commission.

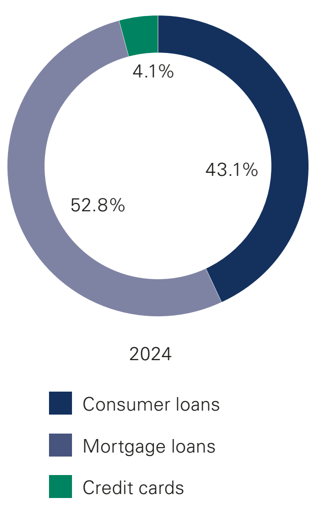
Selected indicators



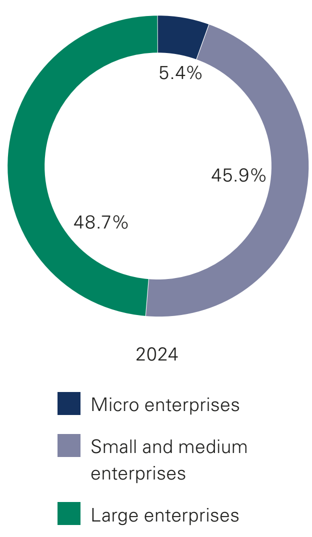
Operating income by type of income



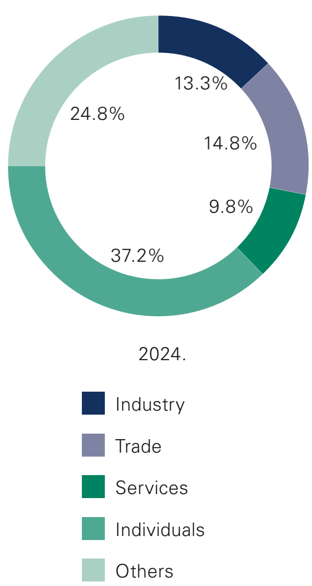
Loans to individuals



Loans to corporates



Portfolio by sectors



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Message from the Managing board

Dear Shareholders, Customers and Colleagues,

Over the past year, the team at First Investment Bank AD (Fibank, the Bank) has achieved significant milestones that are evident not only in our financial results but also in the Bank's robust development across all areas of operation.

In 2024, the assets of First Investment Bank's Group grew by 13.4%, reaching BGN 16,856 million. On an individual basis, Fibank maintained its 5th position in the market with a share of 8.22%. Net profit after tax reached BGN 145 million, driven primarily by net interest income of BGN 467 million (accounting for 76.1% of total income), as well as by the notable 8.4% increase in net fee and commission income, reaching BGN 172 million, which represents 28.1% of operating income (well above the banking system average of 20.6%). Administrative expenses were efficiently managed, with a cost-to-income ratio reduced to 40.74%, underscoring our commitment to financial discipline and operational excellence.

Our loan portfolio reached BGN 8,543 million, reinforcing our 5th place position among Bulgarian banks with an 8.06% market share. Growth was particularly strong in retail banking, where the portfolio increased to BGN 3,249 million, representing 36.5% of total gross loans. This performance was supported by the launch of new credit products and competitive offerings, including online appliance financing for consumers, the “Support” loan for agricultural producers, tailored products for microenterprises, as well as loan programs related to EU funds and guarantee schemes.

During the year, we continued to diversify our offerings with innovative savings products, bundled service packages, and payment solutions. New launches included the Fibank POS packages with next-generation terminals for business clients, the Opportunity deposit product for individuals, exclusive card offerings such as First Lady and digital co-branded credit cards for partner e-shops, and the alternative savings product Perspective. These initiatives contributed to a 13.3% increase in customer deposits, which reached BGN 13,959 million, securing once again 5th place in market share with 8.74%. Attracted funds from corporates and institutions increased by 19.5% to BGN 4,634 million with a relative share of 33.2 % of total borrowings from customers, while deposits from individuals were up by 10.5%, to BGN 9,325 million.

Our prudent risk management strategy, backed by robust safeguards, ensured that capital indicators remained well above regulatory thresholds: Common Equity Tier 1 capital ratio stood at 18.04%, and total capital adequacy ratio at 21.04%. Liquidity also remained strong, with a loan-to-deposit ratio of 61.2% compared to 72.06% on average for the banking system.

Innovation and customer service remain top strategic priorities for Fibank. In 2024, we continued to invest in infrastructure, digitalization, and process automation, as well as introducing new technological solutions. In addition to individuals, we also provided the possibility of remote onboarding for business customers. The new API integration service made it easier for online banking users to connect their information systems with My Fibank electronic banking, as well as to trade in financial instruments (stocks, ETFs and other assets) through the My Fibank mobile application. Our FiBi virtual assistant, powered by generative AI (GenAI), successfully passed pilot testing with focus groups and is set for phased implementation. This achievement earned Fibank the Celent Model Bank Award for Innovation, a prestigious international recognition for technology excellence in financial services.

With a network of 130 branches and offices, including a branch in Cyprus and a subsidiary First Investment Bank Albania Sh.a with 14 branches in Albania, we continued to optimize our physical locations in line with new trends in modern banking. We introduced the innovative Fibank Digital Zone concept, offering self-service areas, flexible workspaces, and digital rooms for virtual meetings, trainings, and video consultations. Our Branch Digitalization project advanced the use of e-documents, enhancing service efficiency while contributing to our ongoing efforts to reduce CO2 emissions through digitization of banking services.

Fibank continued to implement its sustainability strategy, aligned with environmental, social, and governance (ESG) principles. We placed strong emphasis on a sustainable business model that supports the green transition, combined with digitization and customer-centric service transformation. In 2024, we conducted a double materiality assessment of climate and environmental risks (ahead of regulatory requirements), reaffirming our commitment to a more sustainable future.

As a socially responsible institution, in 2024 Fibank supported initiatives for socially vulnerable groups, people with disabilities, and the development of Bulgarian sports, culture, and education. We also launched numerous employee engagement and development programs, including: Fibank High Tech Pro for nurturing young IT and cybersecurity talent, Health and Body Modeling Fi Pro promoting well-being and healthy lifestyles, Sustainable Future internship program, talent and succession development initiatives, and others. Such initiatives reinforced Fibank's standing as a responsible and attractive employer.

We live in a rapidly changing world that demands adaptability. Over the years, Fibank has consistently demonstrated its competitive strengths such as in-depth knowledge of market environment and challenges, tailored approach to customers, and a drive for innovation. Combined with over 30 years of experience and a proven track record of professional management, we are confident in our ability to achieve sustainable growth and fulfill our strategic goals. We remain committed to supporting our customers, helping them navigate today's challenges with resilience.

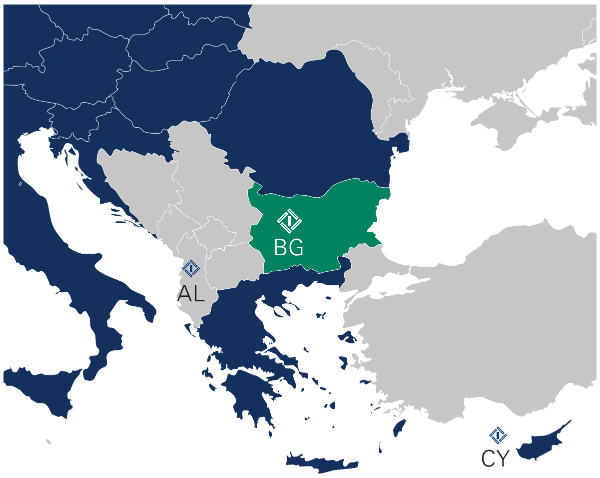
Our achievements would not have been possible without the dedication of our employees. Their loyalty, expertise, and commitment have solidified Fibank's reputation as one of the most trusted banking institution in the country, preferred and appreciated by customers and partners alike. Many new projects and challenges await us but as a team, we feel confident that we will cope successfully.

We are also deeply grateful to our shareholders for their unwavering support. We highly value their trust and are determined to earn it year after year. We thank them and assure them that we will continue to work with professionalism, responsibility, and devotion toward the successful development of the Bank, the satisfaction of our customers, and the betterment of the society of which we are an integral part.

The Management Board of First Investment Bank AD

Macroeconomic development

Republic of Bulgaria



Indicators

Population	6,45 mln. people
Area	110,994 km2
Member of the European Union	2007
Member of NATO	2004
Memberships in the European exchange mechanism II and the Banking union	2020
Member of the Schengen Area	2025
Exchange rate EUR/BGN (fixed)	1.95583
Flat tax rate	10%
Fitch Ratings	BBB, Positive
S&P	BBB, Positive
Moody's	Baa1, Stable

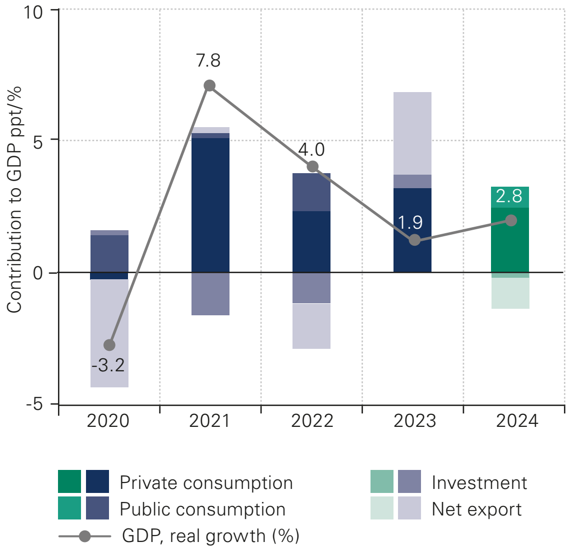
In 2024, the Bulgarian economy reported a gradual strengthening of economic activity, driven mainly by domestic consumption, but remained under the influence of the volatile external environment, dominated by global challenges and comprehensive risks. Bulgaria's participation in the Exchange Rate Mechanism II and the Banking Union, as well as the country's Currency Board system and fiscal policy, contributed to maintaining macroeconomic stability.

	2024	2023	2022	2021	2020
Gross domestic product (BGN million)	202,861	185,233	168,360	139,602	121,088
Gross domestic product, real growth (%)	2.8	1.9	4.0	7.8	(3.2)
Private consumption, real growth (%)	4.2	1.4	3.9	8.5	(0.6)
Public consumption, real growth (%)	4.5	1.1	5.5	0.4	8.3
Investments, real growth (%)	(1.1)	10.2	6.5	(8.3)	0.6
Net exports, real growth (%)	(2.1)	5.5	-3.3	0.4	(6.1)
Inflation, at period-end (%)	2.2	4.7	16.9	7.8	0.1
Average annual inflation (%)	2.4	9.5	15.3	3.3	1.7
Unemployment, at period-end (%)	5.2	5.6	5.4	4.8	6.7
Current account (% of GDP)	(1.8)	(0.9)	(2.7)	(1.1)	0.4
Trade balance (% of GDP)	(5.2)	(4.2)	(5.9)	(4.0)	(3.1)
International reserves of BNB (BGN million)	82,255	81,999	75,151	67,666	60,334
FDI in Bulgaria (% of GDP)	2.8	4.9	4.8	2.0	4.5
Gross external debt (% of GDP)	47.4	47.5	50.3	57.7	62.6
Government and government guaranteed debt (% of GDP)	24.2	22.7	22.5	23.9	24.3
Consolidated budget balance (% of GDP)	(3.0)	(3.0)	(0.8)	(2.7)	(2.9)
USD exchange rate (BGN for USD 1)	1.88	1.77	1.83	1.73	1.59

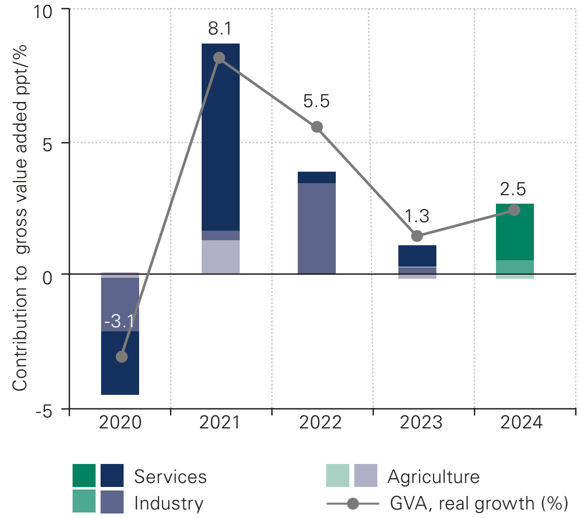
Sources: NSI, BNB, MF, Employment agency

In 2024, GDP growth strengthened to 2.8% for the year (2023: 1.9%). The main contributors were private consumption (2024: 4.2%; 2023: 1.4%) as a result of stronger domestic demand and falling inflation rates, as well as public consumption (2024: 4.5%; 2023: 1.1%) related to the government's spending programme. Fixed capital investment (2024: -1.1%; 2023: 10.2%) and net exports (2024: -2.1%; 2023: 5,5%) made negative contributions to economic growth, influenced by the still slow recovery in international trade and supply chains, as well as weaker foreign investment activity as a result of domestic and global uncertainties.

Components contribution to GDP



Sector contribution to gross value added

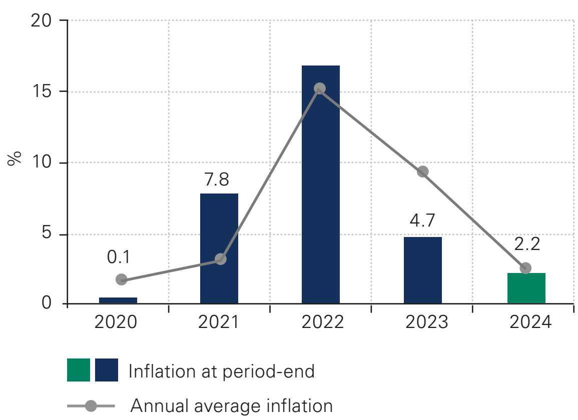


In 2024, gross value added in the economy grew by 2.5%, strengthening from the 1.3% reported in the previous year 2023. Positive contributions were recorded mainly in the services sector, which accounted for the largest share of value added (2024: 3.0%; 2023: 4.6%), including trade, transport and tourism (2024: 3.5%), public administration and health (2024: 5.5%), telecommunications (2024: 3.0%) and financial and insurance activities (2024: 2.9%). The industrial sector also rose by 1.9% overall for the period (2023: -3.9%) and in particular in construction (2024: 5.2%) and mining and manufacturing (2024: 1.2%). A decline continued to be recorded in the agricultural sector (2024: -7.0%; 2023: -15.3%), driven by lower output volumes in the crop and livestock sectors.

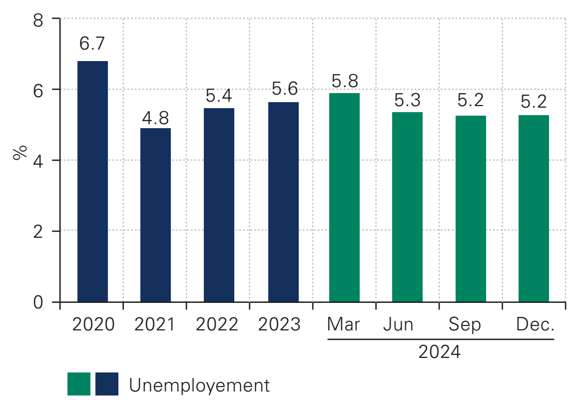
In 2024, the labour market recorded positive developments, with the unemployment rate falling to 5.2% at the end of the year (2023: 5.6%), with a more pronounced positive trend in the summer months, reflecting higher seasonal employment. Total employment rose to 2,929 thousand in the fourth quarter of 2024, up from 2,920 thousand in the same period a year earlier. As of end-December 2024, 70% of the employed people were in the service sector, 26% in industry and 4% in the agricultural sector.

Inflation in the country was declining, with annual averages of 2.4% in 2024 (2023: 9.5%) and 2.2% at the end of the period (2023: 4.7%). The contribution was broad-based by component, with the main impact in food (2024: 2.7%) and in energy products (2024: 2.8%), which registered a decline among the main commodities on international markets. The services group also recorded a slowdown to 4.5%, while that of non-food consumer basket of goods declined by 0.7%. Harmonised inflation, as a measure of price stability in the euro area, was 2.1% at the end of 2024 (2023: 5.0%) and 2.6% annually on average over the period (2023: 8.6%).

Inflation

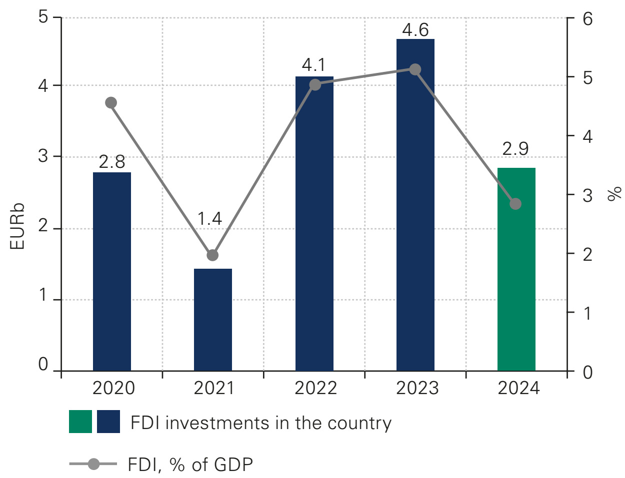


Unemployement rate

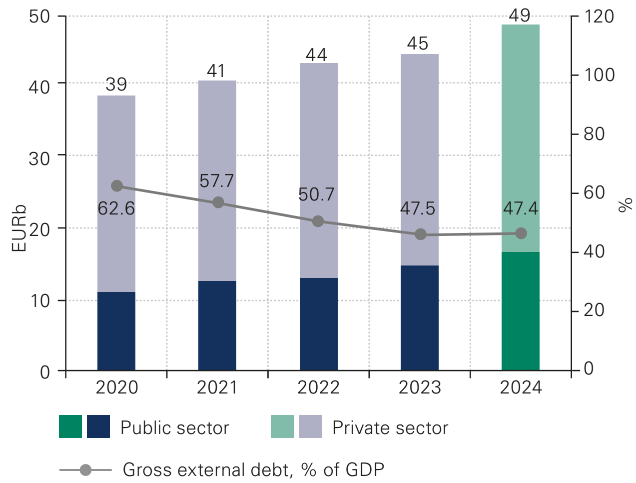


In 2024, foreign direct investments in the country amounted to EUR 2,855 million or 2.8% of GDP (2023: EUR 4,635 million or 4.9% of GDP), with the dynamics reflecting lower reinvested earnings, indicating the share of foreign investors in the financial results of companies, as well as equity investments, at the expense of proceeds from debt instruments (financial, bond and commercial loans). By country, Belgium attracted the most investment (€584 million), followed by Austria (€565 million), Greece (€417 million) and Italy (€324 million). Higher growth in imports (0.9% y-o-y to EUR 47,905 million in 2024) versus a decline in exports (-2.3% to EUR 42,535 million) led to a widening of the trade deficit to EUR -5,365 million or -5.2% of GDP at the end of 2024. Because of this, the current account shows a deficit of -1,898 million euros or -1.8% of GDP (2023: -846 million euros or -0.9% of GDP).

FDI investments in the country



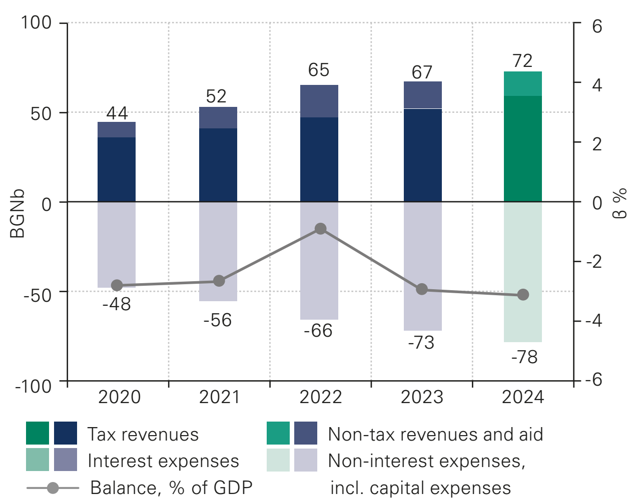
Gross external debt



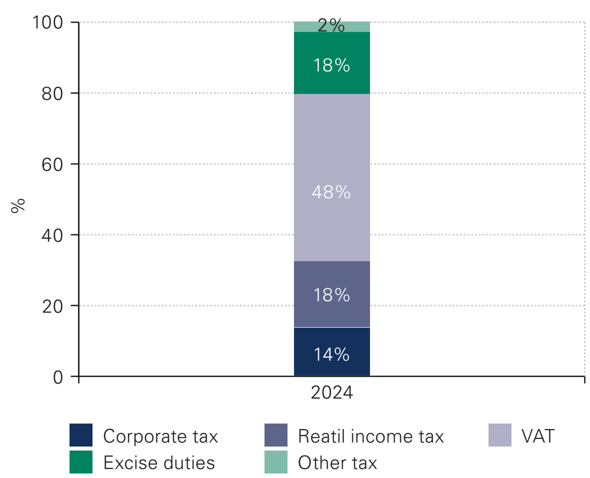
The gross external debt declined to 47.4% of GDP at the end of 2024 (2023: 47.5%), with a decrease in private debt (2024: 31.4% of GDP) at the expense of public debt (2024: 16.0% of GDP), which despite a reported increase remains among the lowest in the European Union. Total government and government-guaranteed debt, including debt issued domestically, amounted to 24.2% of GDP at the end of 2024 (2023: 22.7%).

In 2024, the deficit on the consolidated budget increased to BGN 6,138 million or 3.0% of GDP at the end of the year (2023: BGN 5,617 million or 3.0% of GDP), reflecting higher growth in expenditure relative to national budget revenues and a deficit on the EU funds, including lower revenues from the Recovery and Sustainability Plan tranches. Expenditures under the consolidated fiscal programme increased by 7.5% to BGN 78,137 million (2023: BGN 72,659 million), as a result of an increase in non-interest expenditures, as well as higher expenditures under municipal budgets.

Consolidated budget



Structure of tax revenues



Tax revenues increased by 12.2% y-o-y to BGN 58,700 million as of December 2024, with an increase in all major components, including VAT revenues (by 14.6% to BGN 18,576 million), personal income tax (by 12.1% to BGN 7,053 million), excise duty revenues (by 12.3% to BGN 6,905 million) and corporate income tax (by 10.1% to BGN 5,412 million). Revenues from social security contributions also increased, amounting to BGN 18,018 million, of which BGN 13,011 million from social security contributions and BGN 5,008 million from health contributions.

During the year Bulgaria's credit ratings were affirmed - Fitch Ratings (BBB, positive outlook), Standard & Poor's (BBB, positive outlook) and Moody's Investors Service (Baa1, stable outlook). As of 2020, the Bulgarian lev has been included in the European Exchange Rate Mechanism II (ERM II) in accordance with the country's Currency Board system. During the period, the preparatory actions related to the National Plan for the introduction of the euro in the Republic of Bulgaria continued, including the adoption of the Law for the introduction of the euro in the Republic of Bulgaria and integration into the European payment infrastructures. For more information see section "Banking system".

Banking system

In 2024, the banking system in Bulgaria reported good financial performance and profitability, achieved in a dynamic macro environment. The banking sector's efforts were focused on sustainable development with a stable capital position. From 2020, Bulgaria has been part of the European Banking Union through participation in the Single Supervisory Mechanism (SSM) and the Single Resolution Mechanism (SRM)

in % / change in p.p.	2024	2023	2022	24/23	23/22
CET 1 ratio	21.03	20.07	19.98	0.96	0.09
Tier 1 capital ratio	21.32	20.51	20.48	0.81	0.03
Capital adequacy ratio	22.70	21.65	20.88	1.05	0.77
Leverage ratio	9.96	9.66	9.41	0.30	0.25
Liquidity coverage ratio (LCR)	241.0	246.7	235.0	(5.7)	11.7
Loans/deposits[1]	74.27	71.21	68.21	3.06	3.0
Return-on-equity (ROE)	15.99	17.12	11.98	(1.13)	5.14
Return-on-assets (ROA)	1.93	1.99	1.33	(0.06)	0.66
Non-performing loans and advances[2]	2.51	2.76	3.55	(0.25)	(0.79)

Source: Bulgarian National Bank

The system's Total Capital Ratio (TCR) stood at 22.70% as at the end of 2024 (2023: 21.65%) and Common Equity Tier 1 (CET1) adequacy ratio at 21.03% (2023: 20.07%), significantly above regulatory requirements. The leverage ratio, comparing Tier 1 capital and banks' total on- and off-balance sheet exposure, was 9.96% at the end of 2024, compared to 9.66% as of end-2023. It is used as an additional supervisory tool measuring capital held by banks that is not risk sensitive or risk weighted.

Due to continued strong credit growth and cyclical risks in the real estate market, the BNB maintained the countercyclical capital buffer level at 2.0% during the year, effective until the first quarter of 2026. During the period, the BNB announced the annual review of the buffer for other systemically important institutions (OSIIs) and identified six banks as such, which were assigned individual levels in 2025 ranging from 0.50% to 1%. In 2024, the systemic risk buffer remained unchanged at 3% of risk exposures in Bulgaria.

1 Gross loans and advances (without central banks and credit institutions)/deposits (without credit institutions).

2 Non-performing loans and advances/gross loan and advances. (For comparability, a broad definition of loans and advances has been used, including cash balances with central banks and other demand deposits)

Liquidity in the system remained at high levels, reflecting the conservative assessment maintained in risk management and the increased deposit base. The liquidity coverage ratio (LCR), which relates the liquidity buffers maintained by banks to net outflows over a 30 calendar day period, stood at 241.0% (2023: 246.7%), above the minimum requirement of 100%. The system's liquidity buffer to balance-sheet-assets ratio remained almost unchanged at 29.7%.

BGN million/ change in %	2024	2023	2022	23/22	22/21
Net interest income	5,566	4,846	3,227	14.9	50.2
Net fee and commission income	1,620	1,474	1,430	9.9	3.1
Administrative expenses	2,465	2,200	1,972	12.0	11.6
Impairment	659	411	586	60.3	(29.9)
Net profit	3,695	3,417	2,079	8.1	64.4

Source: Bulgarian National Bank

In 2024, the banking system's net profit increased to BGN 3,695 million, up from BGN 3,417 million a year earlier, mainly as a result of an increase in net interest income generated in an environment of increased lending activity, while maintaining the interest rate spread. Impairment charges increased to BGN 659 million in the period (2023: BGN 411 million), reflecting the increase in loans and the associated credit risk.

Net interest income for 2024 increased by 14.9% to BGN 5,566 million (2023: BGN 4,846 million) and net fee and commission income reached BGN 1,620 million (2023: BGN 1,474 million), providing a solid contribution to profit, accounting for 20.6% of the system's total operating income. The reported financial results provided a return-on-assets (ROA) of 1.93% at the end of 2024 (2023: 1.98%) and a return-on-equity (ROE) of 15.99% for the same period (2023: 17.01%).

BGN million/ change in %	2024	2023	2022	24/23	23/22
Assets	191,611	172,075	155,406	11.4	10.7
Loans to non-financial corporations	52,811	48,460	44,908	9.0	7.9
Loans to individuals, including:	47,992	39,473	33,945	21.6	16.3
- Mortgage loans	27,577	22,028	18,365	25.2	19.9
- Consumer loans	21,090	18,040	16,138	16.9	11.8
Deposits from non-financial corporations	49,258	46,303	43,169	6.4	7.3
Deposits from individuals	92,257	82,614	74,282	11.7	11.2

Source: Bulgarian National Bank

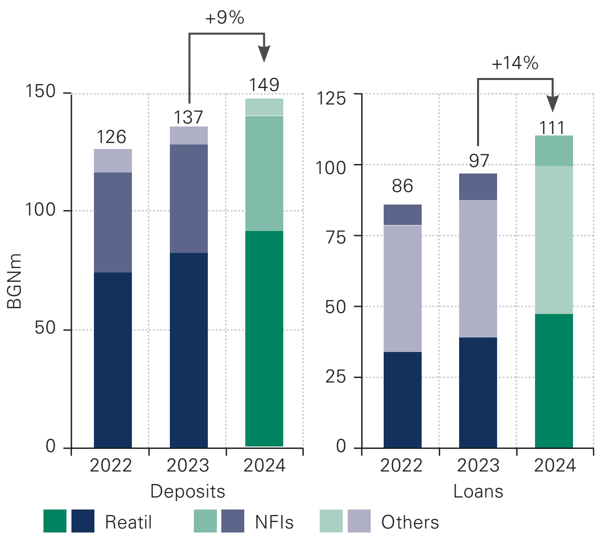
Total balance-sheet assets grew by 11.4% year-on-year to BGN 191,611 million at the end of 2024 (2023: BGN 172,075 million), with the structure of the system's balance sheet comprising mainly loans and advances - 61.2% of total assets (2023: 60.0%), cash and balances with central banks - 17.8% of assets (2023: 21.1%) and investments in securities - 17.7% (2023: 15.6%), which were mainly dominated by debt securities.

Credit activity in 2024 remained high with more pronounced dynamics for households compared to non-financial corporations. Residential mortgage loans increased by 25.2% to BGN 27,577 million (2023: BGN 22,028 million) and consumer loans by 16.9% to BGN 21,090 million (2023: BGN 18,040 million) at the end of 2024. Loans to non-financial corporations remained structurally dominant with 47.7% of total loans to customers, reaching BGN 52,811 million (2023: BGN 48,460 million). As part of macroprudential supervision, in September 2024 the BNB introduced restrictions in relation to credit standards indicators for the granting and renegotiation of loans secured by residential real estate to households, including in relation to the loan size and value of collateral (LTV-O), the amount of current payments in connection with debt service and the monthly income of the borrower (DSTI-O), as well as the maximum term of the loan agreement.

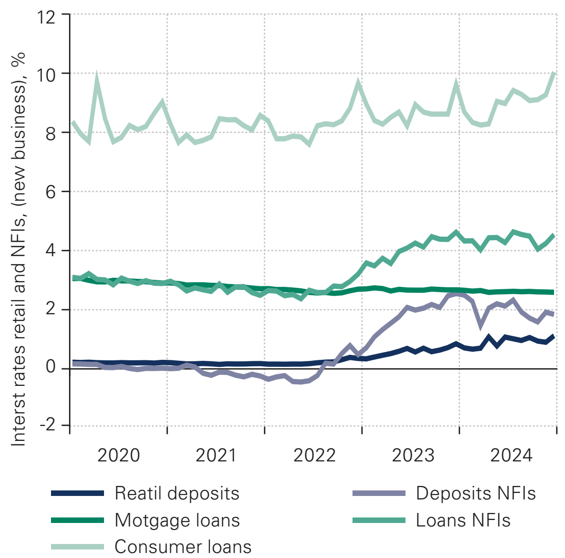
The share of NPLs continued to decline to 2.51% of gross loans and advances as at December 2024 (2023: 2.76%). In the structure of NPLs, loans to non-financial corporations accounted for the largest share (64.5%), followed by households (34.0%) and other financial corporations (0.1%).

In 2024, funds attracted in the banking system (excluding credit institutions) increased by 8.9% to BGN 148,935 million as of December 2024 (2023: BGN 136 768 million), reflecting the confidence in the system. The increase was mainly recorded in households (by 11.7% to BGN 92,257 million), which remained the structural determinant with a relative share of 61.9% of the attracted resources, and to a lesser extent in deposits of non-financial corporations (by 6.4% to BGN 49,258 million). The currency structure of deposits remained unchanged, with the share of deposits denominated in BGN at 66.3%, those in EUR at 27.9% and those in other currencies at 5.8% as of December 2024.

Loans and deposits



Interest rates on loans nd deposits



During the year there was a trend of rising interest rates, which remained less pronounced compared to the dynamics in the Euro area and the European Union countries. This was mainly influenced by the high liquidity of the borrowed funds in the system, as well as the linking of the reference interest rates on loans applied by banks (mainly in the retail banking segment) to the average deposit rates in the country. Deposit interest rates (new business[3]) of households and non-financial corporations increased on average in 2024 (volume-weighted) to 0.82% and 1.90%, respectively (2023: 0.48% and 1.88%). Increase was also recorded in lending rates (new business[4]), with those for consumer loans rising to 8.94% on average over the period (2023: 8.63%), those for mortgages to 2.52% (2023: 2.58%) and those for non-financial corporates to 4.28% (2023: 4.00%).

In 2024, the implementation of projects in the area of payments continued, which will help to integrate the country's payment systems with those of the Eurozone. In December 2024, a project was implemented to connect the Bulgarian National Bank, the BISERA payment system operated by BORICA AD, banks and non-bank payment service providers to the Eurosystem's TIPS (Target Instant Payment Settlement) service. This provides the possibility to make instant payments in euro on a 24/7/365 basis within 10 seconds.

During the year, SEPA reachability of the BISERA payment system was ensured through the BNB's direct participation in the pan-European STEP2 payment system operated by EBA Clearing, as well as changes being made to the settlement model in order to speed up the processing of customer payments in euro between system participants and reduce systemic risk.

As of the end of the year, instant transfers in BGN under BORICA AD's Blink scheme continued to take an increasing share of payments in the country, with the additional functionality of instant transfers by mobile number (P2P) gaining popularity among participating payment service providers and their customers.

In 2024, the European regulatory framework continued to evolve with regulatory priorities in the areas of risk management, digital transformation and the introduction of environmental, social and governance (ESG) factors. Some of the more important changes and challenges affecting banks included:

- finalisation of the regulatory package on prudential requirements for credit institutions (CRR3/CRD6) - Regulation (EU) 2024/1623 (CRR3) and Directive (EU) 2024/1619 (CRD6), introducing new harmonised requirements in relation to credit, operational and market risk, ESG factors, as well as introducing a lower limit on capital requirements applicable to institutions using internal calculation models.

3 Term deposits in BGN up to 1 year
4 Loans by original maturity in BGN

- adoption of a new regulatory package consisting of Regulation (EU) 2024/1624 (AMLR), Directive (EU) 2024/1640 (AML6) and Regulation (EU) 2024/1620 (AMLA-R) structuring measures to prevent the use of the financial system for money laundering or terrorism financing purposes, as well as the creation of a single authority to combat money laundering and terrorism financing within the EU.
- regulatory and implementing technical standards supplementing Regulation (EU) 2022/2554 on operational resilience of digital technologies in the financial sector (DORA).
- introducing new requirements regarding the creation of a European digital identity framework - eIDAS (Regulation (EU) 2024/1183), and establishing harmonised rules on artificial intelligence (Regulation (EU) 2024/1689).
- amendments to instant credit transfers in euro adopted by Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366.
- new European Banking Authority (EBA) Guidelines on the management of environmental, social and governance (ESG) risks (EBA/GL/2025/01), and on customer due diligence and factors to be taken into account by credit and financial institutions when assessing the money laundering and terrorism financing risk associated with individual business relationships and occasional transactions (EBA/GL/2024/01).

Changes were implemented in the national legislative framework which included:

- amendments to the Accounting Act to transpose the requirements of Directive (EU) 2022/2464 on sustainability reporting. They introduced an obligation to prepare a sustainability report structured in accordance with the requirements of the European Sustainability Reporting Standards (ESRS) published in Delegated Regulation (EU) 2023/2772.
- a new Law on the introduction of the Euro in the Republic of Bulgaria, which regulates the introduction of the Euro as the official currency in the country, as well as introducing requirements to ensure transparency and awareness of the introduction processes.
- amendments to BNB Regulation No. 10 related to regulatory compliance management and the role and responsibilities of the regulatory compliance officer in relation to the fight against money laundering and terrorism financing, as well as amendments to BNB Regulation No. 20, which included requirements for the declaration of close associates within the meaning of the Credit Institutions Act.

At the end of 2024, 23 credit institutions operated in the country, including 6 branches of foreign banks. The share of the group of significant banking institutions (according to the ECB criteria) in the country amounted to 68.3% of banking assets as of September 2024, of the less significant - 29.2%, and of the branches of foreign banks - 2.5%.

Banks were operating in an environment of intense competition, ahead-of-the-curve technology development and transformation of processes and customer behaviour. Competition was also intensified by online banking, fintech companies and e-commerce in general. This required expanded cross-selling capabilities and rapid digital solutions in response to customer expectations, proactivity and customisation of services.

Among the main challenges for banks in Bulgaria in 2025 will be the processes related to the preparation for the adoption of the Euro, the digitalization of banking services and the management of ICT risks and cybersecurity, as well as the transition to a sustainable economy.

We grow and succeed
by staying true to ourselves

Fibank profile

Corporate status

First Investment Bank is a joint-stock company registered with Sofia City Court pursuant to a ruling dated 8 October 1993. Since 28 February 2008 the Bank has been registered in the Commercial Register of the Registry Agency.

First Investment Bank is a public company registered in the Commercial Register of Sofia City Court by a decision dated 4 June 2007 and in the register of public companies and other issuers held by the Financial Supervision Commission by a decision dated 13 June 2007.

The Bank owns a universal banking license for domestic and international operations. First Investment Bank is a licensed primary dealer in government securities and it is a registered investment intermediary.

Head office and business address of First Investment Bank AD – Sofia 1784, 111P, Tsarigradsko shose Blvd.

Memberships

- Association of Banks in Bulgaria
- Bulgarian Stock Exchange AD
- Central Depository AD
- BORICA AD
- MasterCard International
- VISA Inc.
- S.W.I.F.T.
- Factors Chain International

Market position[5]

- Fifth in assets
- Fifth in deposits
  – Fifth in deposits from individuals
- Fifth in lending
  – Fifth in corporate lending
  – Fifth in consumer loans
  – Fifth in mortgage loans
- Among the leading banks in the card business. Among the leading banks in payment services, including international payments and trade transactions

Market share[6]

- 8.22% of bank assets in Bulgaria
- 8.74% of deposits in the country
  – 9.23% of deposits from individuals
- 8.06% of loans in the country
  – 9.71% of corporate lending
  – 7.45% of consumer lending
  – 5.41% of mortgage lending

5 Market positions are determined based on unconsolidated data from the BNB.
6 Market shares are determined based on unconsolidated data from the BNB.

Business model

Mission

First Investment Bank AD aspires to continue to be one of the best banks in Bulgaria, recognized as a rapidly growing, innovative, customer-oriented bank, offering outstanding products and services to its customers, ensuring excellent careers for its employees, and contributing to the community. The Bank shall continue to develop high-technological solutions providing its customers with opportunities for banking from any place around the world at any time.

Development priorities

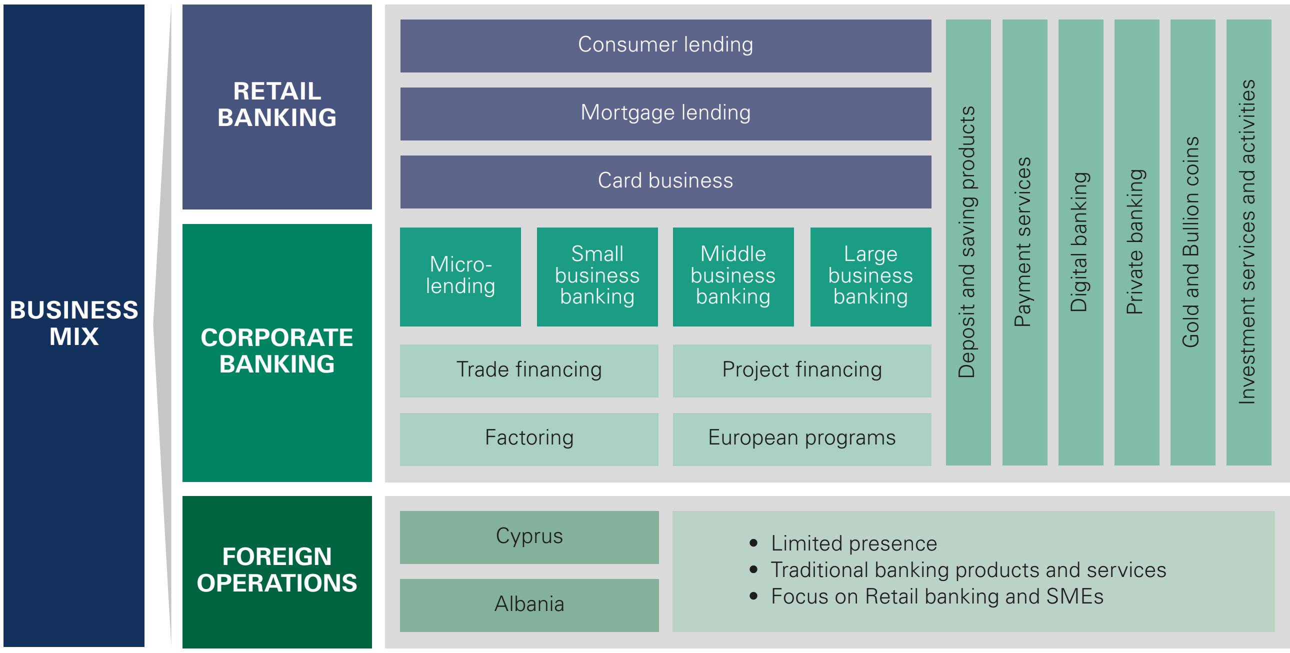
- Responsible banking for sustainable future
- Universal bulgarian bank, leading in key segments
- High quality customer service
- Focus on digitization and innovation
- Stable and sustainable business model
- Return for shareholders and cost optimisation

The strategic priorities of the Bank place an emphasis on responsible banking and on the development of a sustainable business model that supports green transition, focuses on digitization and innovation, maintains high quality customer service and ensures stability and profitability for shareholders.

For more information see section "Development priorities".

BUSINESS PRINCIPLES	**COMPETITIVE ADVANTAGES**
• We believe that trust is the basis of long-term relations. • We strive not only for the best practices and results, but we have the goodwill and discipline to achieve them. • We appreciate and respect our business partners. • We strive for development and proactive solutions. • We are engaged in social issues and we make our contribution to their solution. • We bear responsibility for our decisions and actions.	• First-class customer service. • Well-recognised brand. • Deep knowledge of the market. • Wide branch network. • Innovative digital services. • Solid market positions. • Flexibility in decision-taking. • High professional standards.

Universal business mix of products and services

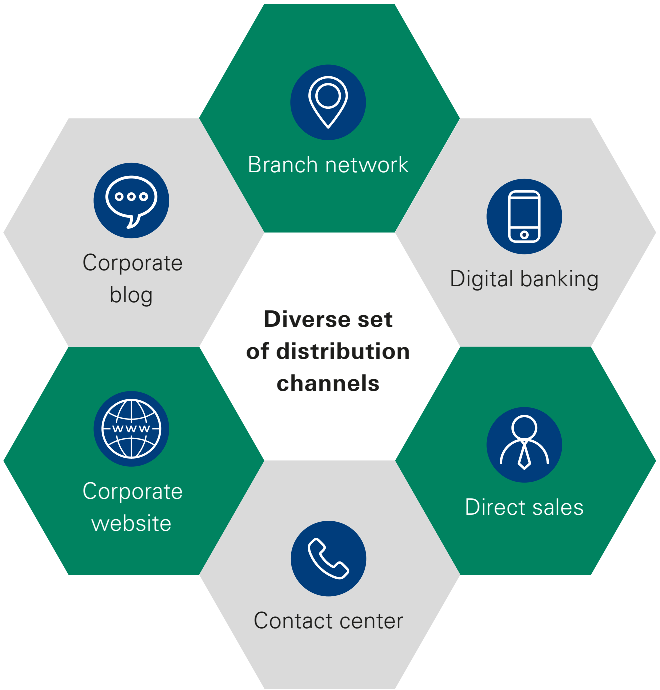


First Investment Bank offers a universal business mix of products and services to individuals, as well as to business clients, including strategic focus for development in the spheres of retail, small and medium-sized enterprises.

Fibank successfully adapts the business model and business development to the challenges of the external environment, including the processes of digitalization and automatization, as well as the sustainable development trends. Contributing to this are its customer- and goals execution-oriented strategy, conservative risk policy, experienced management, as well as high corporate governance standards applied in practice. *For more information see section "Sustainability report" and "Business review of the subsidiary companies".*

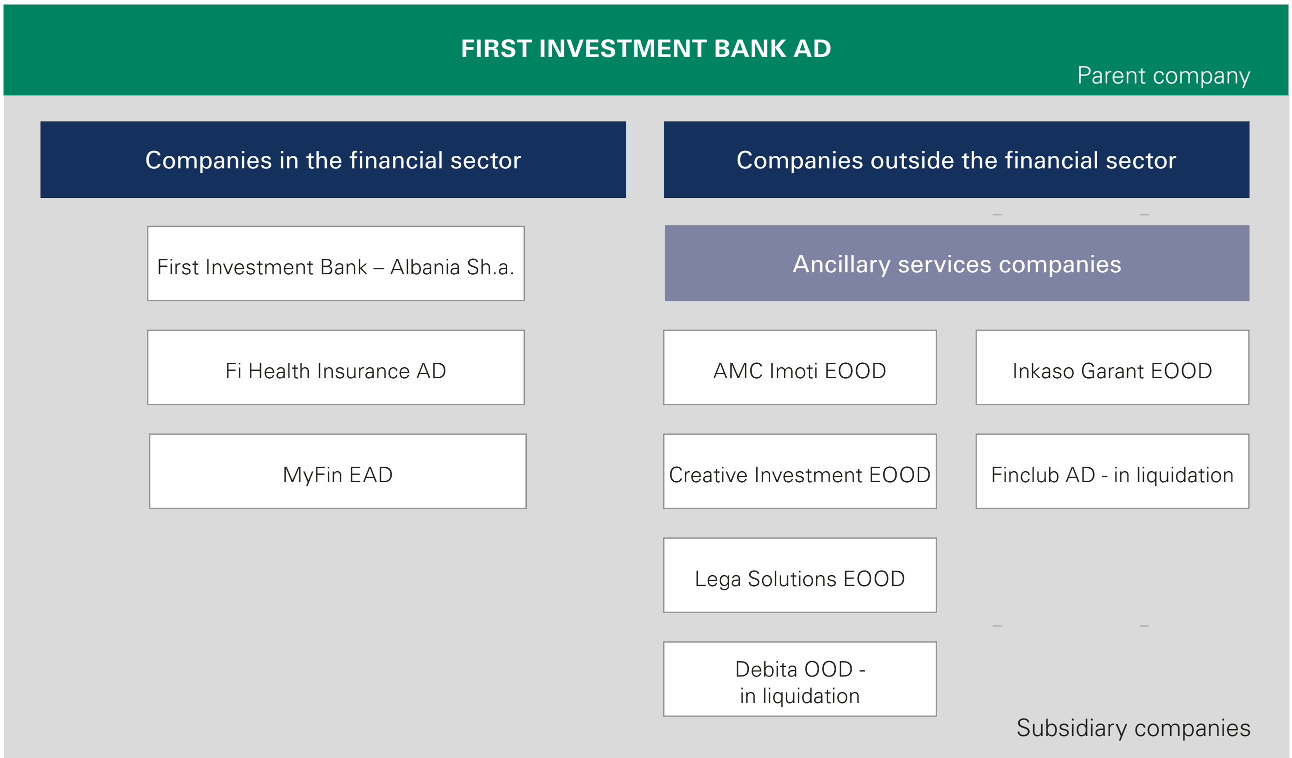
Branch network

- As at 31 December 2024 the Group of First Investment Bank had 115 branches and offices, covering the territory of Bulgaria and a foreign branch in Cyprus as well as 14 branches of the subsidiary bank First Investment Bank – Albania Sh.a.
- Fibank maintains diversification of the distribution channels, which constantly enhance in accordance with technological development and customer needs.



For more information see section "Distribution channels" and "Business review of the subsidiary companies".

Subsidiaries



As at 31 December 2024, First Investment Bank AD had nine subsidiary companies: First Investment Bank - Albania Sh.a. (100%), Fi Health Insurance AD (59.10%), MyFin EAD (100%), AMC Imoti EAD (100%), Inkaso Garant EOOD (100%), Creative Investment EOOD (100%), Lega Solutions EOOD (100%), Finclub AD – in liquidation (96.51%) and Debita OOD – in liquidation (70%).

In September 2024, a General Meeting of the Associates of the subsidiary company Debita OOD was held, at which it was decided to terminate the company's activities and to open liquidation proceedings. In November 2024, an Extraordinary General Meeting of the Shareholders of the subsidiary company Finclub AD was held, at which it was decided to terminate the company's activities and to open liquidation proceedings.

As of 31.12.2024, the following companies were included in the consolidated financial statements of the Group of First Investment Bank: First Investment Bank - Albania Sh.a. and Fi Health Insurance AD. The remaining subsidiaries were not included in the consolidated financial statements, as they were considered immaterial to the financial position, financial results and cash flows of the Group for the year ended 31.12.2024. The assessment for consolidation of subsidiaries is reconsidered at each reporting date.

For further information regarding subsidiary companies, see Note 36 "Subsidiaries" of the Consolidated Financial Statements for the year ended 31 December 2024.

Awards 2024

- First Investment Bank received a prestigious international award – Celent Model Bank – for innovation in the implementation of Generative Artificial Intelligence (GenAI) in the annual awards for best practices in the use of technology solutions in the financial industry.
- The new offices with an innovative digital zone (Fibank Digital Zone) were awarded the prestigious Best Customer Marketing Strategy award at the international Engage Awards competition.
- First Investment Bank received the award for "Successful Digital Transformation" for its professional work and excellent team at the annual awards organized by the Bank of the Year Association.
- Fibank won an award in the category "Customer Trust" at the traditional "Banker of the Year" awards, organized by the "Banker" newspaper.
- Mr. Nikola Bakalov, Chief Executive Officer and Chairman of the Managing Board of First Investment Bank, was awarded the 2024 Burov Prize for Bank Management during the annual Bank and Industry Management Awards organized by the Atanas Burov Foundation.

First Investment Bank: dates and facts

1993	• First Investment Bank was established on 8 October 1993 in Sofia. • Fibank was granted a full banking license for carrying out operations in Bulgaria and abroad.
1994-95	• The Bank developed and specialized 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 a number of EU countries, guaranteed by export insurance agencies.
1999	• The Bank negotiated a syndicated loan organized by EBRD to the total amount of EUR 12.5 million. • First Investment Bank received a medium-term loan for EUR 6.6 million from a German government organization for financing of Bulgarian companies. • A foreign banking branch in Tirana, Albania was opened servicing Albanian companies and individuals.
2000	• First Investment Bank started developing its business in the field of retail banking. Deposits from private individuals grew 2.3-fold.
2001	• Fibank 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 First Investment Bank), received the prize “Banker of the Year” from “Banker” Weekly.
2002-04	• Fibank was named twice “Bank of the Client“ in the annual rating of “Pari” daily. • Products and services to individuals became the focus of the Bank’s activities. Loans to individuals increased over five times during the year. • The Bank expanded its infrastructure. The branch network expanded by 27 new branches and offices, the ATM network more than doubled.
2005	• Fibank acquired 80% of the capital of Diners Club Bulgaria AD. • The Bank issued Eurobonds to 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 First Investment Bank) was awarded the prize “Banker of the Year” by “Banker” weekly.
2006	• Fibank was named “Bank of the Client” for the third time in the annual rating of “Pari” daily. • €185 million syndicated loan, organised by Bayerische Landesbank with 33 international banks participation. • The Bank’s share capital was increased from BGN 20 million to BGN 100 million by transforming retained profits into new shares.

2007	• First Investment Bank realized the biggest banking initial public offering of shares in Bulgaria and became a public company. • "Fibank Mobile" – the first banking mobile portal created by the Bank with useful financial information for its customers, started functioning. • Fibank is among the first banks in Bulgaria to implement chip technology by issuing cards. • First Investment Bank – Albania Sh.a. was issued a full banking license in Albania.
2008	• Fibank implemented a new centralized and integrated core banking information system FlexCube. • Fibank received a syndicated loan in the amount of EUR 65 million from 11 leading international banks. • Fibank became the first bank in Bulgaria to launch its own corporate blog. • Fibank received the OSCARDS award for innovation in the card business.
2009	• Fibank started offering the sale and redemption of investment diamonds. • A new Internet service "My Fibank" was offered, providing e-statements on bank accounts and credit cards.
2010	• Fibank welcomed its one millionth client. • First Investment Bank signed an agreement with IFC for cooperation in the field of trade finance. • Fibank was the first Bank in Bulgaria to offer contactless payments using the PayPass technology. • Fibank acquired a controlling interest in FI Health AD health insurance fund.
2011	• First Investment Bank was recognized as the Best Bank in Bulgaria in 2011 by the financial magazine Euromoney. • New Executive Directors of the Bank appointed – Dimitar Kostov, Vassil Christov, Svetoslav Moldovansky. • Maya Georgieva (Executive Director of First Investment Bank) received the Banker of the Year 2011 award from "Banker" Weekly for market sustainability achieved and customer confidence earned
2012	• Fibank was "Bank of the Year" from "Bank of the Year" Association, with the best complex performance. • The Bank signed an agreement with the EIF for the financing of SME under the JEREMIE initiative. • Vassil Christov, Executive Director of First Investment Bank won the prestigious award "Banker of the Year" of the "Banker" Weekly.
2013	• First Investment Bank AD signed an agreement with the Hungarian MKB Bank Zrt. for the acquisition of 100% of the shares of MKB Unionbank EAD. • Fibank finalized the issuance of new EUR 100 million hybrid debt. • Online sale of products of investment gold and other precious metals was started.
2014	• The merger of Union Bank EAD into First Investment Bank AD was carried out, including integration of operational systems, procedures, infrastructure, human resources, products and services • Fibank overcame the pressure on the banking system thanks to its sound liquidity, high professionalism, as well as to the liquidity support received pursuant to EC Decision C(2014) 4554/29.06.2014. • Fibank was awarded as the best bank in the field of retail banking by the international portal Global Banking & Finance Review.
2015	• A joint project with the IFC for upgrading Fibank's risk management and corporate governance systems was realized in line with the principles of the Basel Committee and the recognized international standards. • A new independent member of the Supervisory Board was elected: Mr. Jyrki Koskelo, an accomplished professional having extensive experience with the IFC. • A new organizational structure of the Bank was adopted, further developing the control functions. • Fibank was named the strongest brand among banks in Bulgaria by the global organization Superbrands.

2016	• An innovative platform was launched for electronic payments using NFC-enabled mobile devices and digital bank cards. • The Bank repaid the liquidity support received pursuant to EC Decision C(2014) 8959/25.11.2014. • Fibank successfully passed the asset quality review and the stress test conducted in the country. • New contactless debit cards for children and teenagers were developed.
2017	• Fibank created its integrated e-banking platform My Fibank, as a single customer omnichannel. • The Bank became direct participant in the STEP2 SCT (SEPA Credit Transfer) system. • Fibank updated its core banking information system by migrating to Oracle Flexcube12. • Fibank developed its online consumer credit services at www.credit.fibank.bg.
2018	• First Investment Bank celebrated the 25th anniversary of its founding. • A new Smart Lady program was launched in support of women entrepreneurs, mainly targeting micro, small and medium-sized enterprises. • Fibank Token - new means of signature and authentication in the electronic banking system of the Bank. • An innovative new-generation Evolve credit card was developed, combining three brands (Fibank, Diners Club and Mastercard) into one payment instrument.
2019	• Card services were further developed, with an emphasis on digital cards and payments using smart devices. • A centralized back office was initiated in the Bank's system, its main purpose being to optimize the efficiency in servicing the Bank's customers. • Fibank passed the asset quality review and stress test conducted by the ECB during the year. • Initiatives were undertaken aimed at enhancing financial literacy, including among children and teens.
2020	• First Investment Bank successfully increased its capital by BGN 195,424 thousand. New shareholders of the Bank became the Bulgarian Development Bank AD with 18.35% and Valea Foundation with 7.87%. • Fibank allowed rescheduling of payments and external financing to borrowers experiencing difficulties in connection with the state of emergency and the COVID-19 pandemic. • New executive directors were elected – Nikola Bakalov and Ralitsa Bogoeva, as well as new Chief Financial Director – Ianko Karakolev. • Fibank supported the founding of a startup company in the field of payment services: MyFin EAD, licensed as an electronic money company with a share capital of BGN 1 million.
2021	• First Investment Bank offered the innovative Gold Account product designed for keeping, purchase and sale of dematerialized gold (XAU). • A new video consultation service was launched for customers interested in retail credit products, available at www.fibank.bg and through My Fibank electronic banking. • A new Business Process Management (BPM) system for retail lending was implemented. • MyCard was launched: a new virtual credit card with pre-approved limit, issued entirely online through the My Fibank mobile application.

2022	• First Investment Bank launched an innovative service for instant payments (up to 10 seconds) in BGN under the Blink scheme. • Electronic signing of documents by e-Sign pad was introduced at the Bank's offices. • A new Debit Instant Card was offered: a virtual debit card issued through the My Fibank mobile app, intended for making online payments by smartphone. • A new Sustainable Future mortgage loan was developed according to responsible banking policies, for financing real estate with high energy efficiency (class A+, A or B).
2023	• Fibank customers were the first in Bulgaria to make instant payments in BGN Blink P2P via mobile number through the My Fibank mobile app. • "Become a Fibank customer" - a new service for remote establishment of business relationships with customers - individuals (eID) through mobile banking. • Successful migration to the new real-time gross settlement large payment system (T2), part of the Eurosystem's consolidated TARGET services platform. • Launched new card products - virtual credit card and World Elite Mastercard metal credit card. • New Green Energy and Green Transport loans were developed for households to finance the installation of photovoltaic systems and the purchase of electric cars.

Highlights 2024

January

- Fibank launched exclusive debit and credit cards, with a design dedicated to the 2024 Olympic and Paralympic Games in Paris.
- A new silver coin dedicated to the Year of the Dragon 2024 was offered by Fibank, in collaboration with the New Zealand Mint.

February

- The design of My Fibank mobile application was completely renovated with a convenient and intuitive user interface and extended functionalities, meeting the latest trends in the area.
- The Perspective product was offered: an investment solution featuring new maturities and competitive terms, as well as yield payment every 6 months.
- The application processing and approval was optimized for consumer loans.
- Fibank's subsidiary MyFin launched new services, including trading in financial instruments and making payments by scanning a QR code.

March

- The new Mastercard Platinum First Lady revolving international credit card was launched, tailored for women entrepreneurs and offering various travel benefits and bonus programs.
- FiBi, the Bank's virtual assistant based on generative artificial intelligence (GenAI), entered its testing phase with a customer focus group.
- The communication infrastructure for all ATM terminals of the Bank was updated and improved, with a view to increasing the speed of operations and improving business continuity.

April

- A new Jira system was implemented in the Bank's project and process management.
- The credit administration process was upgraded in line with the regulatory requirements of European legislation.
- Customer 360 was introduced: a new comprehensive customer profile platform that facilitates customer service and increases sales efficiency.
- The subsidiary First Investment Bank – Albania Sh.a developed new products: the Premium consumer loan featuring online application and approval within 24 hours, as well as a mortgage loan for Albanians living abroad.

May

- New digital co-branded credit cards were offered for online shopping with the Bank's trading partners, with an option for deferral of monthly payments.
- Fibank was the first among banks in the country to offer digitizing debit and credit cards for smartwatch contactless payments using the Xiaomi Pay digital wallet.
- First Investment Bank's credit ratings were fully affirmed by Fitch Ratings, with a stable outlook.

June

- The Tradition product was offered, a new 24-month deposit with the option of opening online or at an office of the Bank.
- A new functionality was introduced in electronic banking, enabling loan applications by business customers.
- A Regular Annual General Meeting of Shareholders of First Investment Bank was held, at which a decision was taken that the net profit for 2023 will be capitalized.

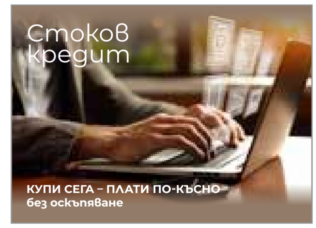
July

- Fibank Digital Zone was introduced: an innovative digital zone in the Bank's offices featuring self-service areas and mobile workstations that allow for virtual meetings, digital training and video consultations with customers.
- Super Credit: a new consumer loan with an amount of up to BGN 80 thousand and maturity of up to 10 years, with a streamlined application and approval process.
- The new Fibank POS and Fibank POS+ packages were offered to business customers, with competitive conditions and latest generation POS terminals.
- First Investment Bank launched Sustainable Future: a long-term comprehensive internship program, including activities focused on sustainable development, digitalization and individual career orientation.

August

- Fibank became the first bank in Bulgaria to create its own audio logo, which increases recognition and establishes a sound identity.
- Communication processes in the Contact Center were automated by implementing interactive voice menus, customer self-service options and automatic call distribution to minimize waiting times.

September



- A new online appliance loan was offered for consumers purchasing goods in online stores of Fibank's partner merchants.
- Back to school: a campaign for issuance of debit cards for children and teens, enabling ATM withdrawals and making payments within limits set and controlled by parents.
- Offering of various factoring services to business customers continued, including factoring with recourse, with insurance, or with guaranteed payment.

October

- Fibank started offering new POS devices with innovative payment functions, specifically targeted at food chain merchants.
- The Opportunity product was offered, a new 24-month deposit with increasing interest for retail customers.
- Credit products for agricultural producers were offered, including the Podkrepa ("Support") loan aimed at financing perennial or annual crop cultivation, and loans for purchase of agricultural land.

November

- Remote onboarding for business customers was introduced, enabling registration in My Fibank electronic banking.
- A new API integration service was launched, allowing businesses to connect their accounting or other IT systems directly to Fibank's electronic banking via an application interface in order to execute payment transactions.
- A new functionality was introduced, allowing business customers to submit requests for cash transactions through My Fibank electronic banking and mobile application.
- First Investment Bank – Albania Sh.a continued to actively develop its POS terminal network

December

- First Investment Bank was among the first banks in the country to offer an instant payment service in euros.
- An option was provided to My Fibank mobile banking customers to trade stocks, ETFs and other financial instruments, directly through the application.
- New gold and silver coins dedicated to the Year of the Snake 2025 were offered exclusively by Fibank, in cooperation with the New Zealand Mint.
- Fibank presented its 2025 charity calendar, dedicated to its social engagement in support of young talents and the development of rhythmic gymnastics.


We combine ambition with precision

Financial review

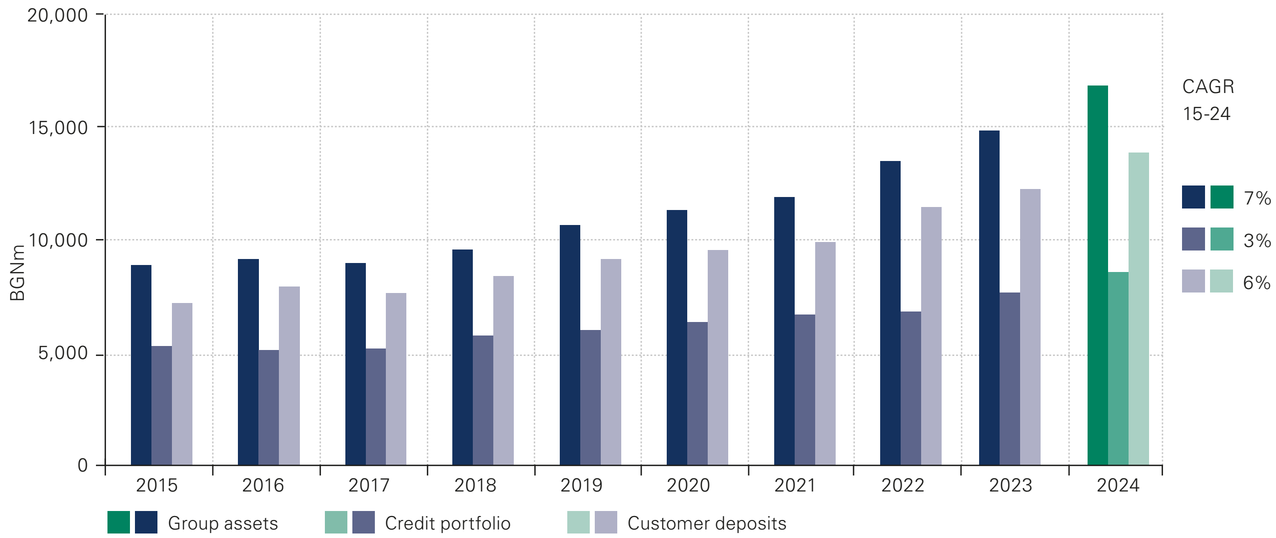
Key indicators

	2024	2023	2022	2021	2020
Financial indicators (BGN thousand)					
Net interest income	466,666	406,761	296,209	282,465	249,678
Net fee and commission income	172,385	159,061	144,962	123,505	99,192
Net trading income	28,392	25,045	20,473	15,742	12,531
Total income from banking operations	613,202	563,886	475,950	434,970	373,709
Administrative expenses	(249,866)	(238,282)	(217,852)	(192,083)	(193,807)
Impairment	(199,799)	(144,479)	(140,230)	(125,663)	(98,707)
Group profit after tax	145,284	158,285	97,990	111,408	45,517
Earnings per share (in BGN)	0.97	1.06	0.65	0.74	0.36
Balance-sheet indicators (BGN thousand)					
Assets	16,855,610	14,864,233	13,498,982	11,897,221	11,335,420
Loans and advances to customers	8,542,732	7,674,705	6,823,003	6,653,944	6,312,887
Investments in securities	3,441,113	2,883,067	2,819,193	1,673,781	1,292,641
Due to other customers	13,959,100	12,316,348	11,454,906	9,973,631	9,542,276
Other borrowed funds	730,033	447,314	123,846	120,002	103,649
Subordinated term debt	19,410	19,410	19,410	9,622	9,623
Hybrid debt	258,908	257,871	256,861	320,733	267,579
Total Group equity	1,730,149	1,573,382	1,399,622	1,319,842	1,216,420
Key ratios (in %)					
Capital adequacy ratio	21.04	20.49	21.01	20.84	21.28
Tier 1 capital ratio	20.89	20.29	20.78	20.72	21.15
CET 1 ratio	18.04	17.07	17.41	17.33	17.72
Leverage ratio	10.80	10.81	11.54	12.75	13.45
Liquid assets/deposits from customers	43.27	40.14	37.72	29.46	30.90
Liquidity coverage ratio (LCR)	267.56	298.13	239.89	256.37	257.17
Net stable financing ratio (NSFR)	157.71	151.86	146.91	139.81	134.47
Net loans/deposits ratio	61.20	62.31	59.56	66.72	66.16
Return-on-equity (after tax)	9.13	10.61	7.29	8.85	4.22
Return-on-assets (after tax)	0.97	1.13	0.78	0.96	0.42
Cost of risk	2.23	1.80	1.94	1.75	1.44
Net interest income/total income from banking operations	76.10	72.14	62.24	64.94	66.81
Cost/income ratio	40.74	42.51	46.53	43.40	56.34
Resources (in numbers)					
Branches and offices	130	134	140	141	149
Staff	2,692	2,953	2,990	2,867	2,910

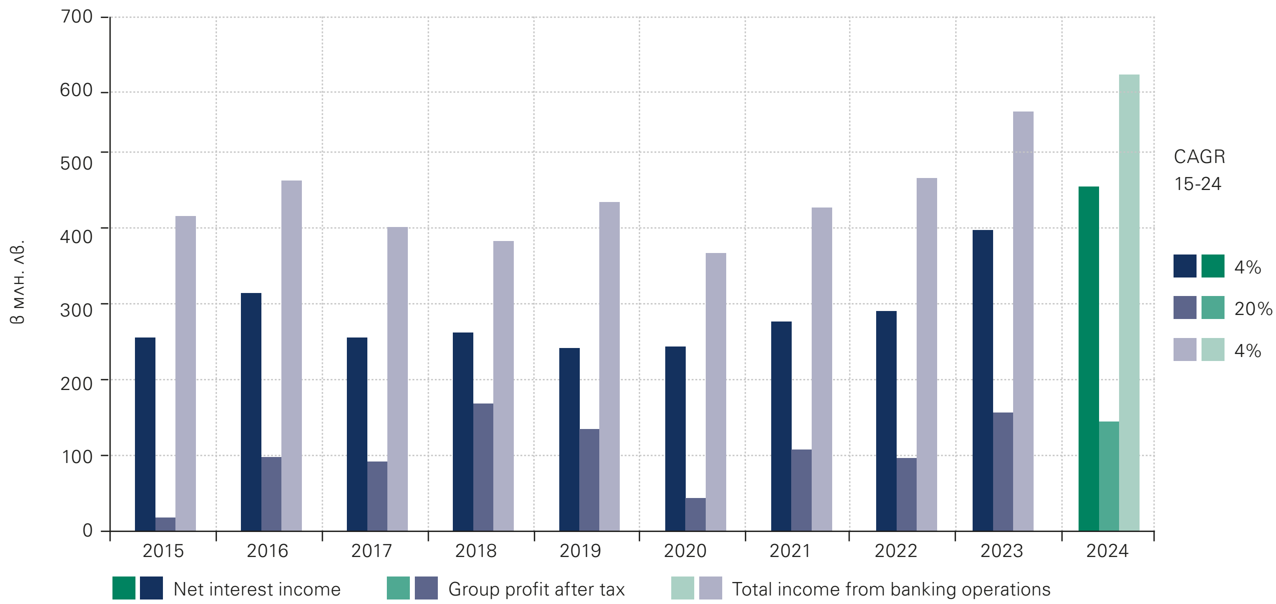
In May 2024, Fitch Ratings fully affirmed the credit ratings of First Investment Bank as follows: long-term rating “B” with a stable outlook, short-term rating “B”, viability rating “b“, government support rating “ns” (no support).

Development

Balance-sheet indicators



Financial Indicators



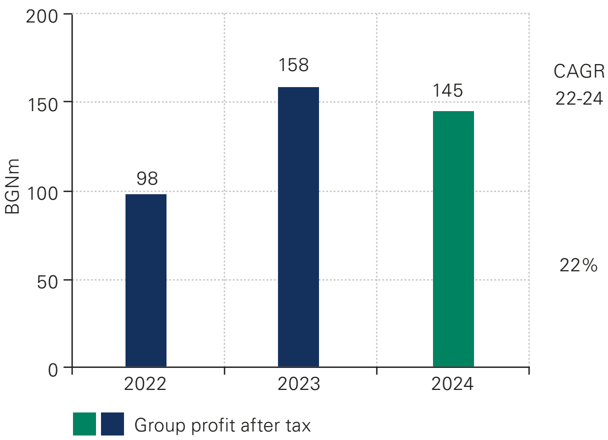
In 2024, First Investment Bank's efforts were focused on:

- Maintaining high quality customer service by improving processes and enhancing capacity to implement services, advising and supporting customers to overcome the challenges of the external environment;
- Actively managing risks in line with the approved risk strategy and risk appetite by maintaining safeguards against the risks inherent in the business as well as a robust capital and liquidity position;
- Digitalization and automation of processes, development of innovative products and services, and introduction of new technological solutions;
- Development and upgrading of corporate governance and non-financial risk policies;
- Establishing the Bank as a preferred employer.

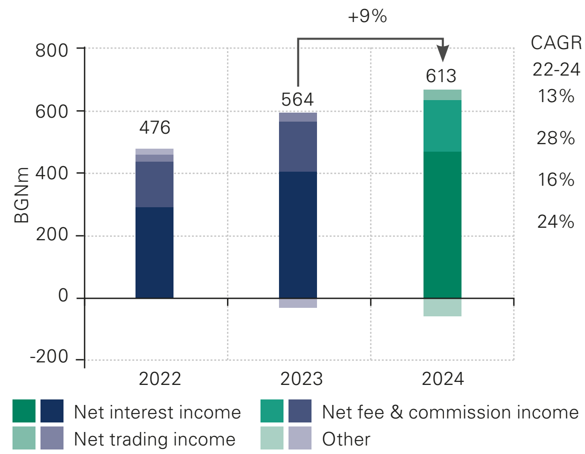
Financial results

In 2024, First Investment Bank reported good financial results as the Group profit after tax reached BGN 145,284 thousand (2023: BGN 158,285 thousand), and the profit before impairment – BGN 363,388 thousand (2023: BGN 322,241 thousand). The results were influenced by the higher operating income and the the credit risk management policies applied. Total income from banking operations increased to BGN 613,202 thousand (2023: BGN 563,886 thousand) with an increase in all main sources of income, including mainly in net interest income. The return on equity (after tax) was 9.13%, the return on assets (after tax) was 0.97%, and earnings per share was BGN 0.97.

Group profit after tax



Total income from banking operations

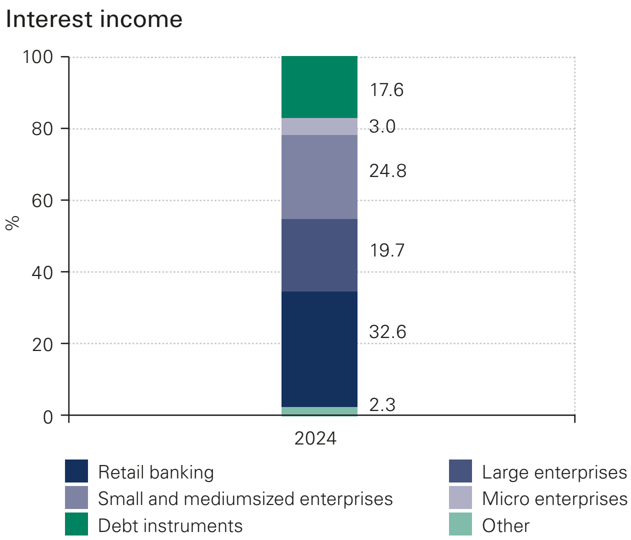


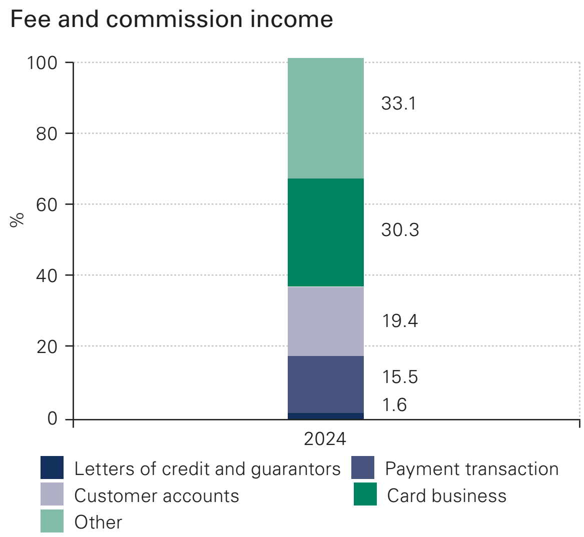
In 2024, net interest income increased by 14.7% to BGN 466,666 thousand (2023: BGN 406,761 thousand), increasing its share as the main source of income for the Group accounting for 76.1% of total operating income (2023: 72.1%). Fibank's operations abroad formed 13.9% of the Group's net interest income (2023: 12.6%), reflecting the development of the activity of the subsidiary Bank in Albania. *For further information regarding First Investment Bank – Albania Sh.a., see section "Business review of the subsidiary companies"*

For the reporting period, interest income increased to BGN 538,221 thousand (2023: BGN 452,554 thousand), as a result of an increase in the main business segments, including of retail banking (2024: BGN 175,480 thousand; 2023: BGN 155,013 thousand) and enterprises[7], including large enterprises (2024: BGN 105,833 thousand; 2023: BGN 93,158 thousand), medium-sized and small enterprises (2024: BGN 133,578 thousand; 2023: BGN 103,098 thousand), and micro-enterprises (2024: BGN 16,283 thousand; 2023: BGN 14,207 thousand). An increase was also recorded in investments in the debt instruments (2024: BGN 94,771 thousand; 2023: BGN 81,716 thousand), used as an additional source of interest income.

Interest expense increased, mainly as a result of an increase in interest expenses on other attracted funds (2024: BGN 27,004 thousand; 2023: BGN 7,326 thousand), in relation to the Bank's offered borrowing contracts to meet MREL requirements. An increase was also recorded in expenses on customer deposits, which reached BGN 17,477 thousand, compared to BGN 9,633 thousand a year earlier, at the expense of interest expenses on hybrid debt, which decreased (2024: BGN 24,899 thousand; 2023: BGN 25,753 thousand). The net interest margin amounted to 3.35% for the period.

7 According to business segments of the Bank, incl. criteria for annual turnover, as well as: microenterprises – up to BGN 3.9 million; small enterprises – up to BGN 19.5 million; medium-sized enterprises – up to BGN 97.5 million/BGN 84 million.





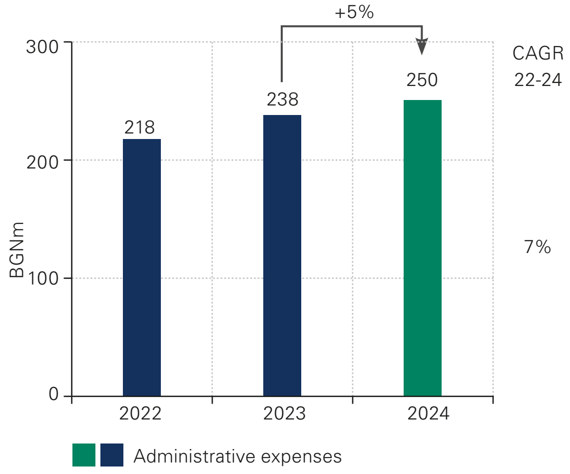
Net fee and commission income for 2024 increased by 8.4% to BGN 172,385 thousand (2023: BGN 159,061 thousand), forming 28.1% (20.6% average for the banking system) of total income from banking operations (2023: 28.2%), providing a solid contribution to the operating profit of the Group. Fibank's operations abroad formed 11.3% of net fee and commission income (2023: 11.5%). An increase was recorded in all major sources of income, including payment operations (2024: BGN 34,949 thousand; 2023: BGN 32,103 thousand), card services (2024: BGN 68,174 thousand; 2023: BGN 57,454 thousand), other services (2024: BGN 74,557 thousand; 2023: BGN 65,773thousand) which include those related to lending activities. Fee and commission income related to customer accounts remained at a similar level to the previous year (2024: BGN 43,645 thousand.; 2023: BGN 44,066 thousand) as well as letters of credit and guarantees (2024: BGN 3,669 thousand; 2023: BGN 3,687 thousand).

For 2024, net trading income reached BGN 28,392 thousand (2023: BGN 25,045 thousand), the increase mainly due to higher income from foreign currency transactions, which amounted to BGN 26,518 thousand, compared to BGN 23,917 thousand a year earlier. Net income was reported for debt and equity instrument transactions, totaling BGN 1,874 thousand for the period, compared to BGN 1,128 thousand for the previous year. The relative share of net trading income remained insignificant at 4.6% of total income from banking operations (2023: 4.4%).

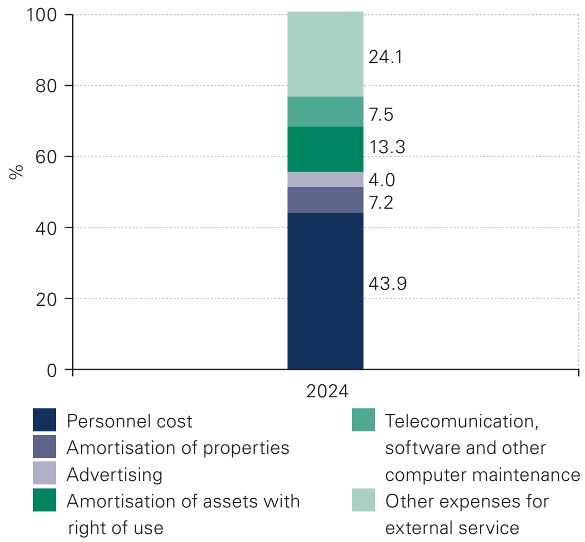
The other net operating expenses amounted to BGN 54,241 thousand, compared to BGN 26,981 thousand a year earlier, influenced mainly by higher operating expenses related to debt instruments at BGN 72,654 thousand.

For the period, administrative expenses increased to BGN 249,866 thousand compared to BGN 238,282 thousand a year earlier, influenced mainly by the growth in business and related operating expenses. Increases were recorded in personnel costs of the Group (2024: BGN 109,637 thousand; 2023: BGN 98,247 thousand), in those related to telecommunications, software and other computer maintainance (2024: BGN 18,757 thousand; 2023: BGN 16,128 thousand) in line with the development of information technology. There was a decrease in costs for advertising (2024: BGN 10,046 thousand; 2023: BGN 11,411 thousand), costs of external services (2024: BGN 60,146 thousand; 2023: BGN 60,488 thousand) and in the costs of depreciation of right-of-use assets (2024: BGN 33,182 thousand; 2023: BGN 37,711 thousand), at the expense of the costs for depreciation of property, plant and equipment (2024: BGN 18,098 thousand; 2023: BGN 14,297 thousand). For the period, the administrative expenses/ total income ratio falls to 40.74% on an consolidated basis (2023: 42.51%), which is within the target value of below 50%, set in the development strategy.

Administrative expenses



Structure of administrative expenses



During the year additional write-downs were made on loans, securities and off-balance sheet commitments amounting to BGN 212,781 thousand, while BGN 12,982 thousand impairment losses were reversed. As a result, net impairment for 2024 amounted to BGN 199,799 thousand (2023: BGN 144,479 thousand). *For more information see the "Risk Management" section.*

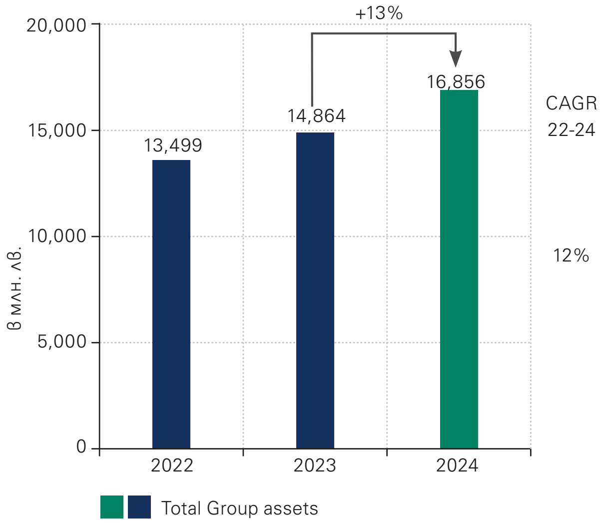
For the reporting period, the Group of First Investment Bank reported other net income in the amount of BGN 52 thousand, compared to net expense of BGN 3,363 thousand a year earlier, which included mainly contributions made to guarantee schemes, including deposit insurance funds, for restructuring and investor compensation (2024: BGN 26,819 thousand; 2023: BGN 25,888 thousand). Also positively impacted were gains recorded on the sale and write-down of repossessed and investment properties totaling BGN 18,127 thousand.

For more information, see the Consolidated Financial Statements for the year ending 31 December 2024.

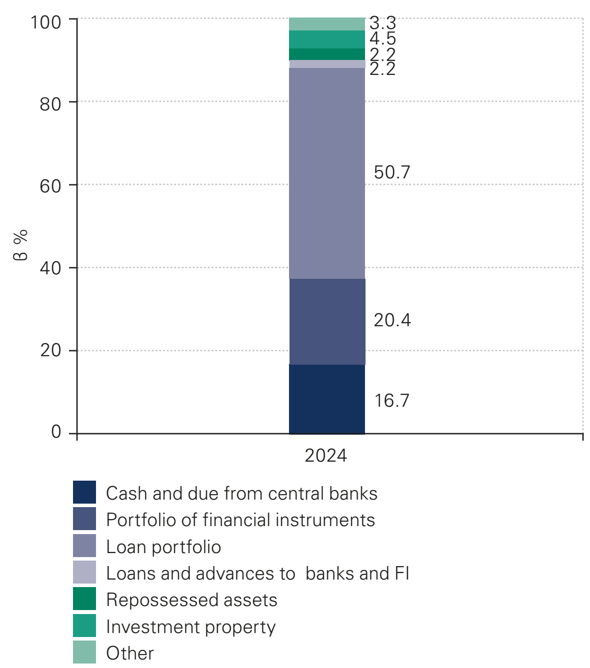
Balance sheet

In 2024, the total assets of the Group of First Investment Bank increased by 13.4% to BGN 16,855,610 thousand, compared to BGN 14,864,233 thousand a year earlier. The dynamics reflected the increase in borrowed funds, the development of the loan portfolio and the management of cash and liquid assets. Fibank maintains its leading position among banks in the country, ranking fifth in terms of assets at the end of 2024 (2023: fifth), with a market share of 8.22% on an individual basis (2023: 8.07%).

Group assets



Structure of assets



In the structure of the Group's assets, loans and advances to customers maintained their structure-determining share – 50.7% of total assets (2023: 51.6%), followed by investments in securities – 20.4% (2023: 19.4%) and cash and receivables from central banks – 16.7% (2023: 16.6%). The repossessed assets continued to reduce their share to 2.2% (2023: 2.8%) and investment properties to 4.5% (2023: 5.1%) as part of actions aimed at reducing of non-interest-bearing assets and their effective realization. The net loans/deposits ratio amounted to 61.2% compared to 62.3% for the previous year in accordance with the conservative risk management policy.

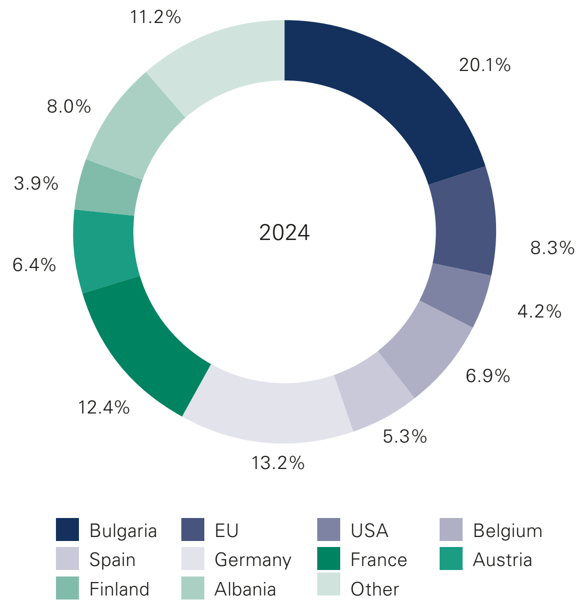
Cash and receivables from central banks increased to BGN 2,814,363 thousand, compared to the levels of the previous year - BGN 2,462,073 thousand, mainly as a result of an increase in receivables from central banks (2024: BGN 2,222,970 thousand; 2023: BGN 1,925,009 thousand), influenced by the increased deposit base and the related minimum reserve requirement on attracted funds of 12 percent. As of the end of 2024, cash on hand increased (2024: BGN 365,321 thousand; 2023: BGN 332,932 thousand), as well as current accounts in foreign banks (2024: BGN 226,072 thousand; 2023: BGN 204,132 thousand), managed as part of liquidity.

Loans and advances to banks and financial institutions increased (2024: BGN 365,017 thousand; 2023: BGN 227,327 thousand), mainly influenced by the receivables from financial institutions.

The securities investment portfolio of the Group increased (2024: BGN 3,441,113 thousand; 2023: BGN 2,883,067 thousand), managed according to market conditions and with a view to generating additional income while maintaining proper balance between risk and return. The structure of the portfolio mainly includes government securities of the Bulgarian government (2024: BGN 620,736 thousand; 2023: BGN 546,273 thousand) and of foreign governments (2024: BGN 2,461,152 thousand; 2023: BGN 1,976,374 thousand), which mainly contain government debt of European Union member states. Bonds and other securities issued by enterprises amounted to BGN 205,588 thousand, and those issued by banks - to BGN 105,344 thousand).

Portfolio of financial instruments

Portfolio of government debt by countries



In accordance with the requirements regarding the business models and the IFRS 9 criteria for classification and valuation of financial assets in the Bank's portfolios BGN 2,347,176 thousand of the securities portfolio were measured at fair value through other comprehensive income (2023: BGN 1,194,959 thousand), BGN 883,256 thousand - at amortized cost (2023: BGN 1,440,578 thousand), and BGN 210,681 thousand - at fair value through profit or loss (2023: BGN 247,530 thousand).

As of December 31, 2024, Fibank's operations abroad formed 10.9% (2023: 11.2%) of the Group's assets and 11.5% (2023: 11.7%) of the Bank's liabilities in compliance with the development of the activity of the subsidiary bank in Albania and its priority, focused on the retail banking segment and small and medium-sized enterprises. *For further information regarding First Investment Bank – Albania Sh.a., see section "Business review of the subsidiary companies"*.

Repossessed assets decreased to BGN 373,414 thousand (2023: BGN 414,365 thousand), while investment properties were BGN 766,231 thousand (2023: BGN 756,767 thousand). During the year, such properties were acquired in the amount of BGN 10,174 thousand and properties written-off and sold amounting to BGN 6,768 thousand, as well as BGN 39 thousand were transferred from repossessed assets, on which a revaluation of BGN 6,019 thousand was made.

Other assets of the Group amounted to BGN 131,755 thousand (2023: BGN 131,341 thousand), including deferred expenses, gold and other receivables. The right-of-use assets amounted to BGN 82,477 thousand at the end of the year (2023: BGN 172,967 thousand), decreasing mainly in connection with the accumulated depreciation and the effect of changes in lease terms for the period and adjustments relating to non-consolidated subsidiaries below the materiality threshold.

For more information, see the Consolidated Financial Statements for the year ending 31 December 2024.

Loan portfolio

Loans

In 2024 the net loan portfolio of the Group of First Investment Bank increased by 11.3% to BGN 8,542,732 thousand (2023: BGN 7,674,705 thousand), with an increase in all main business segments. As of December 31, 2024, Fibank retained fifth place in terms of loans among banks in the country, reporting a market share of 8.06% (2023: 8.23%).

In BGN thousand / % of total	2024	%	2023	%	2022	%
Retail banking	3,249,495	36.5	2,804,476	34.8	2,538,006	35.1
Micro enterprises	307,446	3.5	272,992	3.4	232,822	3.2
Medium-sized enterprises	2,591,528	29.1	2,425,291	30.1	2,174,657	30.1
Large enterprises	2,750,975	30.9	2,558,273	31.7	2,278,006	31.5
Gross loan portfolio	**8,899,444**	**100**	**8,061,032**	**100**	**7,223,491**	**100**
Impairment	(356,712)		(386,327)		(400,488)	
Net loan portfolio	**8,542,732**		**7,674,705**		**6,823,003**	

The structure of the portfolio remained balanced, with exposures in the retail banking segment forming 36.5% of the gross portfolio of the Group (2023: 34.8%), micro, small and medium-sized enterprises[8] – respectively 3.5% (2023: 3.4%), 29.1% (2023: 30.1%) structured according to the Law on Small and Medium-sized Enterprises, while the large enterprises – 30.9% of the gross portfolio (2023: 31.5%).

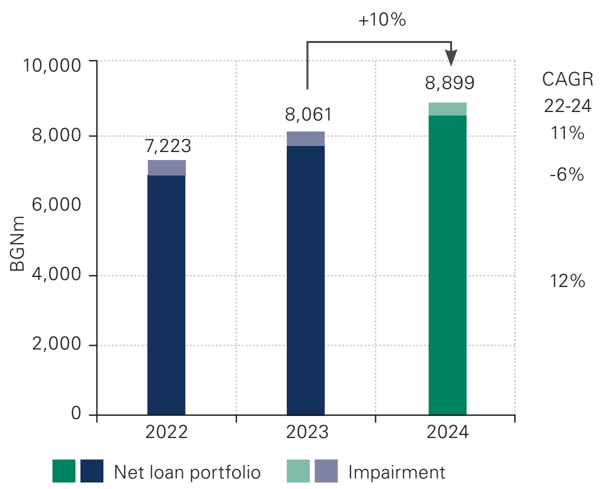
In BGN thousand / % of total	2024	%	2023	%	2022	%
Loans in BGN	5,732,108	64.4	4,977,387	61.7	4,241,295	58.7
Loans in EUR	2,596,929	29.2	2,652,891	32.9	2,603,986	36.1
Loans in other currency	570,407	6.4	430,754	5.3	378,209	5.2
Gross loan portfolio	**8,899,444**	**100**	**8,061,032**	**100**	**7,223,491**	**100**
Impairment	(356,712)		(386,327)		(400,488)	
Net loan portfolio	**8,542,732**		**7,674,705**		**6,823,003**	

In the currency structure of the loan portfolio, loans in BGN had a predominate share – BGN 5,732,108 thousand (2023: BGN 4,977,387 thousand) or 64.4% of the total portfolio (2023: 61.7%), followed by those in euro – BGN 2,596,929 thousand (2023: BGN 2,652,891 thousand) or 29.2% (2023: 32.9%) of total loans. The country has a currency board system in place which minimizes the BGN/EUR currency risk. Since 2020, Bulgaria has been part of the European Exchange Rate Mechanism (ERM) II and the Single Supervisory Mechanism (SSM), which was a step towards the country's accession to the Eurozone. Loans in other currencies amounted to BGN 570,407 thousand (2023: BGN 430,754 thousand), forming 6.4% of total loans of the Group (2023: 5.3%).

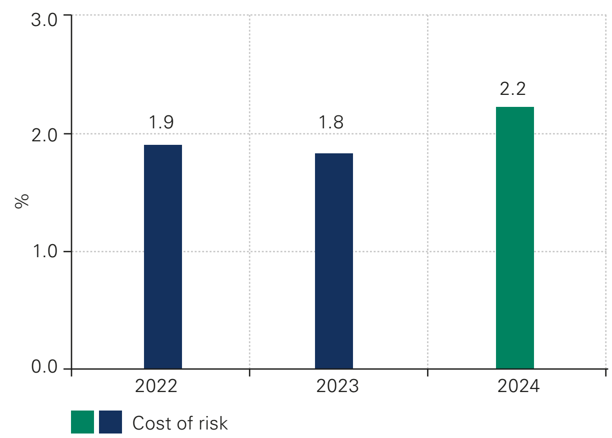
Loans granted by the First Investment Bank abroad accounted for 7.3% of the Group's gross portfolio (2023: 6.7%), reflecting the increase in the loan portfolio of First Investment Bank – Albania Sh.a. to individuals and SME's. *For further information, see section "Business review of the subsidiary companies".*

8 According to business segments of the Bank, incl. criteria for annual turnover/assets, as well as: microenterprises – up to BGN 3.9 million; small enterprises – up to BGN 19.5 million; medium-sized enterprises – up to BGN 97.5 million/ BGN 84 million.

Loan portfolio and impairment



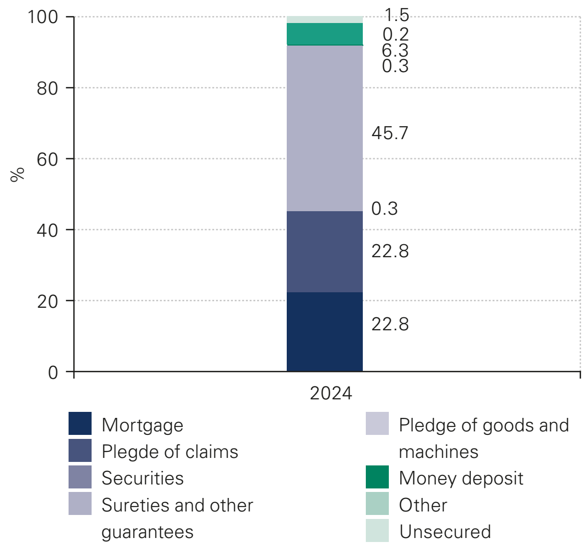
Cost of risk



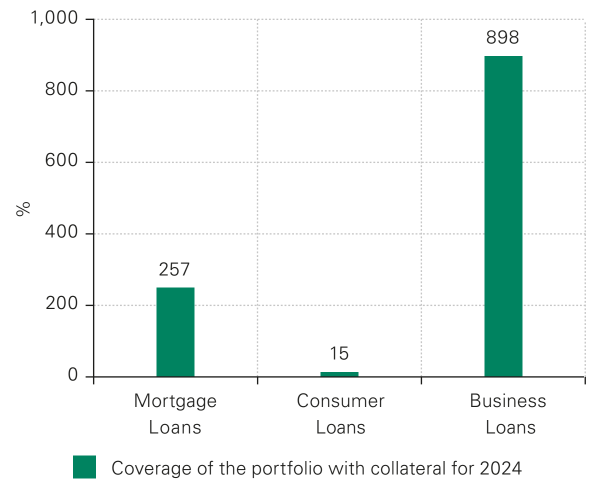
At the end of the period, impairment charges for potential losses on the loan portfolio amounted to BGN 356,712 thousand compared to BGN 386,327 thousand a year earlier. In 2024, additional impairment was recognized in the amount of BGN 211,775 thousand, impairment losses in the amount BGN 12,679 thousand were reversed, and BGN 230,731 thousand were written off as part of the successive actions to reduce non-performing exposures.

It is the policy of the Bank to require adequate collateral upon granting loans. All legally permissible types of collateral are accepted, and a discount rate is applied depending on their expected realizable value.

Loan portfolio by type of collateral



Coverage of the portfolio with collateral



As of the end of 2024, the type of collateral with the largest share in the Group's portfolio were sureties and other guarantees – 45.7%, followed by pledges of receivables – 22.8% and mortgages – 22.8%.

For more information on credit risk, see Note 3 "Risk Management" of the Consolidated Financial Statements for the year ended December 31, 2024.

Related party transactions

In the course of its ordinary activities, the Bank also enters into transactions with related parties. These transactions are carried out under market criteria and in accordance with applicable law.

Type of related party	Parties that control or manage the Bank			Enterprises under common control		
In BGN thousand	2024	2023	2022	2024	2023	2022
Loans	1,690	1,553	2,944	655	71,359	78,316
Deposits and loans received	59,541	16,144	14,195	40,570	23,310	15,418
Deposits placed	-	-	-	59,635	47,693	49,050
Other receivables	-	-	-	421	420	341
Other borrowings	-	-	-	(3)	150	50
Off-balance sheet commitments	1,640	2,100	1,023	675	3,516	2,004
Leasing liabilities	-	-	-	-	2,669	2,684

Type of related party	Parties that control or manage the Bank			Enterprises under common control		
In BGN thousand	2024	2023	2022	2024	2023	2022
Interest income	33	31	35	4,757	4,193	2,870
Interest expense	(3)	(7)	(8)	-	(1,512)	-
Fee and commission income	38	30	27	1,860	771	672
Fee and commission expense	(7)	(7)	(6)	(7)	(6)	(300)

For more information regarding related party transactions, see Note 35 "Related party transactions" of the Consolidated Financial Statements for the year ended December 31, 2024.

Contigent liabilities

Contingent liabilities of First Investment Bank include bank guarantees, letters of credit, unused credit lines, promissory notes and others. These are provided in accordance with the general credit policy on risk assessment and collateral value. With regard to documentary transactions performed, the Bank is also guided by the unified international rules in the area, protecting the interests of parties to such transactions.

At the end of the period, the total amount of off-balance sheet commitments of the Group amounted to BGN 1,141,510 thousand compared to BGN 1,212,075 thousand a year earlier. An increase was reported in bank guarantees – up to BGN 263,910 thousand (2023: BGN 162,553 thousand) at the expense of unused credit lines which amount to BGN 850,937 thousand (2023: BGN 1,016,084 thousand) and in letters of credit – BGN 26,663 thousand (2023: BGN 33,438 thousand).

For more information on off-balance sheet commitments, see Note 32 "Contingent liabilities" of the Consolidated Financial Statements for the year ended December 31, 2024.

Attracted funds

In 2024, attracted funds from customers increased by 13.3% and reached BGN 13,959,100 thousand (2023: BGN 12,316,348 thousand), remaining the main source of funding for the Group and forming 92.3% of total liabilities (2023: 92.7%). First Investment Bank offers savings products and package programs tailored to market conditions and customer needs. As at December 31, 2024, the Bank ranked fifth by deposit size among banks in Bulgaria (2023: fifth) with a market share of 8.74% on an individual basis (2023: 8.40%).

Deposits of individuals increased by 10.5% to BGN 9,325,285 thousand at the end of the period compared to BGN 8,437,831 thousand a year earlier. They retained a major share of total borrowings at 66.8% (2023: 68.5%). The currency structure of retail deposits was dominated by funds in BGN accounting for 40.3% of all borrowings (2023: 40.8%), followed by funds in euros at 20.1% (2023: 21.0%) and in other currencies at 6.4% (2023: 6.7%).

In BGN thousand / % of total	2024	%	2023	%	2022	%
Attracted funds from individuals	**9,325,285**	**66.8**	**8,437,831**	**68.5**	**7,765,553**	**67.8**
In BGN	5,629,968	40.3	5,031,180	40.8	4,552,829	39.8
In EUR	2,804,165	20.1	2,583,286	21.0	2,430,824	21.2
In other currency	891,152	6.4	823,365	6.7	781,900	6.8
Attracted funds from corporate, state-owned and public institutions	**4,633,815**	**33.2**	**3,878,517**	**31.5**	**3,689,353**	**32.2**
In BGN	1,850,161	13.3	2,144,846	17.4	2,014,767	17.6
In EUR	2,509,305	18.0	1,454,881	11.8	1,338,190	11.7
In other currency	274,349	2.0	278,790	2.3	336,396	2.9
Total attracted funds from customers	**13,959,100**	**100**	**12,316,348**	**100**	**11,454,906**	**100**

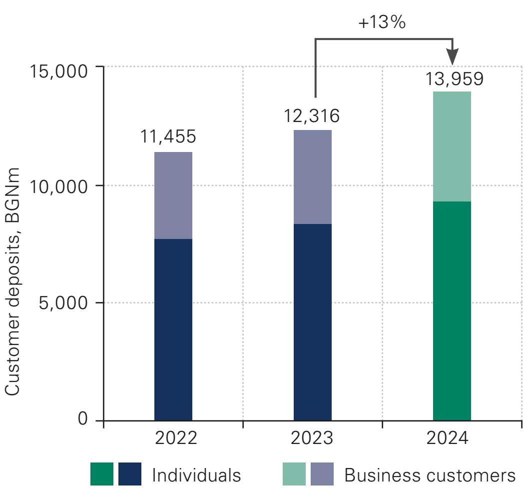
In accordance with the regulatory requirements, First Investment Bank allocates annual contributions to the Deposit Insurance Fund. As provided by law, the Fund guarantees amounts up to BGN 196,000 kept in a customer's accounts with the Bank.

Attracted funds from corporates and institutions increased by 19.5% to BGN 4,633,815thousand (2023: BGN 3,878,517thousand), which is influenced by the Bank's consistent policy of developing the transaction business and maintaining lasting customer relationships. At the end of 2024 their relative share amounted to 33.2% of the total borrowings from customers (2023: 31.2%). As regards the currency structure, funds in BGN attracted from corporates and public institutions formed 13.3% of all borrowings (2023: 17.4%), those in euros – 18.0% (2023: 11.8%), and those in other currencies – 2.0% (2023: 2.3%).

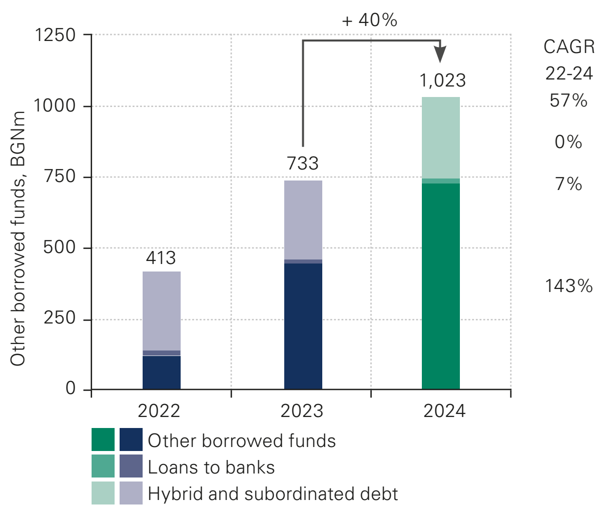
Other borrowings increased to BGN 730,033 thousand as of December 31, 2024 compared to BGN 447,314 thousand a year earlier, mainly as a result of an increase in the obligations under borrowing agreements for the fulfillment of the requirements for eligible liabilities (MREL) according to Regulation (EU) № 575/2013 and the Law on Recovery and Restructuring of Credit Institutions and Investment Intermediaries. *For more information see section "Capital".*

Liabilities for received financing amount to BGN 19,998 thousand (2023: BGN 34,574 thousand), which included financing from the Bulgarian Development Bank AD – BGN 10,869 thousand (2023: BGN 14,331 thousand), from the Fund Manager of Financial Instruments in Bulgaria (Fund of Funds) - BGN 8,610 thousand (2023: BGN 19,366 thousand), as well as from the European Investment Fund under the JEREMIE 2 initiative – BGN 519 thousand (2023: BGN 877 thousand). *For more information see section "External programs and guarantees schemes".*

Customer deposits



Other attracted funds



For 2024, liabilities due to banks in the form of current and term accounts amounted to BGN 15,010 thousand, compared to BGN 8,387 thousand a year earlier.

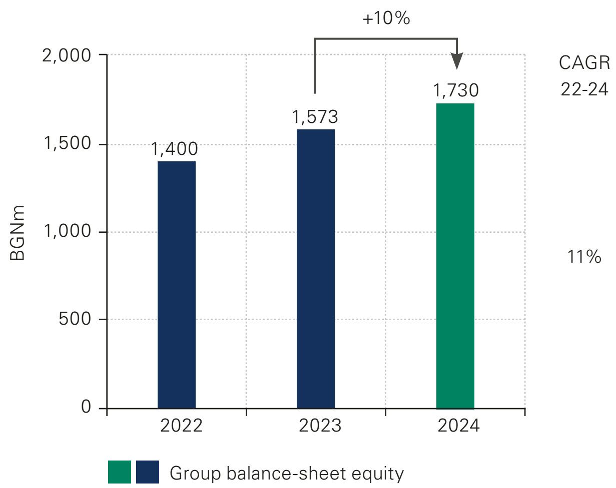
Leasing liabilities of the Group amounted to BGN 80,328 thousand at the end of the year (2023: BGN 171,743 thousand), decreasing in connection with the lease payments made during the period and adjustments relating to non-consolidated subsidiaries below the materiality threshold.

For more information on attracted funds, see the Consolidated Financial Statements for the year ending 31 December 2024.

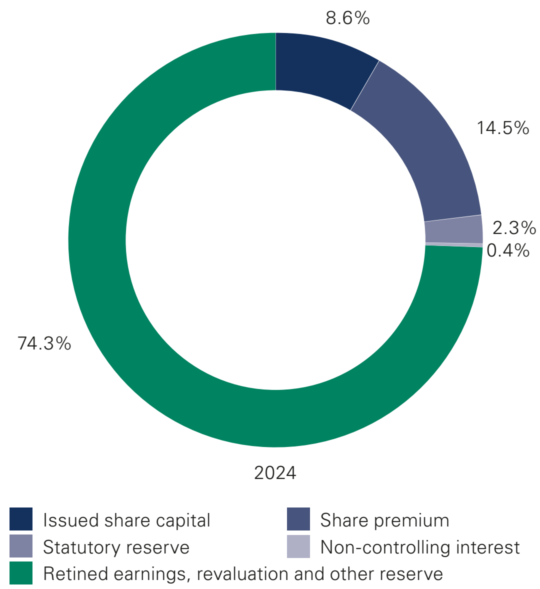
Capital

As of December 31, 2024 the share capital of First Investment Bank amounted to BGN 149,085 thousand, divided into 149,084,800 ordinary, registered, dematerialized shares with voting rights in the Total General Meeting of Shareholders and a nominal value of BGN 1 each. The share capital has been paid in full. The share premium amounted to BGN 250,017 thousand.

Group balance-sheet equity



Structure of Group equity



The balance sheet equity of the Group of First Investment Bank increased by 10,0% to BGN 1,730,149 thousand (2023: BGN 1,573,382 thousand), influenced by the increase in other reserves and retained earnings, which reached BGN 1,256,144 thousand at the end of the period (2023: BGN 1,116,028 thousand).

Regulatory capital

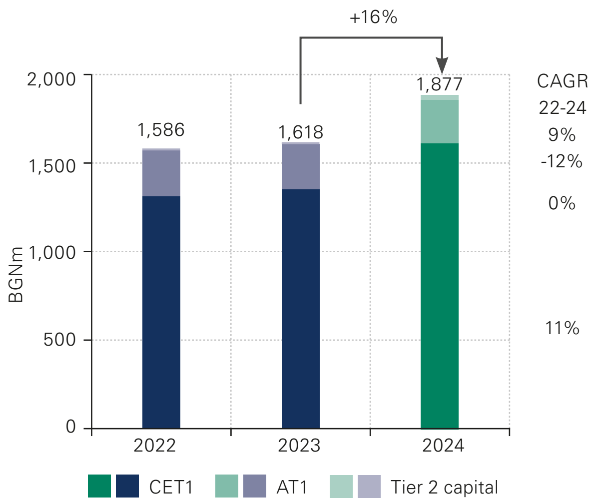
First Investment Bank maintains own funds for the purpose of capital adequacy in the form of Common Equity Tier 1 and Additional Tier 1 capital, following the requirements of Regulation (EU) No575/2013 and the EC implementing regulations, as well as Ordinance No7 of the BNB on the Organization and Management of Risks in Banks.

By the end of the reporting period the CET1 capital of the Group amounted to BGN 1,609,509 thousand, compared to BGN 1,348,495 thousand a year earlier. Tier 1 capital amounted to BGN 1,863,767 thousand (2023: BGN 1,602,753 thousand), and total regulatory equity was BGN 1,877,367 thousand (2023: BGN 1,618,274 thousand).

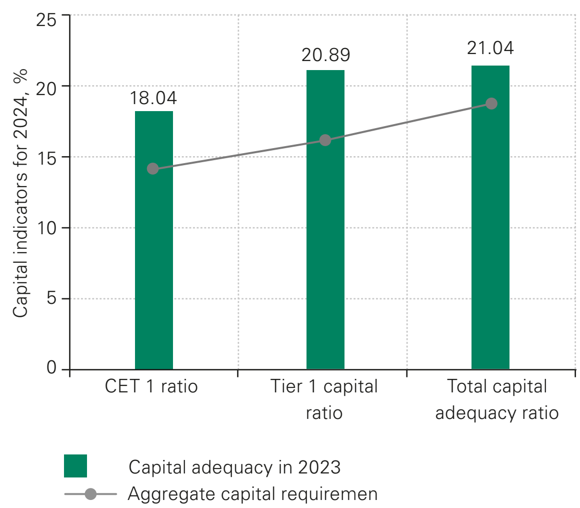
As of 31.12.2023, First Investment Bank had four hybrid instruments (bond issues) with an original principal amount of EUR 60 million (ISIN: BG2100022123), EUR 30 million (ISIN: BG2100023196), EUR 30 million (ISIN: XS2419929422) and EUR 10 million (ISIN: XS2488805461), included in the additional Tier 1 capital of the Bank. Three of the issues are admitted to trading on the regulated market of the Luxembourg Stock Exchange (LuxSE). At the end of the reporting period, the amortized cost of the hybrid debt amounted to BGN 258,908 thousand (2023: BGN 257,871 thousand).

The Group (through the subsidiary bank in Albania) had issued three instruments in the form of subordinated term debt (long-term bonds) in the amount of EUR 2 million, EUR 2.9 million and EUR 5 million, meeting the requirements for inclusion in Tier 2 capital. The amortized value of the subordinated term debt amounts to BGN 19,410 thousand as of December 31, 2024 (2023: BGN 19,410 thousand). *For more information, see Note 29 "Hybrid Debt" of the Consolidated Financial Statements for the year ending 31 December 2024.*

Regulatory capital



Capital adequacy in 2024



For the purpose of reporting qualifying holdings outside the financial sector, First Investment Bank applies the definition of eligible capital, which includes tier 1 capital and tier 2 capital, which cannot exceed 1/3 of tier 1 capital. As at 31 December 2024, the eligible capital of First Investment Bank on a consolidated basis, calculated in accordance with Regulation (EU) No 575/2013 and Ordinance No7 of BNB for the organization and management of risks in banks amounted to BGN 1,877,367 thousand.

Capital requirements

At the end of 2024, the Group of First Investment Bank reported stable capital ratios as follows: Common Equity Tier 1 (CET1) ratio at 18.04 Tier 1 capital ratio at 20.89% and Total Capital Adequacy ratio at 21.04%, exceeding the minimum regulatory capital requirements expressed by the overall capital requirement, including the additional capital requirement for risks other than the risk of excessive leverage (in the amount of 2.35% of the risk exposures) and the combined buffer requirement. *For more information see section "Capital buffers".*

In BGN thousand / % of risk exposures	**2024**	**%**	**2023**	**%**	**2022**	**%**
CET 1 capital	1,609,509	18.04	1,348,495	17.07	1,314,754	17.41
Tier 1 capital	1,863,767	20.89	1,602,753	20.29	1,569,012	20.78
Own funds	1,877,367	21.04	1,618,274	20.49	1,586,448	21.01
Total risk exposures	**8,920,965**		**7,897,964**		**7,551,920**	

The reported capital ratios resulted from the application of comprehensive and targeted measures regarding the implementation of capital levers in key areas, including successful subscription of a new public issue of shares, retention of profit, inclusion of the issued debt-capital (hybrid) instrument in the Additional Tier 1 capital, as well as maintaining high discipline in risk management.

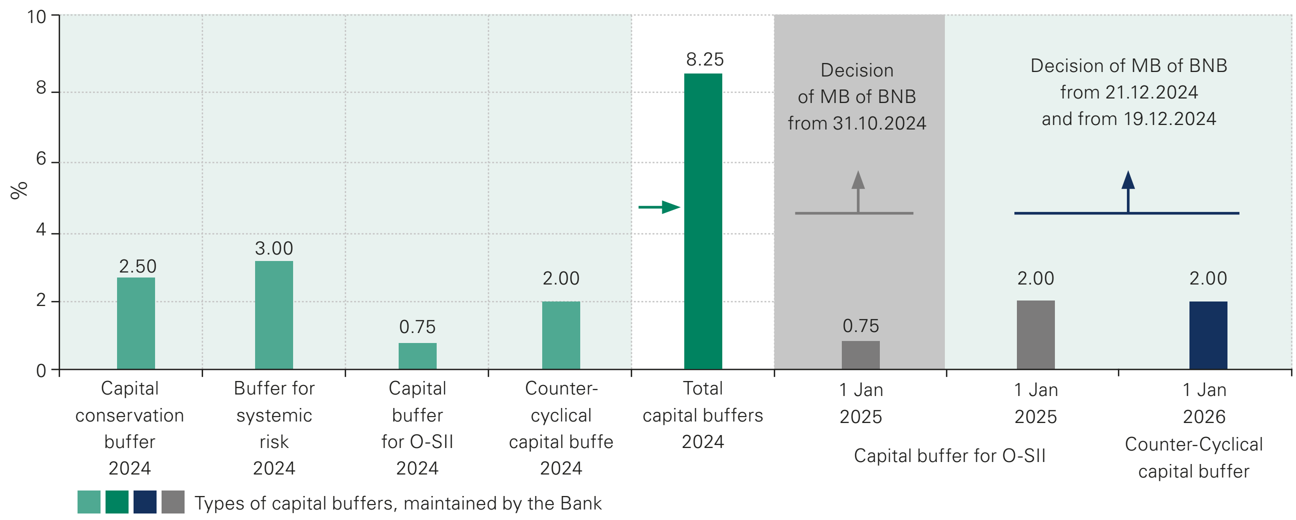
Capital buffers

In addition to the capital requirements set out in Regulation (EU) № 575/2013 and the Law on Credit Institutions, First Investment Bank maintains four capital buffers in accordance with the requirements of Ordinance №8 of the BNB on Capital Buffers, the Combined Buffer Requirement, Restrictions on Distributions and the Guidance on Additional Own Funds.

First Investment Bank maintains a capital conservation buffer, comprised of common equity tier 1 capital, equal to 2.5% of the total risk exposure of the Bank, as well as buffer for systemic risk covered by common equity tier 1 capital with the aim for decreasing the effect of potential long-term non-cyclical system or macroprudential risks in the banking system in the country. In 2024 the level of the capital buffer for systemic risk applicable to all banks in Bulgaria remained unchanged at 3% of the total risk exposures in the country.

With the aim for protection of the banking system against potential losses arising from the accumulated cyclical systemic risk in periods of excessive credit growth, the banks in Bulgaria, including Fibank maintains a countercyclical capital buffer, applicable to credit risk exposures in the Republic of Bulgaria. Its level is determined by the Bulgarian National Bank each quarter, and in 2024 it remained unchanged at 2.0%. According to decisions of the BNB (in 2024), its level will remain unchanged until the first quarter of 2026.

Capital buffers

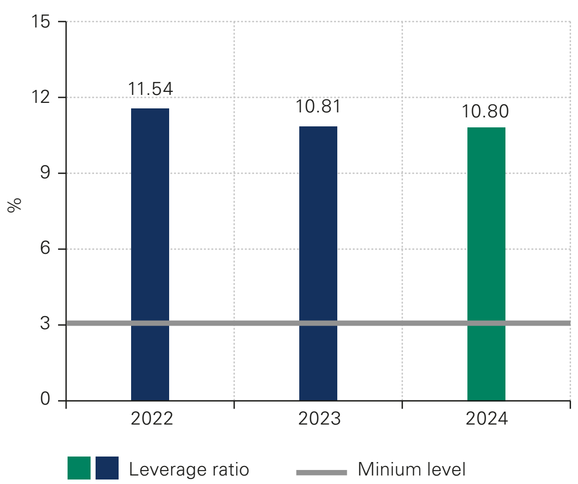


Banks in Bulgaria among which First Investment Bank AD should maintain a buffer for O-SII with a view to their significance for the national economy and financial system. The buffer applicable for Fibank for O-SII on an individual and consolidated basis for 2024, determined as a share of the total value of the risk exposures remains unchanged at 0.75%. According to a decision of the BNB (in 2024), its level will remain unchanged for 2025.

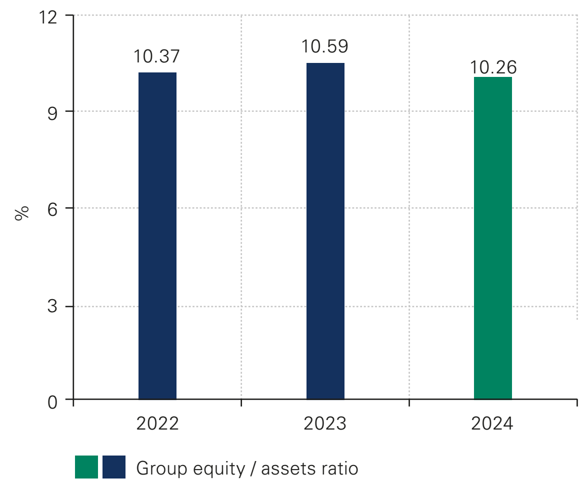
Leverage

The leverage ratio is an additional regulatory and supervisory tool, which measures the required capital maintained by banks that is not risk-sensitive or risk-weighted, thereby complementing and building on the risk-based capital ratios applicable under the existing regulatory framework. In terms of the leverage ratio, on EU level, banks should report and disclose the indicator in order to maintain the minimum required amount of 3% under Regulation (EU) № 575/2013.

Leverage ratio



Group equity / assets ratio



First Investment Bank calculates the leverage ratio by matching its Tier 1 capital to the total exposure of the Group (assets, off-balance sheet items, and other exposures to derivatives and securities financing transactions), subject to the requirements of Delegated Regulation (EU) 2015/62 of the Commission concerning the leverage ratios and the other applicable regulations. As at 31 December 2024, the leverage ratio amounted to 10.80% on a consolidated basis compared to 10.81% for the previous period, impacted by the increase in the total exposure measure.

First Investment Bank has written rules in place to identify, manage and monitor the risk of excessive leverage resulting from potential vulnerability of the Bank related to the maintained levels of leverage. The risk of excessive leverage is currently monitored based on specific indicators, which include the leverage ratio, calculated in accordance with applicable regulatory requirements, as well as the mismatches between assets and liabilities. The Bank manages this type of risk using various scenarios, including such that take into account its possible increase due to a decrease in the Tier 1 capital resulting from potential losses. The leverage ratio is also part of the capital indicators of the system for ongoing monitoring and early warning, and is incorporated in the framework for risk management at the Bank, including in the management processes in case of potential financial risks.

Eligible liabilities

In compliance with the requirements of the Law on Recovery and Resolution of Credit Institutions and Investment Firms and Regulation (EU) No 575/2013, banks need to meet minimum requirements for own funds and eligible liabilities (MREL), as well as subordination requirements in relation to them, determined individually for each institution by the restructuring authority and calculated as a percentage of the total risk exposure amount (TREA) and the leverage ratio exposure measure (LRE).

According to a decision of the BNB, the deadline for meeting the minimum requirements for the Bank is July 1, 2025. In order to ensure gradual accumulation of own funds and eligible liabilities, intermediate target levels have been set (as of January 1, 2022, January 1, 2023 , January 1, 2024 and January 1, 2025).

In 2024, First Investment Bank continued to develop its products in fulfillment of the minimum requirements for eligible obligations (MREL), incl. the obligations under committed funds and the Perspective+ borrowing products, which are senior unsecured debt product with a fixed yield, structured in such a way as to comply with the requirements for maturity, security, subordination, loss sharing, acceleration, and others under the Law on the Recovery and Resolution of Credit Institutions and Investment Firms and Regulation (EU) No 575/2013.

For more information on capital and eligible liabilities see the Consolidated Financial Statements as at 31 December 2024.


Professionalism drives
every decision we make

Risk management

First Investment Bank has built, maintained, and developed a risk management system which ensures the identification, assessment and management of risks inherent to its activity, taking into consideration the challenges of the external environment and the regulatory requirements. The consideration of risks takes into account all relevant risk factors, including environmental, social and governance (ESG) factors.

In 2024, the Bank operated in accordance with its Risk Management Strategy and Risk Appetite Framework, aiming to maintain a moderately low level of risk and further increasing the protection mechanisms against risks inherent in banking. Measures for reduction and management of non-performing exposures were applied, including recovery and restructuring of loan exposures, as well as regular write-offs of impaired risk exposures in accordance with the Strategy for Reduction of Non-performing Exposures and Repossessed Assets.

Risk management strategy

The risk management strategy of First Investment Bank is an integral part of its business strategy. The main objective in managing the overall risk profile of the Bank is to achieve a balance between risk, return and capital. The risk profile is relevant to the product policy of the Bank and is determined in accordance with the economic factors in the country and the Bank's internal characteristics and requirements.

Key elements of risk strategy

The Bank determines its risk propensity and risk tolerance levels so that they correspond to its strategic objectives and stable functioning, as well as to the required level of equity capital and an effective management process.

Fibank maintains financial resources that are commensurate with the volume and type of operations performed and with its risk profile, by developing internal control systems and mechanisms for risk management in accordance with regulatory requirements and best practices. The main goals on the basis of which the risk strategy is structured, are defined, as follows:

- achieving a sustainable level of capital to ensure good risk-taking capacity, as well as capacity to cover risks in the long term;
- maintaining good asset quality while providing for an efficient decision-making process;
- achieving a balanced risk/return ratio for all business activities of the Bank through defining a risk tolerance for achieving the targeted business goals and tasks.

In 2024, as part of the annual review, the Risk Strategy was updated in accordance with the Risk Appetite Framework and the Business Plan of the Bank. The limits set in terms of loan portfolio diversification and concentration risks, the requirements concerning project financing and the minimum requirements for eligible commitments were refined. With regard to the risk profile, the Strategy focused on the development of retail and SME segments, maintenance of high level of cyber security and data protection, and reflection of ESG factors. Emphasis continued to be placed on ensuring an effective control environment in relation to existing business processes, active management of credit and operational risk, maintaining an adequate level of unencumbered liquid assets, and keeping assumed market risk within current limits.

With regards to sustainability, the Bank has in place a 10-year Sustainable Development Strategy taking into account the applicable ESG factors, the risks related to the transition to a sustainable economy and the physical risks, as well as a Climate and Environmental Risk Management Policy.

Risk appetite framework

The Risk appetite framework of First Investment Bank is an integrated instrument for defining and limiting the overall risk level, which the Bank is willing and able to take to achieve its strategic and business goals. For 2024, a medium-low level of risk appetite was maintained.

Defining and applying a risk appetite framework is based on assessment of the risk profile of the Bank on the basis of the material risks identified in the risk map, as the overall risk profile is expressed into a rating aggregated from the scores assigned to each of the specific risks throughout a 5-level scale with quantitative values and risk levels.

Within the risk appetite framework, the risk capacity of the Bank is defined, which represents the maximum level of risk the Bank can operate in compliance with regulatory requirements and other limits with respect to capital and funding needs and liabilities to counterparties. The risk tolerance is defined, as a precautionary measure within maintaining the risk appetite, which as set on a strategic level is defined as a percentage lower than 100% of the overall risk capacity of the Bank. For calculating the risk appetite are the specific risk indicators and limits (for example the total capital ratio, the common equity Tier 1 ratio, MREL ratio, leverage ratio, loan to deposit ratio, liquidity coverage ratio, net stable funding ratio, return on equity, non-performing exposure ratio, provisioning ratio, operating losses/regulatory capital, etc.), as well as early warning indicators in accordance with the type of risk.

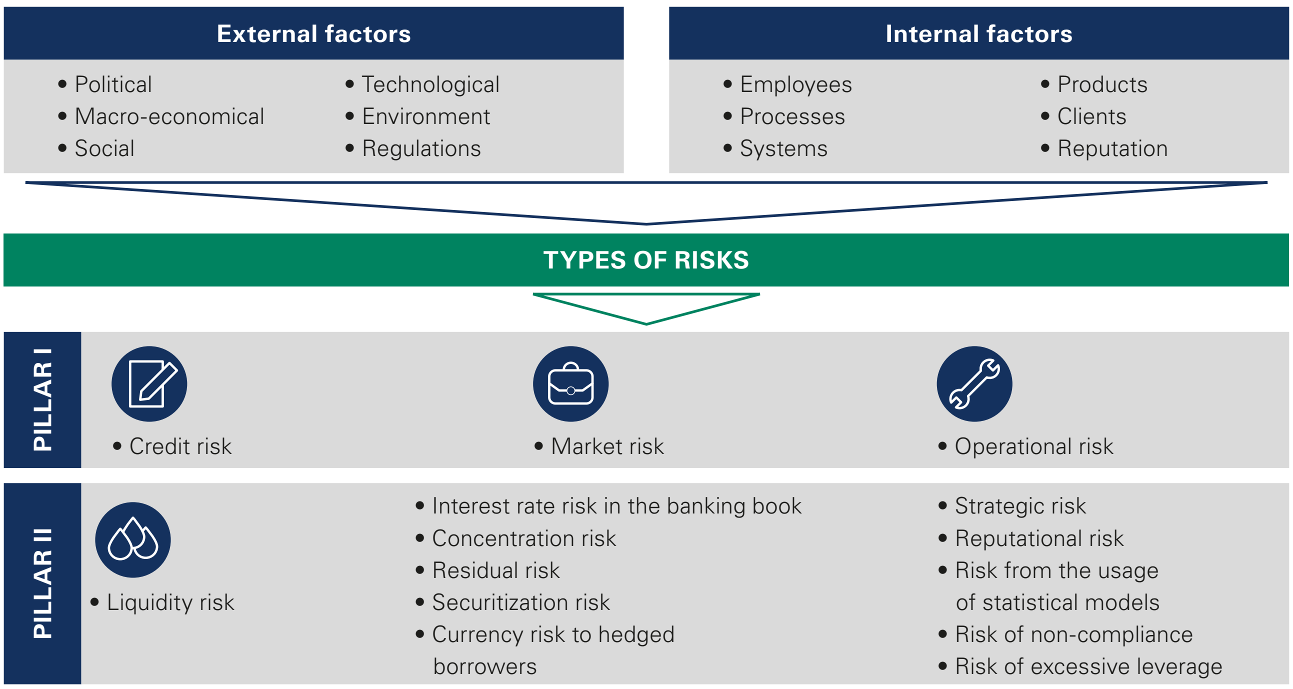
The risk appetite framework is subject to review by the Managing Board and approval from the Supervisory Board once a year or more often, if needed, in accordance with the business environment dynamics. It is part of the annual process for defining the strategy and planning within the Bank.

In 2024, in conjunction with the annual review, the principles for quantifying the Risk Appetite Framework were refined, including refining the rationale for the risk weights, the risk grade ranges, and the methodology for calculating the risk indicators set. The internal reporting and monitoring of individual risk types, as well as the processes for developing, agreeing and monitoring the limit framework, were also further developed.

Risk map

First Investment Bank develops a risk map, which classifies risks into different types and identifies those the Bank is exposed to or may be exposed to in its activity. It is updated once a year or more often if needed, aiming at defining all material risks and their adequate integration within the risk management framework of the Bank.

Risk profile and risk map



The types of risks are differentiated into groups (Pillar 1 and Pillar 2) as well as the methods for their measurement in accordance with the applicable regulatory framework.

Risk culture

Prudent and consistent risk culture is one of the key elements of effective risk management. In compliance with the best standards, the Fibank seeks to develop a risk culture that will further enhance visibility and prevention in terms of individual risk types, their identification, evaluation and monitoring, including by applying appropriate forms of training among the employees and senior management involved in risk management.

The Bank aims at applying the following principles for ensuring high risk culture:

- risk taking within the approved risk appetite;
- approval of every risk in accordance with the effective approval levels and the internal risk management framework;
- current/ongoing monitoring and risk management, incl. taking into consideration the ecological, social and governance (ESG) factors;
- responsibility of employees at all levels to the management and escalation of risks, while applying a conservative and future-oriented approach in their assessment;
- effective communication and constructive criticism aimed at making rational and informed decisions, as well as creating conditions for open and positive engagement throughout the organization;
- applying appropriate incentives to contribute to sound and efficient management, discouraging risk-taking in excess of the level acceptable to the Bank.

Risk management framework

The risk management framework of First Investment Bank includes automated systems, written policies, rules and procedures, mechanisms for the identification, assessment, monitoring and control of risks, and measures to reduce them. Its main underlying principles are: objectivity, dual control of any operation, centralized management, separation of duties, independence, clearly defined levels of competencies and authority, adequacy of the intrabank requirements to the nature and volume of activity, effective mechanisms for internal audit and control. The Bank meets the requirements of current legislation to credit institutions for the preparation and maintenance of current recovery plans in case of potential occurrence of financial difficulties and for the continuity of processes and activities, including with regard to recovery of all critical functions and resources.

Lines of defence

The risk management framework of First Investment Bank is structured in accordance with the principle and model of the three lines of defence which is in compliance with the European requirements and Basel Committee for Banking Supervision principles for corporate governance in banks:

- First line of defence: the business units which take the risk and are responsible for managing it, including through identification, assessment, reporting in accordance with current limits, procedures and controls implemented in the Bank;
- Second line of defence: the Risk Management and Compliance functions which are independent of the first line of defence. The Risk Management function monitors, assesses and reports risks, while the Compliance function monitors and controls the maintaining of internal regulations in compliance with the applicable regulatory provisions and standards, incl. with respect to anti-money laundering and terrorism financing;
- Third line of defence: Internal Audit which is independent of the first and the second lines of defence. It provides an independent review of the quality and effectiveness of risk management, business processes and banking activity, as well as of the business planning and internal policies and procedures.

The Bank's policies on internal governance with respect to the internal control framework and the independent risk management, compliance and audit functions are in accordance with the applicable requirements in this sphere, including Ordinance No 10 of the BNB on the Organisation, Governance and Internal Control of Banks, Ordinance No 7 of the BNB on Organisation and Risk Management of Banks, the EBA Guidelines on internal governance pursuant to Directive 2013/36/EU (EBA/GL/2021/05) and the EBA Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05).

Structure and internal organisation

First Investment Bank has a developed risk management and control function, organized in line with the applicable regulatory requirements and recognized international standards, under the management of a Chief Risk Officer (a member of the Managing Board) with appropriate experience and qualifications and directly reporting to the Risk Committee of the Supervisory Board.

The Chief Risk Officer organizes the overall risk management framework of the Bank, manages the process of its implementation, coordinates the activities of the risk committees of the Bank, and controls the credit process in its entirety, including the process of collection of problem loans. He ensures the effective monitoring, measuring, controlling and reporting of all types of risk to which the Bank is exposed. During the year, in line with the EBA Guidelines on Internal Governance under Directive 2013/36/EU (EBA/GL/2021/05), the processes for the exercise of veto power by the Chief Risk Officer on credit transactions were further developed in accordance with the effective levels of competence in the Bank.

First Investment Bank has also developed a compliance function, whose main objective is to identify, assess, monitor and report the risk of non-compliance. The function ensures the compliance of activities with regulatory requirements and recognized standards, incl. with respect to anti-money laundering and terrorism financing, and supports the Managing Board and senior staff in the management and control of this risk. The function is organized under the management of the Chief Compliance Officer and subordination to the Chief Executive Officer, with direct reporting to the Risk Committee and/or the Supervisory Board. The Chief Executive Officer (member of the Managing Board of the Bank) ensures the organization for applying the compliance function within the Bank, as well as its integration in the established risk management framework across the Bank, by all business units and at all levels. The Chief Compliance Officer leads and coordinates the Compliance function at individual and group level, reporting to the MB, the SB and the Risk Committee on non-compliance risks and their overall assessment.

First Investment Bank maintains an information system allowing for the measurement and control of risks through the use of internal rating models for assessment of the quality of the borrower, assigning of credit rating to exposure, and obtaining quantitative assessment of risk. The information system ensures maintenance of a database and subsequent processing of data for the purposes of risk management, including for preparation of the regular reports necessary for monitoring the risk profile of the Bank. In 2024, actions were implemented to improve at a system level the reference data generated by the information systems in order to centrally and consistently target the same dataset relating to ratings of borrowers.

Collective risk management bodies

The overall process of risk management is carried out under the guidance of the Managing Board of First Investment Bank. The Supervisory Board exercises control over the activities of the Managing Board on risk management, liquidity and capital adequacy, directly and/or through the Risk Committee which functions as an auxiliary body to the Supervisory Board in accordance with existing internal bank rules and procedures.

Risk committee advises the Supervisory Board and the Managing Board in relation to the overall current and future strategy on ensuring compliance of the risk policy and risk limits, risk-taking propensity and control on its execution by the senior management. During the year there were no changes in the composition of the Risk Committee. As at 31 December 2024, it consisted of three members of the Supervisory Board of First Investment Bank AD. The Chairman of the Risk Committee is Mr. Jyrki Koskelo, independent member of the Supervisory Board.

For supporting the activity of the Managing Board in managing the various types of risks, the following **collective management bodies** operate at the Head Office of First Investment Bank: a Credit Council, an Asset, liability and Liquidity management Council (ALCO), a Restructuring Committee and an Operational Risk Committee, which carry out their activities on the basis of written structure, scope of activities and functions.

The **Credit Council** supports the management of the credit risk undertaken by the Bank by issuing opinions on loan transactions in accordance with the authority level assigned thereto, including with regards to proposals from the operational/business units in the Head Office, as well as from the branches of the Bank in the country and abroad.

During the year, changes were made to the composition of the Credit Council to ensure a majority representation of business units. The Credit Council is chaired by the Director of Risk Management department, with the remaining members comprising the Directors of Large Enterprise Banking, Small and Medium-sized Enterprise Banking departments, a representative of the Retail Banking department responsible for microlending and the Deputy Director of Risk Management department responsible for credit risk, monitoring and provisioning.

The **Asset, liability and Liquidity management Council (ALCO)** is a specialized collective body which advises the Managing Board on matters relating to implementing the policy for asset and liability management, and maintaining adequate liquidity in the Bank. It carries out systematic analysis of the interest-rate structure of assets and liabilities, of the maturity ladder and of liquidity indicators, with a view to possible early warning and taking actions for their optimization. During the year, a change was made to the composition of ALCO to reflect the new unified structure of the Risk Management Department within the Bank. The Chairman of ALCO is the Chief Executive Officer and the remaining members include the Chief Financial Officer and the Directors of Treasury, Risk Management, Retail Banking and Large Corporate Banking departments.

The **Restructuring Committee** is a specialized internal bank body responsible for the monitoring, evaluation, classification, impairment and provisioning of risk exposures and commitments. It also gives motivated written proposals to the Managing Board, and decides on restructuring of exposures according to the current authority levels in the Bank. During the year, changes were made to the composition of the Restructuring Committee, with the Director of Finance elected as Chairman and the remaining members comprising the Directors of Problem Assets, Intensive Loan Management departments and a representative from the Legal department.

The **Operational Risk Committee** is an advisory body to the MB, designed to help the adequate management of operational risk by monitoring and analyzing operating events. The Committee proposes measures to minimize operational risks, as well as prevention measures. During the year, changes were made to the composition of the Operational Risk Committee to streamline and reflect the new unified structure of the Bank’s Risk Management Directorate. The Chairman of the Operational Risk Committee is the director of Risk Management department and the other members are the directors of the following departments: Card Payments, Compliance – Regulations and Standards, Information Technology and Branch Network.

Apart from the collective management bodies, the risk function in First Investment Bank is executed by the Risk Management department, as well as the Compliance function – by departments Compliance – Regulations and Standards and Compliance – Anti-Money Laundering and Financing of Terrorism (Compliance Directorate), which are independent (separate from the business of the Bank) structural units in the organizational structure of the Bank.

In 2024, a new unified Risk Management Directorate structure was established to perform functions of identifying, measuring and controlling the main types of risk inherent in the Bank's business, including credit risk management, monitoring and provisioning functions, as well as providing opinions on risk exposures in accordance with the current levels of competence on credit transactions. The department monitors the determined levels of risk appetite and risk tolerance, is responsible for the implementation of new requirements relating to risk assessment and capital adequacy, and assists other departments in carrying out their functions related to risk management and control.

The Compliance – Regulations and Standards department carries out the activities of identifying, assessing and managing the risk of non-compliance, ensures adequate and legitimate internal regulatory framework in the structure of the Bank, and monitors for compliance of the Bank's products and services with existing regulations. It also manages and analyses the customer satisfaction in the Bank in relation to customer complaints. As part of it a Compliance – investment services and activities unit functions, which executes ongoing control over the execution of the regulatory requirements with respect to the Bank's activity as an investment intermediary and on the market abuse with financial instruments, as well as a Data protection officer, who has a leading role in ensuring the lawful processing of personal data in the Bank's structure – *for further information see section "Personal Data Protection".*

The Compliance – Anti-Money Laundering and Terrorism Financing Department performs the Bank's activities related to prevention of money laundering and terrorist financing as a specialized service under Article 106 of the Measures Against Money Laundering Act (MAMLA). It also ensures regulatory compliance of this activity according to the EBA Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05) and BNB Ordinance 10 on the Organization, Management and Internal control in Banks, as well as exercising control over the application of fraud prevention requirements.

System of limits

First Investment Bank applies a system of internal limits for different types of risks, in line with the regulatory requirements and the Bank's risk management strategy, including limits by client/counterparty, type of instrument and portfolio, sector, market, etc. The limits applied are monitored on a regular basis and are subject to periodic review and update in line with the risk appetite, market conditions and current regulatory framework.

For more information on the internal limits for different types of risk, see the subsections on credit risk, market risk, liquidity risk, operational risk, as well as the Consolidated Financial Statements for the year ended 31 December 2024.

Recovery plan

In pursuance of the Law on Recovery and Resolution of Credit Institutions and Investment Firms, banks in the country are required to prepare and maintain recovery plans in case of potential occurrence of financial difficulties.

In 2024, First Investment Bank updated its recovery plan, including recovery indicators, with levels calibrated to regulatory requirements and applicable capital buffers, and the escalation procedure in relation to their monitoring was refined in terms of specific steps, timelines and commitment of those responsible. The recovery measures were updated by applying a conservative approach, and the requirements of the EBA Guidelines on Total Recovery Capacity in Recovery Planning (EBA/GL/2023/06) were taken into account.

The Recovery plan includes the detailed process of escalation and decision-making, as well as the units and bodies within the Bank responsible for its updating and implementation. It includes quantitative and qualitative early warning and recovery indicators, based on a wide range of capital & MREL, liquidity, profitability, asset quality, market-based and macroeconomic indicators, upon the occurrence of which a phased process is initiated, involving analysis and identification of the best way to overcome the crisis situation, as well as taking decisions to trigger the appropriate actions according to the procedures for reporting and escalation.

For the purposes of the plan, the key business lines and the critical functions of the Bank have been identified that are necessary for its smooth operation. According to the applicable requirements and in order to determine the range of hypothetical events, different stress scenarios of idiosyncratic, systemic and combined shock have been defined, against which effective recovery measures have been identified and the effect they might have on the financial and operating continuity.

In connection with the implementation of the plan, an effective process of communication and disclosure has been structured in First Investment Bank, including internal communication (to internal bank bodies and employees) and external communication (to supervisors, shareholders and investors, customers and counterparties, and other stakeholders), as well as measures for the management of potential negative market reactions.

Restructuring planning process

Pursuant to the Law on the Recovery and Resolution of Credit Institutions and Investment Firms, banks in the country are obliged to assist the resolution authority with a view to operational preparedness for carrying out potential restructuring of the institution should such a situation arise.

In this regard, First Investment Bank has in place an internal Bail-in Playbook to document the operational process related to a potential bail-in event, including the operational steps related to write-off mechanisms and conversion of instruments and liabilities, as well as the internal and external aspects for applying and operationalizing the bail-in process.

In 2024, in line with the requirements of the EBA Guidelines on Resolution Workability Testing (EBA/GL/2023/05), the Bank prepared a self-assessment report on the individual key areas including: management processes, continuity of operations, access to financial market infrastructures, loss absorbency and recapitalisation, liquidity and funding in resolution, management information systems, communication and disclosure.

Credit risk

Credit risk is the risk arising from the debtor's inability to meet the requirements of a contract with the bank or inability to act in accordance with the agreed terms. The different types of credit risk include concentration risk, residual risk, dilution risk, counterparty risk, and settlement risk. Credit risk is the major source of risk to the banking business and its effective assessment and management are crucial for the long-term success of credit institutions.

First Investment Bank manages credit risk by applying internal limits on exposures, on customers/counterparties, types of instruments, industry sectors, markets, by written rules and procedures, by internal rating and scoring models, as well as by procedural requirements in the originating and managing of loan exposures (administration). During the year, the limit framework in terms of exposure to individual industries was updated for consistency and alignment with the values set out in the Bank's risk strategy.

The internal bank regulations regarding credit risk are structured in accordance with the business model and organization of the activity, as well as in compliance with the regulatory requirements and recognized banking practices and standards, which include internal rules for lending and managing problem exposures, rules for classification, impairment and the provisioning of exposures, approval levels in the origination of loan exposures, as well as the methodology for conducting of credit analysis and internal credit ratings (scoring models) regarding the creditworthiness of customers. Internal rules and procedures are updated regularly with the aim of identifying, analyzing and minimizing potential and existing risks. The applied limits on credit risk exposures are monitored on an ongoing basis and in compliance with the market conditions and regulatory framework.

Loan process

The credit process at First Investment Bank is automated through the Business Process Management (BPM) system, developed on the IBM Business Automation Workflow platform. It is integrated in the core information system of the Bank and includes control mechanisms and levels of authority in the review and approval of credit transactions. Approved transactions are administered centrally, at the Credit Administration Department, applying the "four eyes" principle. During the year, the credit transaction administration processes were further developed when exercising second control and compliance with contractual provisions relating to the drawdown of credit facilities.

The Bank has an integrated Business Process Management (BPM) system for processing retail and business loans. The system covers the activities of accepting loan applications, preparing opinions, approval and disbursement of new loans, as well as renegotiating existing ones. The applicable limits and authority levels for approval/renegotiating of individual types of credit exposures are integrated in the system. Automating the credit process aims to increase the quality of customer service, as well as to reduce the time for processing credit applications.

In 2024, changes were made to the lending rules and levels of competence for approval on credit transactions, to streamline internal decision-making processes and risk opinions, as well as to provide for a veto right by the Chief Risk Officer on certain credit transactions, subject to the requirements of the EBA Guidelines on Internal Governance under Directive 2013/36/EU (EBA/GL/2021/05). During the year, changes were made to the internal rules for lending to individuals, as well as the compliance of the mortgage lending programmes to individuals in relation to the requirements of the BNB on the indicators for credit standards in the granting and renegotiation of loans to households secured by residential real estate. Changes were also made to the internal processes relating to factoring transactions, including those with recourse, and the requirements applicable to them relating to the investigation and assessment of creditworthiness and risk exposure.

The lending activity is structured in accordance with the customer segmentation applied by the Bank. It corresponds to the European requirements for defining micro, small and medium-sized enterprises, which were transposed by the Law on Small and Medium-sized Enterprises.

Credit products are priced so that income generated by them covers the cost of funds, the assumed risk/expected loss, the administrative costs, as well as the return on equity allocated to the respective product, including the minimum requirement for own funds and eligible liabilities (MREL).

First Investment Bank maintains systems for the ongoing administering and monitoring of different portfolios and exposures to credit risk, including aiming at recognizing and managing exposures in default and performing adequate value adjustments for credit risk. Considering the impact of the economic cycle, Fibank manages exposures in default with a view to their timely diagnosis and taking measures consistent with the repayment capacity of the clients and the Bank's policy on risk-taking. The monitoring system of the Bank as well as the internal procedures for monitoring of credit exposures were reviewed and updated, as well as the procedures for review of individually significant loan exposures, including early warning signals and indicators for probability of delay/overdue and indicating the probability of non-payment.

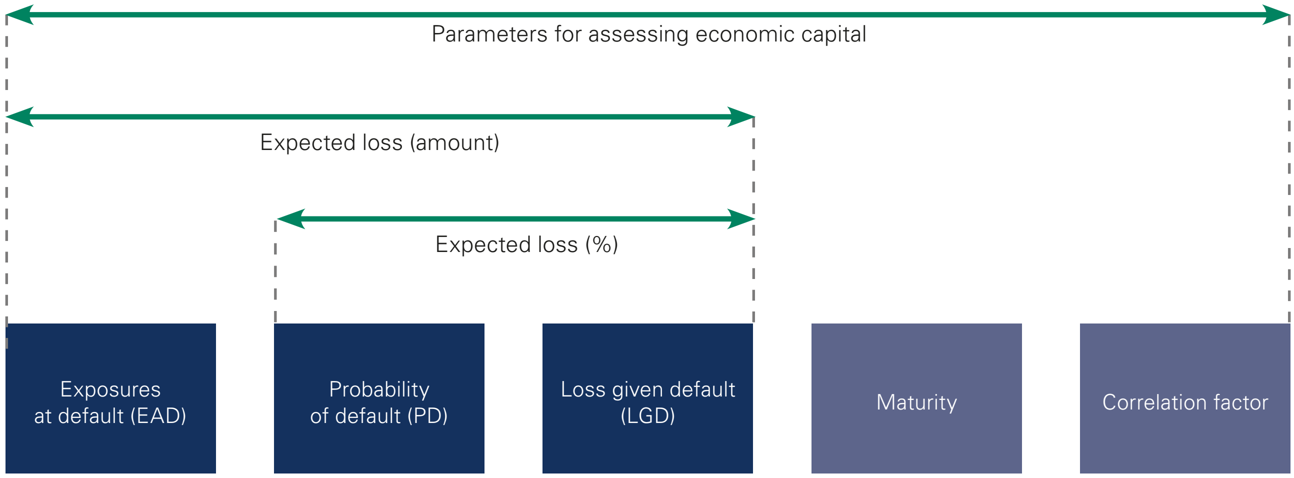
In the Bank a department functions for Intensive loan management, which manages the exposures of customers transferred from the business units with increased credit risk compared to the initial disbursement of the loan, as well as from the impaired assets unit, when there are indicators for recovery of the exposure and objective possibility for future regular servicing. The processes are organized in accordance with the Rules for transfer of credit exposures and the different phases of the life-cycle of the loan, which were specified during the period aiming to optimize the processes for retail and business clients.

Models for credit risk measurement

First Investment Bank applies internal credit risk models to assess the probability of default (PD), loss given default (LGD), and exposure at default (EAD) which allows the calculation of risk-adjusted returns. All credit risk exposures are controlled on an ongoing basis.

The framework, defined in accordance with the European regulations and Basel standards, sets minimum regulatory capital requirements to cover financial risks. In addition to regulatory capital, First Investment Bank also calculates economic capital which is included in the internal measurement and management of risk. Economic capital is maintained for the purpose of protection and covering of unexpected losses arising from market conditions or events.

Risk parameters for assessing expected and unexpected losses



For further information regarding economic capital see subsection "Internal Capital Adequacy Analysis".

The Bank uses internal models for credit assessment of business and retail customers. Assessment models are based on quantitative and qualitative parameters, weights of individual parameters being defined on the basis of historical experience. Business clients are assigned a credit rating, while individuals are based on scoring. An additional assessment for business clients is made based on a behavioral scoring model. The credit risk assessment derived from the rating models is further examined by a credit specialist/risk manager. In 2024, the requirements regarding the preparation of customer credit ratings/scoring and their periodic updating, as well as the credit analysis and credit rating methodology were refined, including with regard to materiality thresholds for the occurrence of a default.

The Bank has project finance evaluation models (including for real estate, industrial projects and financing of individual fixed assets), applying quantitative analysis (based on estimated cash flows) and qualitative evaluation of the project and investor management, market environment and credit structuring, as well as a separate evaluation of the assets being funded.

All risk assessment models are adopted by the Managing Board, proposed for their review after prior approval from the Chief Risk Officer.

There is a structured process within the Bank for assessment and validation of the risk management models to ensure their reliability, accuracy and effective implementation. It envisages the preparation of regular validation reports in the Bank: brief/monitoring quarterly reports and extended annual validation reports, covering both quantitative analysis (statistical, econometric and other quantitative approaches) and analysis of the qualitative (non-statistical) characteristics, in compliance with the current regulatory requirements and good banking practices in the area, aiming at timely reporting of the results to the competent bodies within the Bank.

Credit risk mitigation methods

Credit risk is managed also by acceptance of guarantees and collateral of types and in amounts according to the current regulations and the Bank's internal rules and requirements. First Investment Bank requires collateral for credit risk exposures, including for contingent liabilities which bear credit risk. For reduction of the credit risk the Bank applies established techniques, procedures and rules, ensuring effective credit protection, including through the monitoring and control of residual risk. Secured protection is ensured by assets which are liquid enough and have relatively unchanging value in time. The Bank applies internal written rules regulating eligible collaterals by type and amount, in compliance with the regulatory requirements for their recognition, as well as the legal requirements for supporting documentation. For reduction of credit risk, First Investment Bank applies the financial collateral simple method under the requirements of Regulation (EU) No 575/2013.

First Investment Bank currently monitors the relative regulations, as well as the acknowledged standards and good practices in this area, aiming constantly at further development and enhancement of the rules and processes existing in the Bank with respect to the acceptance, evaluation and management of collaterals, including with regards to the methods for evaluation. In the processes of managing collaterals requirements for appraiser rotation are applied after certain number of successive valuations of the same asset, in accordance with Guidelines on loan origination and monitoring (EBA/GL/2020/06). In 2024, the rules for the acceptance, valuation and management of collateral were updated, including with regard to the use of external valuers to prepare licensed valuations and the preparation of technical opinions for their validation by internal valuers. The requirements for the application of a haircut in the calculation of values for the forced sale of collateral were refined, the valuation methods for residential property were further developed and the control lines for the internal collateral registers maintained were improved.

Problem exposures, repossessed assets and strategy for their reduction

First Investment Bank has internal rules and written procedures for managing problem credit exposures, which include all main actions related to the management of problem loans, including analysis and assessment of risk exposures, restructuring and recovering, enforced collection, sale and writing off of problem exposures. Fibank uses a specialized system for the integrated management of problem assets, which includes all stages for monitoring and recovery of receivables.

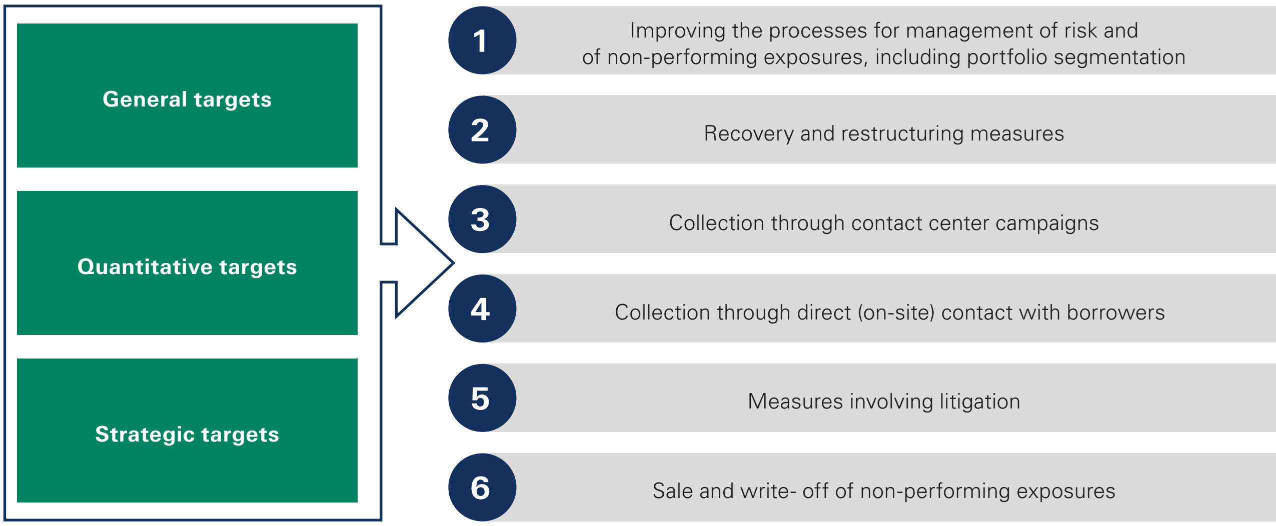
In 2024, the rules for the management of problem credit exposures were updated with respect to the criteria for the existence of cash flow generated by the borrower's business serving to determine the managing department and take action to restructure and resolve the exposure or to voluntarily realize the collateral provided or initiate enforcement action.

The Bank has structured processes and internal organization regarding the management and sale of repossessed assets, as well as for debt-to-asset/debt-to-equity conversion. There is an Asset Management and Sale Committee acting as an auxiliary body to the Management Board. It performs functions related to the management, administration and sale of acquired assets in accordance with the levels of authority operating in the Bank.

Among the strategic priorities of the Bank regarding its risk profile is reducing the portfolio of nonperforming exposures and repossessed assets, as in this regard a Strategy for reduction of nonperforming exposures and repossessed assets for 3-year period is in place, as well as an operating plan for its implementation, in which measures adequate to the business model and risk profile were identified aligned with the EBA Guidelines on management of nonperforming and forborne exposures (EBA/GL/2018/06). In 2024, the Bank's strategy was updated as part of the annual planning and budgeting process, including target levels for key indicators, as well as the internal processes for their proposition, coordination, monitoring, control and reporting. The main goals set in it and its priorities were preserved:

- Regular write-off of fully impaired and uncollectible credit exposures and sale of portfolios of non-performing exposures, in such volume and time horizon as the market dynamics allow and the prices offered;
- Achieving stable recovery, covering the entire life cycle of credit exposures and perfecting the practices and processes in order to achieve higher recovery rates;
- Improving the ways and methods for restructuring, aimed at increasing collections from non-performing exposures;
- Reduction of the risk profile of the loan portfolio and applying a conservative approach in collateral valuation;
- Reduction of the relative weight of the portfolio of foreclosed assets in the Bank's balance sheet in order to free up cash resources and reduce risk.

Measures/options reduce non-performing exposure



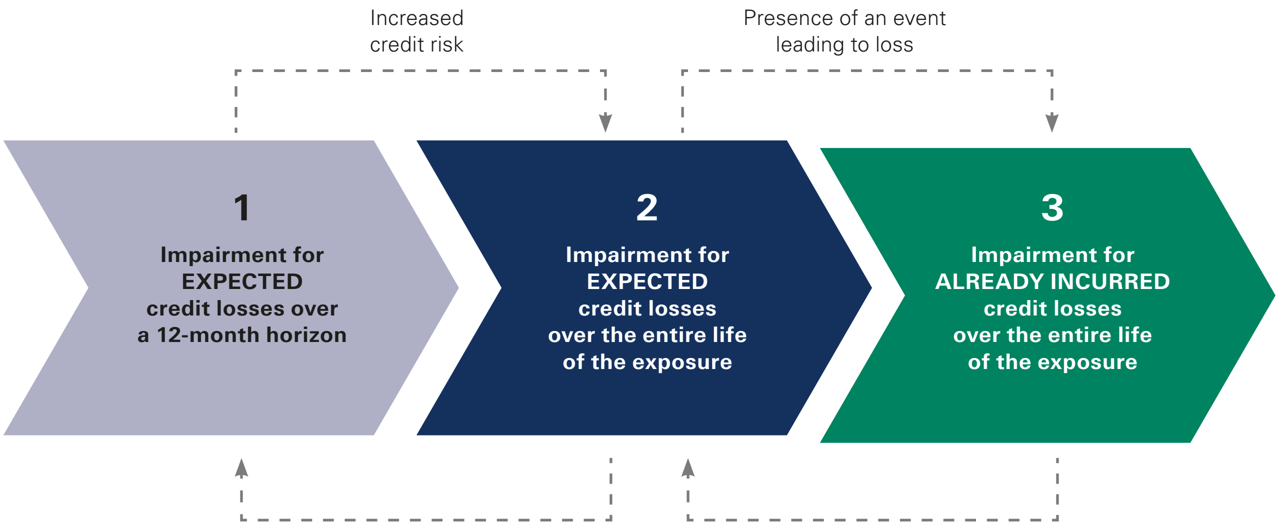
During the year, as a result of the consistent actions and measures for improving collection, write-offs and reduction of problem exposures, the nonperforming loan (NPL) ratio of the Group, as at 31 December 2024, calculated in accordance with the requirements of the European Banking Authority decreased by 0.1 percentage points to 9.6% of gross loans and advances under the FinREP financial reporting framework (2023: 9.7%), and the nonperforming exposure (NPE) ratio decreased by 0.2 percentage points to 7.4% of gross loans and advances and debt instruments other than held for trading (2023: 7.6%).

Classification, impairment and provisioning of exposures

First Investment Bank applies a consistent exposure classification process, structured in accordance with the requirements of Regulation (EU) No. 575/2013 and its implementing regulations, Ordinance No. 7 of the BNB on the organization and management of risks in banks, as well as the EBA Guidelines on the application of the definition of default under Article 178 of Regulation (EU) No 575/2013 (EBA/GL/2016/07), the EBA Guidelines on PD estimation, LGD estimation and treatment of defaulted assets (EBA/GL/2017/16) and the EBA Guidelines on credit risk management practices and accounting for expected credit losses (EBA/GL/2017/06). Internal processes cover the definition of default, including indications of default and unlikeliness to pay, materiality thresholds for past due credit obligations, implementation of forbearance measures and reclassification, as well as units and internal banking bodies responsible for the process, taking into account the BNB Instructions on the treatment of regulated real estate and on the scope of insurance coverage for the purposes of applying and determining the risk weights.

With respect to impairment and provisioning of risk exposures, the Bank applies written rules, which are structured based on the principles of individual and portfolio evaluation of risk exposures, depending on the classification and amount of exposure. For exposures reported as non-performing specific impairment is determined, calculated on the basis of individual cash flows for individually significant exposures, or on a portfolio basis for the others. Regarding exposures reported as performing, the Bank applies impairment on a portfolio basis (taking into account potential losses), grouping exposures with similar credit risk characteristics. According to IFRS9 an allowance for impairment loss is calculated equal to the expected credit losses over the life of the instrument, if the credit risk of the financial instrument has increased significantly since the original recognition. Otherwise, an allowance for impairment losses is calculated equal to the expected credit losses over a 12-month horizon.

Impairment of risk exposures



Specific indicators are applied for defining the increased credit risk, which includes days past due, as well as other indicators i.e. presence of forborne measures, deterioration in the rating/scoring of the client and others, as well as defining the parameters for meeting the cash flow test for solely payments of principal and interest (SPPI test), including defining new or changed credit products.

In 2024, the Bank updated its internal classification, impairment and provisioning policies to automate operations, improve clarity, consistency and improved internal processes.

For more information on credit risk, see note 3 "Risk Management" from the Consolidated Financial Statements for the year ended 31 December 2024.

Market risk

Market risk is the risk of losses due to changes in the price of financial instruments resulting from general risk factors inherent in the markets and not related to the specific characteristics of individual instruments, such as changes in interest rates, exchange rates and/or specific risk factors relating to the issuer, incl. ecological, social and governance (ESG) factors.

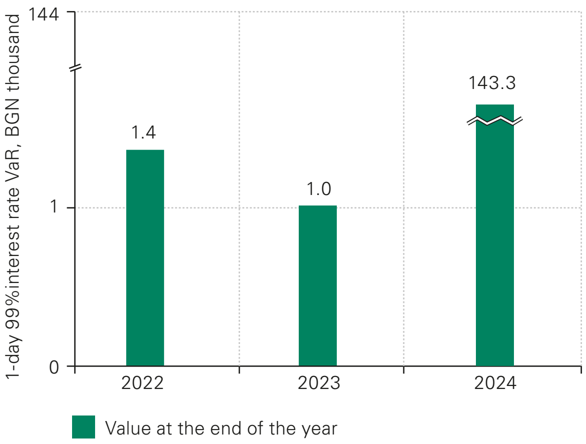
The management of market risk is based on applying internal limits and written rules and procedures with respect to the processes and control environment. For the purpose of assessing and minimizing market risk the Bank applies internal models for assessment, which are based on the "Value at Risk" (VaR) concept, and in addition other duration analyses, calculation of stressed VaR, stress tests and scenarios are used.

The limits applied by the Bank for debt and capital instruments are structured with the aim of minimizing the risk and applying a wide and risk-based framework of limits, which are directly connected with the risk profile of the investments, as well as with the dynamics of the risk profile in time. The Bank applies a uniform framework regarding its limits on investments in debt securities to governments and financial institutions in accordance with the development of market conditions and opportunities to generate returns and returns. In 2024, the policies and rules for market risk management and asset, liability and liquidity management were updated mainly with regard to the limits applicable to the volume of business in the trading book, to the exposure to central governments, and to the treatment of interest rate risk in the banking book.

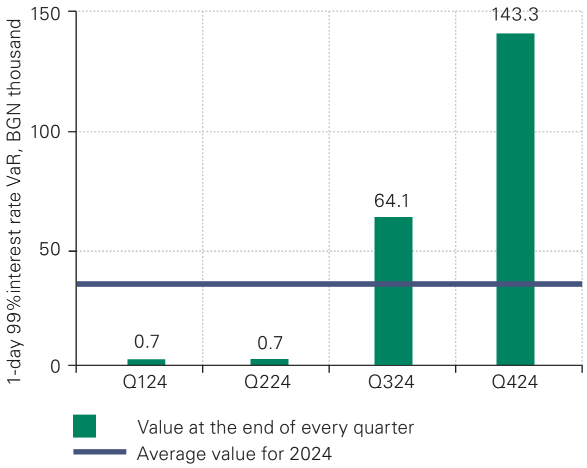
Position risk

Position risk is the risk of changes in the prices of debt and equity instruments as a result of circumstances related to the issuer and / or changes in market conditions. Position risk includes general and specific position / price risk.
It is the policy of the Bank to maintain an insignificant trading portfolio in accordance with the criteria of Regulation (EU) № 575/2013. Therefore, it does not calculate capital requirements for interest rate and pricing risk in this portfolio.

Interest rate VaR for the trading book of debt instruments



Interest rate VaR for the trading book of debt instruments during 2024



For quantifying measurement of the interest rate and position risk in the trading portfolio, the Bank applies VaR analysis with a 1-day horizon and 99% confidence level, which means that there is 1% probability for the trading portfolio to depreciate within a 1-day interval more than its calculated VaR. The model is calculated and monitored on a daily basis by estimating the maximum loss that could occur over a specified horizon under normal market conditions, due to the adverse changes in the market rates, if the positions remained unchanged for the specified time interval.

In compliance with the European Banking Authority guidelines, the Bank measures stressed value at risk (sVaR) of the debt securities portfolio, where model inputs are calibrated so as to reflect an extended period of significant stress in the international financial markets.

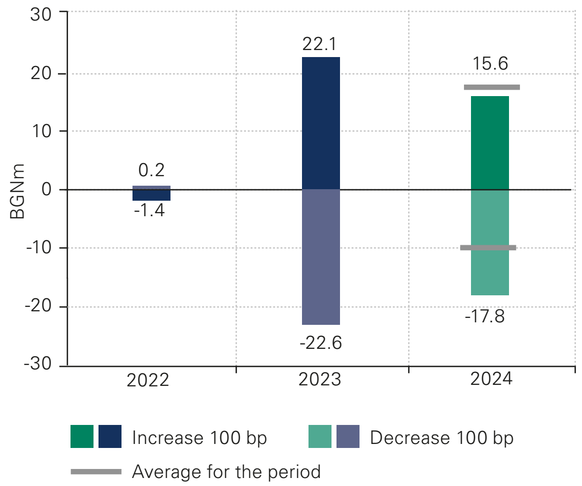
Interest rate risk in the banking book

Interest rate risk in the banking book is the risk from negative effect on the economic value of the capital and the net interest income of the Bank due to changes in the market interest rate levels.

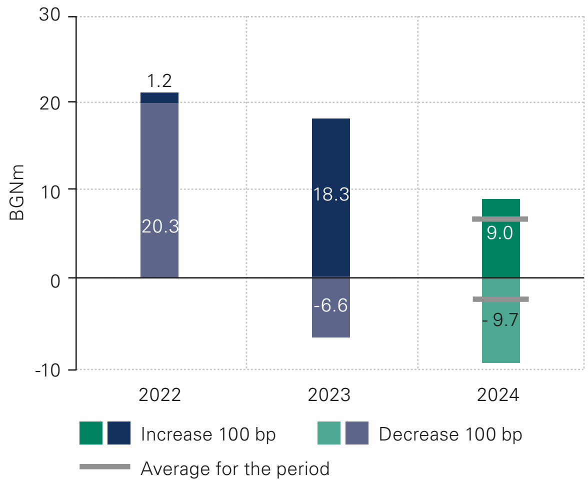
First Investment Bank manages this type of risk through written rules, limits and procedures aimed at reducing the interest sensitivity gap of assets and liabilities in accordance with the requirements of the EBA Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities (EBA/GL/2022/ 14) and the requirements of Ordinance No. 7 of the BNB on the Organization and Risk Management of Banks. In 2024, the Bank implemented the new uniform formats and templates for reporting interest rate risk in the banking book for supervisory purposes in accordance with Commission Implementing Regulation (EU) 2024/855.

Interest rate risk in the banking book is measured using models that assess the impact of interest rate scenarios on the economic value of the Bank and on net interest income. The interest rate risk assessment framework in the banking book (IRRBB) takes into account various sources of the IRRBB, including the risk of mismatch, underlying and option risk, and the risk of change in the credit spreads of financial instruments (CSRBB). The set of stress scenarios applied by the Bank includes those related to non-parallel changes in the interest rate curve, as well as taking into account a number of behavioral features in cash flows, in the context of different stress scenarios.

Effect on the interest income
from interest rate shock +100/-100 bp



Effect on equity
from interest rate shock +100/-100 bp



As at 31 December 2024 the interest rate risk on the economic value of the Group (IRRBB) following a standardized shock of +100/-100 bp was BGN +9.0/-9.7 million, while on the net interest income one year forward it was BGN +15.6/-17.8 million.

Currency risk

Currency risk is the risk of loss resulting from an adverse change in exchange rates. Fibank's exposure to currency risk arising from positions in the banking and trading book is limited by the application of regulatory-required and internal limits.

The Bank actively manages the amount of its overall open foreign exchange exposure, and seeks to maintain negligible levels of currency mismatches in its entire activity. In addition, First Investment Bank calculates and applies limits, based on an internal VaR model, regarding the maximum loss that could be incurred within 1 day at a confidence level of 99.0%.

The Bank is also exposed to currency risk as a result of proprietary trading transactions. The volume of such transactions is very limited and controlled through limits on open foreign currency positions, and stop-loss limits on open positions.

Counterparty risk and settlement risk

Counterparty risk (counterparty credit risk) is the risk that a counterparty in a particular transaction will default before the final settlement of the cash flows of the transaction. It arises mainly from transactions in derivative instruments, repo transactions, securities and commodities lending/borrowing transactions, margin lending transactions and extended settlement transactions. The Bank manages and controls this type of risk by applying limits and minimum credit quality requirements to counterparties /issuers.

Settlement risk for the Bank is the risk of outstanding transactions in securities, commodities or currency. It arises both in transactions with settlement services on the principle of "delivery versus payment" (delivery versus payment - DvP) and in trade without DvP ("free deliveries"). For DvP transactions, the Bank assesses the risk that the price difference between the agreed settlement price for the respective instrument and its current market value will lead to a loss for the Bank. For those related to "free deliveries", the risk is controlled by applying internal credit quality limits to counterparties / issuers.

For further information regarding market risk see note 3 "Risk management" of the Consolidated Financial Statements as at 31 December 2024

Liquidity risk

Liquidity risk originates from the funding of the banking business and in positions management. It includes the risk of failure to meet a payment when due, or failure to sell certain assets at a fair price and in the short term to meet an obligation.

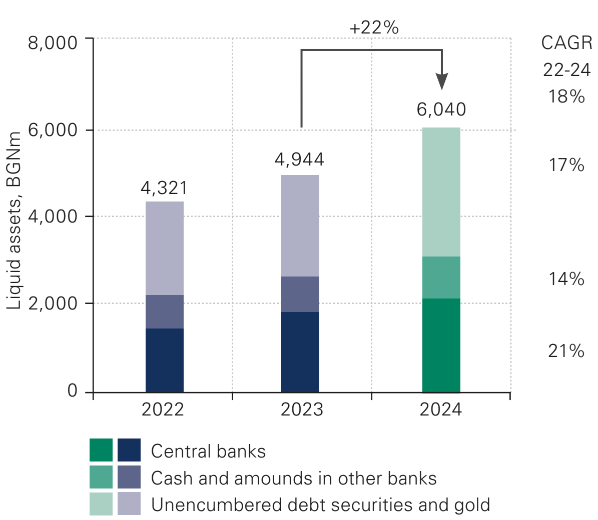
First Investment Bank manages liquidity risk through an internal system for monitoring and daily liquidity management, maintenance of a sufficient amount of cash consistent with the currency structure of assets and liabilities and maturity ladder, regular gap analysis of inflows and outflows, maintaining a low risk portfolio of assets to meet current liabilities, and operations on the interbank market.

In order to maintain a medium-low risk profile, Fibank has established an adequate framework for liquidity risk management. The Bank's policy on liquidity management is designed so as to ensure meeting all obligations even under stress originating from the external environment or from the specifics of banking activity, as well as to maintain an adequate level and structure of liquid buffers and apply appropriate mechanisms for the distribution of costs, profits and risks related to liquidity. The Bank applies a combination of methods, financial models and instruments for assessment and management of liquidity, including the requirements for reporting and monitoring of the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) in compliance with Regulation (EU) No 575/2013 and the applicable delegated regulations of the European Commission. In order to reduce the liquidity risk, preventive measures have been taken aimed to extend the maturity of borrowings from customers, to encourage long-term relationships with clients and to increase customer satisfaction. In order to adequately manage liquidity risk, the Bank monitors cash flows on a daily basis, and also maintains a maturity ladder, which is part of the additional liquidity monitoring indicators and a tool for detailed monitoring of cash inflows and outflows by maturity interval.

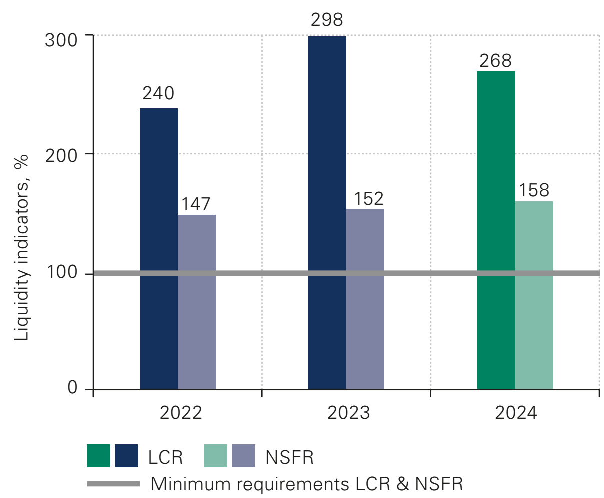
First Investment Bank maintains the required minimum reserve ratios in accordance with the requirements of BNB Regulation No. 21, expressed as a percentage of the reserve base, which generally includes the Bank's attracted funds in BGN and foreign currency, excluding funds attracted from other banks and branches of foreign banks domiciled in the country, branches of domestic banks abroad or in the form of equity instruments.

As regards asset/liability and liquidity management policies, First Investment Bank applies the business model requirements and the criteria for classification and valuation of financial assets in the Bank's portfolios in accordance with IFRS 9. Based on the purpose for managing the financial assets, the business models applied by the Bank include: 1) a business model whose purpose is the assets to be held to collect contractual cash flows (hold to collect); 2) a business model whose purpose is both to collect contractual cash flows as well as sale of financial assets (hold to collect and sell); 3) another business model when the purpose is different from the previous two business models, and which includes assets held for trading.

Group liquid assets



LCR and NSFR



During the reporting year the Group of First Investment Bank maintained an adequate volume of liquid assets, as at 31 December 2024 the ratio of liquid assets covering the attracted funds due to other customers amounted to 43.27% (2023: 40.14%), which was significantly above the BNB recommended level of 20%. According to the regulatory requirements the Bank should maintain a buffer of liquid assets to ensure liquidity coverage of net liquidity outflows over a 30-calendar day stress period with a minimum amount of 100%. At the end of the reporting period, the liquidity coverage ratio (LCR) amounted to 267.56% on a consolidated basis (2023: 298.13%).

First Investment Bank also calculates a net stable funding ratio (NSFR), which is an instrument introduced to ensure that long-term liabilities are adequately covered by stable financing tools both under normal circumstances and in stress conditions. At year-end, the net stable funding ratio amounted to 157.71% on a consolidated basis (2023: 151.86%) and was above the reference value of 100% in accordance with Regulation (EU) No 575/2013.

Internal liquidity adequacy assessment process

First Investment Bank prepares a regular report on the internal liquidity adequacy assessment process (ILAAP), aimed at performing a comprehensive internal assessment of the liquidity management and funding framework of the Bank in the context of its strategy and risk appetite in terms of liquidity.

In 2024, as part of its annual review process, the ILAAP report was updated, including with regard to the results of stress scenarios and stress tests used, the quantitative information on funding plans and sources of funding, as well as the capacity for generating liquidity, early warning liquidity indicators and the structure and composition of the liquidity buffer. Internal liquidity indicators were structured in compliance with the requirements for consistency with Recovery Plan levels, the latter being part of the monitoring and early warning system incorporated in the Bank's risk management framework. Information was included regarding the maintained liquidity buffers and the so-called management buffer, as well as the required documentation package including the governing body's opinion on adequacy of liquidity positions and management of liquidity risks. The ILAAP methodology was refined taking into account the deposit outflow assumptions under the liquidity stress scenarios with extended 1 year horizon. It describes the approaches to preparing and updating the ILAAP report, including with regard to the key components under the EBA Guidelines on ICAAP and ILAAP information collected for SREP purposes.

With respect to the internal processes and organization on ILAAP the CFO has general responsibility for controlling the process for updating, for making proposals for amendments on the document, as well as ensuring control before presenting for approval from the competent bodies within the Bank. The assessment takes into consideration the systems and processes existing in the Bank for management of risks related to liquidity and funding, including information on the daily management of liquidity risk and on the allocation of costs and benefits related to liquidity, which are determined based on a methodology for internal transfer prices (ITP) introduced in the Bank. The ILAAP also takes into account the funding strategy of the Bank, including the funding plans within a three-year horizon, as well as the strategy on maintaining liquidity buffers and monitoring of encumbered assets. The quantitative measurements of the readiness of the Bank to deal with a sudden and significant outflow of borrowings (liquidity crisis) are established through stress tests and scenario analyses. For the purposes of ILAAP, First Investment Bank applies a combination of three stress scenarios: of idiosyncratic, market and combined shock, with a horizon of one week and one month, which take into account the stability of the deposit base and the sensitivity of the customers.

To ensure adequate capacity of the Bank to meet all its obligations and commitments, even in the context of a liquidity crisis, First Investment Bank has developed an action plan in case of contingency with respect to liquidity which is an integral part of the overall system for liquidity management.

For further information regarding liquidity risk see note 3 "Risk management" of the Consolidated Financial Statements as at 31 December 2024.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people or systems, or from external events. In order to mitigate the risks arising from operational events, First Investment Bank applies written policies, rules and procedures that are based on the requirements laid down in Bulgarian and EU legislation and good banking practices. In 2024, the rules were further developed in relation to operational events and incidents related to network and information security, as well as indicators for assessing the impact of the occurrence of operational events. With respect to capital requirements for operational risk, the Bank applies the standardized approach as per requirements of Regulation (EU) 575/2013, including methodology for allocation of the indicators as per group activities.

First Investment Bank maintains a system for registration, tracking and control of operational incidents and near-misses that complies with the effective regulatory requirements. Operational risk management at Fibank is based on the principles of not assuming unsound risk, strict compliance with the authority levels and applicable laws, and active management of operational risk. The Bank applies reliable methods for avoiding, transferring, and limiting the impact of operational risks, including through separation of functions and responsibilities, double control, approval levels, internal control, insurance contracts, and information security.

With the aim of developing and enhancing its processes for operational risk management key risk indicators are defined within the Bank, which are applied both at Bank level, and specifically for each business unit and process in the Bank. They are used for the purpose of effective signaling of changes that may be relevant to the active management of operational risk, as well as for implementing better monitoring and control of the risk tolerance and of the thresholds and limits on individual types of risk, including related to ESG factors.

The Risk Management department defines and categorizes operational events across event types and business lines inherent in banking, as well as the obligations and responsibilities of the Bank's employees in connection with their registration and reporting. The Operational Risk Committee regularly reviews and analyzes operating events and suggests to the Managing Board measures for prompt correction of their causes, as well as for strengthening the controls in the management of processes, activities, products and services at all levels of the Bank's system.

In order to assess the exposure and reduce operational risk, as well as to enhance and improve the control procedures, First Investment Bank conducts regular Risk Control Self-Assessment (RCSA) in the form of questionnaires and analyzing of processes. According to good banking practices the self-assessment is an important tool for additional evaluation of the Bank's exposure to operational risk, as well as a tool contributing to the analysis of the effectiveness of existing controls for its mitigation.

Business continuity management

In order to ensure the effective management of business continuity, First Investment Bank maintains contingency and business continuity plans, as well as plans for the recovery of all its critical functions and resources, which are regularly tested. Business continuity management ensures sustainability at all organizational levels within the Bank, as well as the opportunity for effective actions and reactions in crisis situations. The organization of processes ensured within the Bank aims at protecting the interests of all stakeholders, its reputation, brand and the value-adding activities.

Building an appropriate corporate culture with regard to business continuity management is an important part of the overall risk culture of the Bank. To further integrate information and apply a centralized approach, the internal rules on business continuity were structured into a single document with main content and separate action plans for specific incidents and crisis situations. The organization thus established aims to ensure rapid and effective action for addressing potential crisis situations, as well as the timely elimination of any negative consequences.

In 2024, as part of the annual review, an update to the Business Continuity Plan was undertaken, including in relation to assessing the impact of process interruption or resource loss in line with priorities and maximum allowable recovery time and reflecting changes in structural units.

Information security

Information security and cyber security play an increasingly important role in banking, given the growing digitization of services and automation of processes. It is as integral part of the Bank's priorities aiming at protection of ICT assets ensuring continuity of service and key banking processes.

The Bank's information security policy sets out principles and rules for protecting the confidentiality, integrity and availability of data and information of Fibank and its customers, and of related services. The Bank applies internal rules covering the organizational and managerial framework and employee responsibilities for ensuring the security of data, systems and relevant infrastructure. Measures have been put in place to guarantee proper logical and physical security, information asset management, access control and risk management. During the year, the procedures for the periodic and annual review of information and communication technology (ICT) systems and for the use and management of shared file resources were refined.

An "Information security" department functions within the Bank under the supervision of the Chief Risk Officer, which coordinates the activities related to information security, defines the requirements towards controls and security of data, as well as organizing the execution of the Management Board's decisions in this respect.

In 2024, the Bank began working on implementing the requirements of Regulation (EU) 2022/2554 on Digital Operational Resilience in the Financial Sector (DORA), which governs activities regarding the ICT risk management framework, classification of information and ICT assets, ICT security, business continuity, ICT incidents and cyber threats, operational resilience testing and contracts with third-party ICT service providers.

Change and project management

To ensure effective project and change management, First Investment Bank maintains written project and IT change management policies. They introduce a unified framework for managing projects, classifying them, assessing risks and structuring the processes, roles and responsibilities of teams through the different project phases, including initiation, planning, execution, monitoring and control and closure. For each project there is an initiator, sponsor and project manager, and a centralised Project Register is maintained, which is a systematised list or database containing detailed information on all ongoing and completed projects. In 2024, a new Jira system was implemented in the project and process management within the Bank.

In terms of IT change management, internal processes are structured, formalizing the types of IT changes, the roles and responsibilities of the units involved during the different stages and steps in the change management process.

The Bank has a structured dedicated project management unit, under the direction of the Chief Information Technology and Operations Officer, which performs overall coordination of the Bank's project portfolio management and IT change management activities and oversees their implementation at the Bank level. An IT Committee also operates as a collective subsidiary body to the Board to oversee the implementation of the IT strategic agenda, manage and monitor the IT project portfolio, the targeted use of resources and the approved budget in this area – *for more information see section "Information technology".*

Outsourcing

First Investment Bank has an Outsourcing Policy in place consistent with the requirements for outsourcing activities as defined by the Law on Credit Institutions and the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02). It regulates the main phases of outsourcing, including definition of business requirements for outsourcing arrangements; identification of critical and important functions; identification, assessment and management of outsourcing risks; selection and due diligence procedures for external providers; monitoring and management of outsourcing agreements; keeping of documentation and registers; as well as business continuity planning.

In 2024, the policy was updated mainly with regard to the methodology and templates for the pre- and post-assessment of risks of contracting out, in order to apply a conservative approach to assessing identified risks.

The Bank maintains centralized and systematized information on outsourcing arrangements, and conducts regular reporting to competent internal Bank bodies on risks associated with outsourcing.

Risk exposures

As at 31 December 2024 First Investment Bank has applied the standardized approach for the calculation of risk exposures for credit risk, in accordance with Regulation (EU) No 575/2013. Due to the limited volume of financial instruments in the trading book (bonds and other securities) capital requirements are calculated in accordance with the requirements of Regulation (EU) No 575/2013 as applied to the banking portfolio. With respect to capital requirements for operational risk, the Bank applies the standardized approach as per requirements of Regulation (EU) 575/2013, incl. methodology for allocation of the indicators as per group activities.

In 2024 the structure of risk-weighted assets of the Group comprised predominantly those for credit risk at 91.8% of total exposures (2023: 92.1%), following by those for operational risk at 8.1% (2023: 7.9%) and for market risk at 0.1% (2023: 0.1%) The Bank continued to maintain a conservative approach in risk assessment and risk management.

In BGN thousand/ % of total	2024	%	2023	%	2022	%
For credit risk	8,190,777	91.8	7,273,076	92.1	6,978,820	92.4
For market risk	5,000	0.1	4,413	0.1	4,350	0.1
For operational risk	725,188	8.1	620,475	7.9	568,750	7.5
Total risk exposures	**8,920,965**	**100**	**7,897,964**	**100**	**7,551,920**	**100**

Apart from Supervisory purposes, Fibank also calculates the economic capital that will ensure its solvency and business continuity in adverse market conditions. For that purpose, an internal capital adequacy analysis (ICAAP) is carried out.

Internal capital adequacy analysis

First Investment Bank AD performs regular internal capital adequacy analysis (ICAAP) in the context of its business strategy, risk profile and risk appetite. The assessment of the required economic capital of the Bank reflects the risk profile of its activity, as well as its risk appetite, as the main indicators of the quantitative evaluation methods used take into account unfavorable external environment scenarios.

In 2024, the ICAAP report was updated in accordance with Fibank's Risk Strategy and business development goals, as well as in line with the operational environment and external conditions. The quantitative information and the integrated stress test results assessing the Bank's resilience under the baseline macroeconomic scenario and the adverse scenario (negative shock) were updated. Information on capital planning, in particular on the feasibility of planned actions, and on the methodology for assessing liquidity risk, interest rate risk in the banking book and operational risk was further developed, including the approaches applied to avoid operational events arising from processes with low automation and manual operations.

When preparing the ICAAP report, a business model assessment is made, as well as internal control framework, including independent risk, compliance and internal audit functions are taken into consideration. The internal system for assessing the required internal capital is based on VaR forecasting models for credit and market risk, stress tests for credit, market, liquidity, reputational, and interest rate risk in the banking book, using the standardised approach and stress tests regarding operational risk, the Earnings-at-Risk approach for strategic risk, and on analytical tools and techniques that allow more detailed assessment of capital adequacy in accordance with the risk profile of the Bank and the current operating environment. For aggregating the various types of risks the Bank uses a correlation matrix, which takes into account the connection between the separate risk categories, aiming at a more realistic and more enhanced approach for measuring the risk the Bank is exposed to, at the same time as sufficiently conservative estimates.

For calculation of capital adequacy regarding the exposure to credit risk, First Investment Bank uses internal valuation models, except in particular cases, e.g. in exposure classes with negligible impact on the risk profile. For exposure classes of substantial importance, which constitute the main credit activity of Fibank, economic capital is determined based on a single-factor portfolio credit-VaR model which determines the probable distribution of losses that may be incurred within a one-year horizon, at a confidence interval corresponding to the risk appetite of the Bank. To quantify the risk of occurrence of extraordinary, unlikely but possible events, stress scenarios are applied. The stress scenario results are compared with the capital requirements for credit risk, calculated according to the portfolio VaR model.

As part of the overall assessment of the exposure to credit risk, for the purposes of ICAAP, First Investment Bank assesses the concentration risk which is due to the uneven distribution of credit exposures by client, or by a group of related persons, as well as by economic sectors, from the perspective of its financial stability and ability to carry out its core business. For the quantitative evaluation of the needed economic capital for this risk, the Bank matches the results of the portfolio VaR model between the real and a hypothetical portfolio, in which the amount of exposures is one and the same for all customers under all other conditions equally. For calculating the concentration risk as per economic sectors, a Herfindahl-Hirschman Index (HHI) is used.

The Bank's exposure to market risk is limited and involves the assessment of capital adequacy in relation to position risk, foreign exchange risk, and commodity risk. For calculation of the economic capital for market risk, internal value-at-risk (VaR) models are used, with a time horizon of 1 year and a confidence level corresponding to the risk appetite of the Bank, as well as stress tests for position risk of the equity portfolio.

For the purposes of the internal analysis of capital adequacy, Fibank manages the interest rate risk in its banking book (IRRBB) by managing the structure of investments, controlling the costs and terms of financial liabilities, as well as controlling the interest rate structure of the loan portfolio and the other interest-bearing assets. Two aspects are measured for the interest rate in the banking book – the effect of interest rates on the net interest income at a one-year horizon, and the effect on the economic value of the Bank. For calculating the sufficiency of the economic capital with respect to interest rate risk in the banking book the largest decrease in the economic value of the Bank or the net interest income is defined resulting in a shift of the yield curves in the following scenarios: Parallel shock – parallel increase/decrease of interest rate levels; Short rates shock – increase/decrease in the interest rate levels in the short part of the curve; Steepener – the short part of the yield curve registers decrease, while the long part – increase; Flattener – the short part of the yield curve registers increase, while the long part – decrease. In addition to the non-risk interest rate component, reported are also the stress scenarios for change in the credit spread (CSRBB).

For the purposes of ICAAP, First Investment Bank calculates the required economic capital for operational risk on the basis of the results from the applied stress tests and the annual self-assessment exercise on risk and controls, which units in the Bank go through, and on identifying potential scenarios for rare but plausible operational events. The stress tests used by the Bank are for extraordinary but possible events, including different scenarios based on their financial impact and probability of occurrence. The economic capital for operational risk, including legal risk, is calculated as the overall financial effect in a one-year horizon based on all analyzed stress scenarios.

To assess liquidity risk, the Bank differentiates the analysis in two directions regarding the risk of insolvency and the risk of providing liquidity. The risk of insolvency is managed and covered by maintaining an appropriate buffer of unencumbered, highly liquid assets, while the risk of providing liquidity is covered and mitigated by economic capital. The Bank calculates economic capital for liquidity risk by assessing the amount of loss that would be incurred as a result of a liquidity crisis, (idiosyncratic, market and combined shock), taking into account the cost of repo transactions or liquidating assets to meet the cash outflow, as well as the expected increase in interest expense on borrowings.

For the purpose of ICAAP, the Bank assesses other risks, including strategic risk and reputational risk. For the quantification of strategic risk, the Earnings-at-Risk approach is used, measuring the historical deviations between the budgeted and generated net profit of the Bank. The capital for strategic risk is determined by applying a percentage of deviation corresponding to the accepted confidence level to the budgeted net profit for the next year.

The reputational risk reflects the risk that the Bank's reputation may differ negatively from the expected standard in terms of its expertise, integrity and reliability. Reputational risk may materialize mainly in loss of business, increased cost of funding, or liquidity crisis the effects of which are measured in the assessment of strategic risk and liquidity risk.

Distribution channels

WIDE RANGE OF DISTRIBUTION CHANNELS FOR PRODUCTS AND SERVICES

Branch network	Digital banking	Direct sales	Contact center	Corporate website	Corporate blog

First Investment Bank maintains diversification of the channels for distribution of the products and services offered, including a well-developed branch network, wide network of ATM and POS terminals, e-banking, mobile banking, direct sales, contact center, corporate website and a corporate blog. All channels are constantly improved in line with the current trends in banking, market conditions, technological development and customer needs.

Branch network

First Investment Bank strives to maintain an adequate balance between a well-developed network of physical locations and the provision of modern remote banking techniques, including in the context of the digital transformation in the banking sector.

In 2024 the Bank continued to optimize its branch network, taking into account the external environment and market conditions, the workload of individual locations and the volumes of activity, as well as the processes related to activity digitalization. During the year, four offices in the city of Sofia were closed. As at 31 December 2024 the branch network of First Investment Bank comprised a total of 130 branches and offices on a consolidated basis (2023: 134), located in over 60 cities in Bulgaria: 34 locations in the city of Sofia (2023: 38), 81 branches and offices in the rest of the country (2023: 81), one foreign branch in Nicosia, Cyprus, as well as subsidiary bank in Albania, which operated with a Head office and 14 branches in the country as a whole. *For further information regarding the branch network of First Investment Bank – Albania Sh.a., see section "Business review of subsidiary companies".*

The branch network both in Sofia and in other places in the country is structured according to a unified organizational model with a view to efficient allocation of budgetary targets, focusing on attracting new customers and cross-selling. There are 27 branches in the country, while in the capital 5 functional branches have been established: Central, East, West, North and South, to each of which offices are allocated based on territorial location and business indicators.

During the year, Fibank Digital Zone was introduced - an innovative digital zone in the Bank's offices, including a self-service area, mobile workstations and spaces for virtual meetings, digital training and video consultations with customers.

As part of the Branch digitalization project, aimed at introducing a new customer service model developing digitalization in daily operations, the Bank provides the possibility of electronic signing of documents on a tablet (e-Sign pad) in the branch network. The use of e-Signature tablets for core banking operations speeds up payment processing and improves customer service, as well as contributing to the Bank's consistent efforts to reduce CO2 emissions through the digitalization of banking services.

At the end of the year, an administrative change was implemented, with an application from 02.01.2025 for the transition of all branches under a single identification code (UIC: 831094393) - that of the Bank's head office. The change is aimed at synchronization and uniform approach in the management of structures and employees in the city of Sofia and in the country.

The Bank has a centralized back office, which supports quality customer service. It performs activities related to routing, distribution, processing and archiving of documents signed by customers, as well as to the generation of new documents, are carried out through a specially developed back-office platform connected to the core banking information system.

Fibank branches and offices in the country offer the full range of banking products and services to both individuals and business customers. In an effort to better satisfy customer demand, part of the branch network operates with extended working hours, while some offices are also open on weekends.

The branch of First Investment Bank in Nicosia, the Republic of Cyprus, has been operating since 1997, initially mainly in the area of corporate lending. Over the years, it has systematically and consistently expanded the range of products and services. At present, the branch offers standard credit and savings products, payment services and e-banking, with a focus on SME customers and retail banking.

For more information on branch network see "List of branches".

Contact center – *bank (*2265), 0800 11 011

Fibank's Contact Center functions as an effective channel for communication and targeted selling of products and services. It also contributes to the attraction of new and retention of current customers through the provision of services in accordance with the Bank's established standards and business objectives.

In 2024, outgoing campaigns of different nature and themes were conducted through the contact center, including information campaigns, those related to telemarketing and direct marketing of products and services, as well as consumer attitude surveys. The 13 sales campaigns carried out during the year recorded a high degree of effectiveness in terms of recipients reached and sales made, as well as an increase in success rates measured as a ratio of sales to customers reached.

For the reporting period, the Contact Center received over 92 thousand incoming calls, emails and chat conversations in relation to various inquiries and requests by existing or potential customers, including on general banking information, card services, contact and reference information, product requests, etc. During the year, a project was realised to automate incoming telephone calls with the aim of introducing interactive voice menus and customer self-service options, as well as automatic call distribution and callbacks to minimize waiting times.

Through the Contact Center, customers may also apply for debit card overdrafts or apply for consumer loans. They may receive up-to-date and timely information on products and services, the Tariff and interest rates of the Bank, the location of branches and their working hours, as well as adequate and professional assistance by employees in case of questions or problems. Customers may communicate remotely with the Bank by phone, email or online chat in real time through the corporate website of the Bank.

Corporate website – www.fibank.bg

The corporate website of First Investment Bank is maintained and developed with the aim of transforming it into an active channel for product communication and cross-selling. In response to remote banking needs, www.fibank.bg operates a video consultation service regarding credit products, as well as opportunities to communicate (chat) directly with an expert from the Bank. Through it, customers can submit online applications for credit cards, overdrafts and consumer loans.

The corporate website has a number of features, including visualization elements in line with current digital trends and features for intuitive design and personalized content. They provide an easy way to compare products and services offered by the Bank, allowing customers to quickly select the ones that best meet their needs.

The bank has an integrated Interactive Voice Assistant that provides reference information on the status of loan products applied for online or in the office, recent debit or credit card transactions, account balances and movements, issued bank cards and their location, status of consumer and mortgage loans, including date and amount of upcoming payment, remaining principal amount, maturity date, etc.

During the year, in fulfillment of the annual review requirements, the Bank's accessibility statement was updated ensuring compliance with the standards for providing accessible content (including under harmonized standard EN 301 549 V2.1.2 (2018-08) on Accessibility requirements for ICT products and services). The Bank is committed to maintaining a high level of accessibility of published materials and usability of their content, enabling their use by people with disabilities (e.g. with impaired eyesight or hearing).

In 2024, Fibank took initiatives to provide general terms and conditions and other documents in an accessible form for disabled consumers in accordance with current legislation and European Union law in the area of harmonisation of accessibility requirements for products and services.

Corporate blog

The corporate blog of First Investment Bank was created in 2008, which makes it the first corporate and banking blog in Bulgaria. For its 16 years, the corporate blog continued to be one of the most used by customers and useful online communication channels, along with the Bank's social networks.

It contains an important part of the key news, initiatives, as well as financial analyzes and studies related to the market of banking products and services in the country. Thanks to the AskFibank platform, part of the corporate blog, the Bank's customers can ask their questions and get an expert opinion.

First Investment Bank continued to maintain active online communication in real time with clients, in addition to its blog, and through the leading social networks - Facebook, Instagram, LinkedIn, Twitter, and YouTube. In 2023, all these channels highlighted the terms of the Bank's products and services with regards to its 30th anniversary.

In 2025, the corporate blog and social networks will continue to maintain a constant and positive relationship with the Bank's customers, providing them with timely, accurate and useful information about Fibank's products and services.

Sales

First Investment Bank uses direct sales as an additional opportunity for distribution of products and services, including for comprehensive bank servicing of institutional and corporate clients This approach helps to build long-term relationships with key customers, as well as to obtain direct feedback on the Bank's products and services.

The Corporate Sales and Public Procurement Department in the system of First Investment Bank has considerable experience in preparing the Bank's participation in public procurement, as well as in servicing corporate and institutional clients, budget spending units, state and municipal enterprises

Digital banking

My Fibank electronic banking

First Investment Bank has an integrated e-banking platform "My Fibank", developed as a single channel for customer service and constantly evolving by upgrading and adding new functionalities. The platform is integrated with the core banking IT environment, providing a high level of system security, optimization and greater workflow efficiency, as well as increased productivity.

Through the My Fibank electronic banking, customers use both active and passive banking according to their needs and depending on their access rights to the system. As part of the active banking, customers can open and close current, deposit and other accounts, carry out payments in national and foreign currency (including mass payments), make utility payments, apply for and enter into agreements for credit products (including credit cards), request the issuance of debit cards, as well as buy or sell foreign currency. Passive banking allows customers to check transactions and balances on bank accounts and/or payment cards. It also provides information on locations of branches and ATMs, as well as exchange rates, news and current promotions.

"My Fibank" ensures the execution of instant transfers Blink in BGN to other payment service providers, which is accessible for this type of transfers. Instant Blink payments are executed by the Bank 24/7/365. They are money transfers with instant or near-instant processing, whereby the recipient's account is credited with the transferred amount within seconds of acceptance of the payment order by the Bank. In this way, the Bank provides its customers with a highly innovative and fast solution for making online transfers.

In 2024, a new API integration functionality was launched to enable users of My Fibank e-banking with active banking rights to access services via a secure channel for real-time data and document integration directly between the user's information system and My Fibank e-banking. The innovative integration capability includes transfer compilation services, account holder information, account statement and transaction specific information. Additional functionality was also introduced to allow the submission of cash transaction orders.

During the year, the opportunity for legal entities to apply for loan products through e-banking was developed. The service was part of the project for further development of remote onboarding, which provides a new opportunity for the registration of traders and legal entities with confirmation through an external provider of qualified authentication services. The new process provided the possibility to conclude a current account contract or a business package contract, as well as to use "My Fibank" with active banking rights, remotely via the Bank's corporate website.

In accordance with current EU regulations and trends in the development of digital banking, First Investment Bank has provided Third Party Providers (TPPs) with access to customer accounts kept at the Bank and available online, for payment initiation and account information services: so-called "Open Banking". In addition, with the aim of expanding and integrating customer service, First Investment Bank offers its customers payment initiation and account information services through My Fibank mobile banking. *For more information on "Open Banking" see section "Payment services".*

In 2024, the integrated My Fibank electronic banking platform established itself as a channel generating the predominant share (over 92%) of the Bank's outgoing transfers. A growth of 16% in transactions and 10% in the number of customers using the platform was reported.

My Fibank mobile application

The Bank's mobile application is part of My Fibank electronic banking, providing remote access to the integrated platform by using a mobile device. The application is available for installation by customers from the app marketplaces for the respective operating systems (e.g. AppStore, Google Play, Huawei AppGallery).

With the mobile application, customers may use active or passive banking subject to limits set by the Bank or by the customer. In addition, the innovative Digital Payments service developed by Fibank allows customers to use digital bank cards through the mobile application and thus make digital payments with their NFC enabled mobile devices at POS terminals supporting contactless payments.

In 2024, Fibank developed the services through the mobile application, introducing additional functionalities for its customers, including launched a new option to confirm cash and other payment transactions initiated at the request of a customer in the bank offices. During the year 81% of electronically sent transfers to individuals were sent via the mobile banking of the Bank (2023: 72%).

As part of the actions developing digitalization in daily operations, the Bank offers the "Remote onboarding" service for remote establishment of business relations with customers - individuals through the mobile application, including the opportunity to conclude a package contract, use active banking, open a bank account and debit card, or to change access from passive to active banking under an already concluded contract electronically through the "My Fibank" mobile application. The registration and confirmation process is carried out remotely through the use of an external provider of qualified authentication services. In 2024, the Bank continued to develop the "Remote onboarding" service, with a new option to conclude a deposit account contract. The option of concluding contracts for transactions in financial instruments in the "My Fibank" mobile application was also introduced. *For more information on transactions with financial instrurments see section "Capital markets".*

In 2025, the Bank will continue to work to provide top-notch services with a focus on digital means and solutions, enhance self-service banking capabilities and develop services in a sustainable manner.

Virtual assistent

First Investment Bank continues to work systematically and consistently on the implementation of the virtual assistant project - FiBi/FiBi, based on the technology of generative artificial intelligence (GenAI). In 2024, a phase was initiated to test its capabilities - internally and externally by providing access from a defined focus group of customers. A special digital avatar - FiBi/FiBi - was developed during the year to provide a visual perception of the virtual assistant, and it is planned to integrate the virtual assistant in stages into the My Fibank e-banking and mobile banking systems, the corporate website and the Bank's internal systems.

In 2024, First Investment Bank received the prestigious Celent Model Bank International Award - for Innovation in the Implementation of Generative Artificial Intelligence (GenAI) at the annual awards for best practices in the use of technology solutions in the financial industry.

We strive to achieve the best for our clients, shareholders and employees

Corporate governance statement

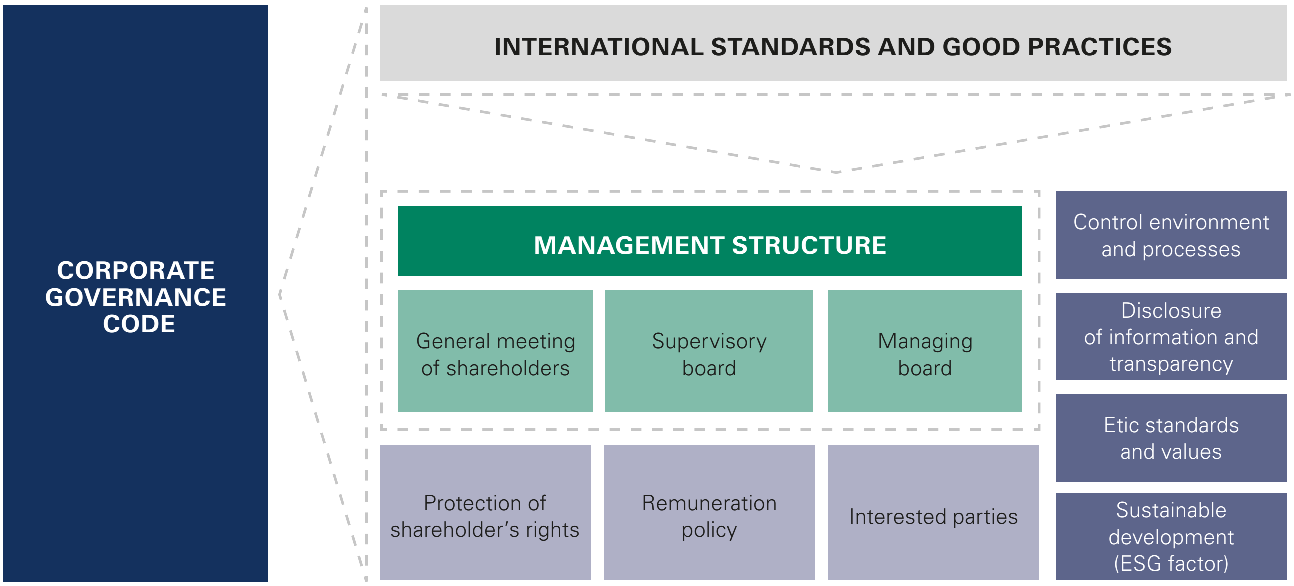
pursuant to Art. 100m of the Public Offering of Securities Act and Art. 40 of the Accountancy Act

As a public company and public interest entity, First Investment Bank discloses information about its corporate governance practices, as this section of the Annual Report represents a Corporate Governance Statement pursuant to Art. 100m of the Public Offering of Securities Act and Art. 40 of the Accountancy Act.

Corporate governance framework

For First Investment Bank AD good corporate governance is a key element for ensuring long-term and sustainable development, and a successful business model. The corporate policy of the Bank is based on professional and transparent governance in accordance with internationally recognized standards and principles of good corporate governance, taking into account changes in the regulatory and economic environment as well as the financial markets in the country and abroad.

Key elements in the corporate governance framework



The corporate governance of First Investment Bank is a system of policies, rules, procedures and practices by which the Bank is managed and controlled, with clearly defined functions, rights and responsibilities at all levels: the General Meeting of Shareholders, Supervisory Board and committees to it, the Managing Board and committees and councils to it, Internal Audit, and structures at the headquarters, branches and offices. First Investment Bank has a two-tier governance system consisting of a Supervisory Board and Managing Board.

First Investment Bank applies a written Policy for governance on a group level, which defines the main principles on internal governance and control over the subsidiaries, as well as the procedures and mechanisms facilitating the consistent and integrated development of the companies in line with group strategy and in compliance with regulatory and supervisory bodies' requirements.

In 2024, the Bank enhanced its corporate governance policies, including on the selection and suitability assessment of members of the management and supervisory bodies and persons holding key and other positions, remuneration policy, outsourcing, measures on anti-money laundering and terrorism financing, and internal audit.

Corporate governance code

First Investment Bank AD functions in accordance with the Corporate Governance Code adopted by the Managing Board and approved by the Supervisory Board. It outlines and structures the main components, functions and responsibilities constituting the system of corporate governance of First Investment Bank. In addition to the requirements of applicable law in the Republic of Bulgaria, the Code is structured by applying the principles of the Basel Committee on Banking supervision, the guidelines of the European Banking Authority (EBA), as well as the applicable standards of the Organization for Economic Cooperation and Development (OECD) in this field, and the recommendations of the National Corporate Governance Code, approved by the Financial Supervision Commission.

The Code sets out the basic principles and requirements for maintaining and improving the organization and methods of governance at the Bank, aimed at:

- honest and responsible governance based on adding value;
- effective practices of management oversight and control;
- executive management and senior staff acting in the best interest of the Bank and towards increasing the value of shareholders' equity;
- timely information disclosure and transparency;
- effective system of risk management and control based on the principle of three lines of defense.

In compliance with the requirements of the applicable legislation, First Investment Bank annually discloses information on the corporate governance practices and meeting the requirements set in the Corporate Governance Code of First Investment Bank applying the "comply or explain" principle. Along with its annual report and financial statements, the Bank discloses to the public also a corporate governance assessment scorecard in compliance with the National Corporate Governance Code.

In addition to the Corporate Governance Code, First Investment Bank applies a Disclosure Policy. Both documents are publicly available at the corporate website of the Bank in the Section About us/ Corporate Governance/Corporate Governance Code (https://www.fibank.bg/bg/za-nas/korporativno-upravlenie/kodeks-na-korporativno upravlenie).

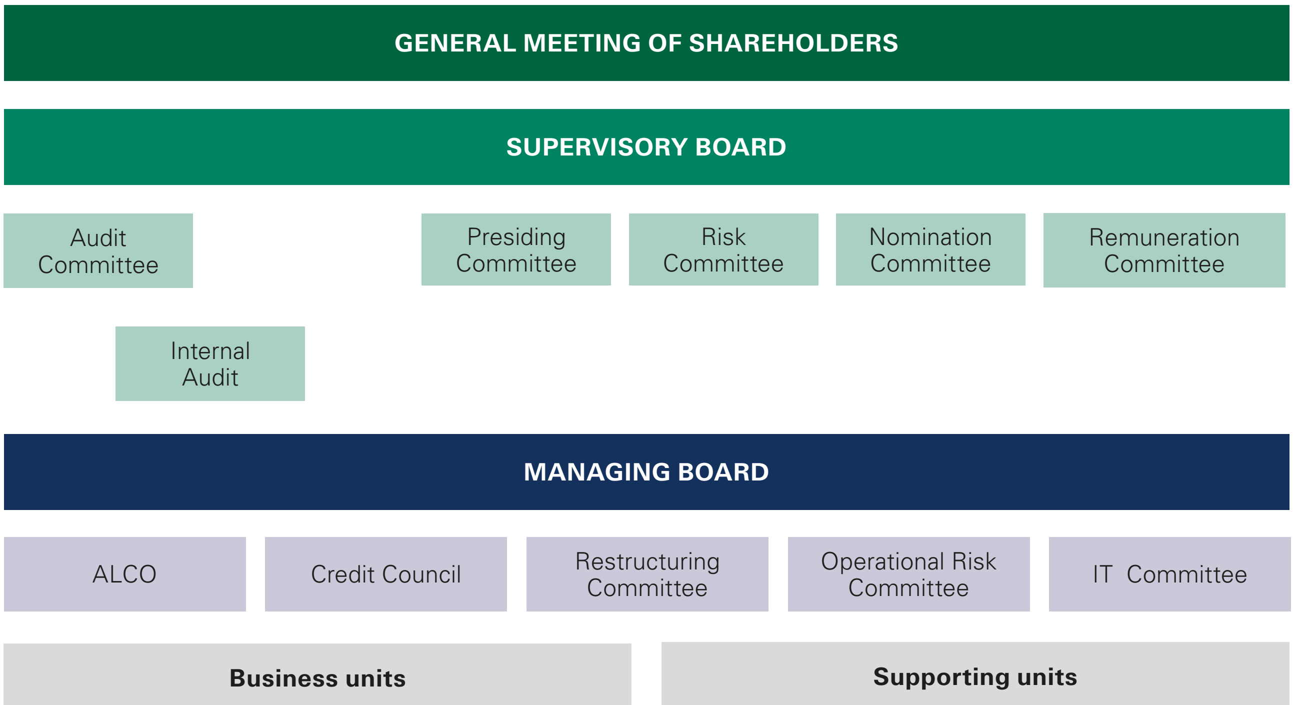
In 2024, the requirements specified in these were met, including the requirements for disclosure of regulated information and information under the financial calendar of the Bank for 2024.

Code of conduct and whistleblowing policy

For the purpose of establishing the professional and ethical standards required and applicable to the Bank as a business company, work environment and a credit institution, Fibank has a Code of Conduct that determines the basic principles, ethical norms and corporate values which underlie the policies and business plans, rules, procedures and daily operational activities of the Bank.

The Bank, led by the understanding that following a lawful and ethical conduct in relations between managerial staff, employees, customers and partners of the Bank is an important aspect underlying its overall activity, has in place a whistleblowing policy. The Policy aims to systematize the means and procedures for sharing of information where there are suspicions of unlawful actions, or problems related to the work process, thereby ensuring their transparent and fair consideration and resolution. The policy includes also the provisions of the Whistleblower Protection Act on violations of law, established in a working context.

Corporate structure



Supervisory board

Structure and competences

In 2024 there were no changes in the composition of the Supervisory Board of First Investment Bank. As at 31.12.2024 the Supervisory Board consisted of five members, as follows:

Name	Position	Term of office
Evgeni Krastev Lukanov	Chairman of the Supervisory Board	24.01.2027
Maya Lubenova Georgieva	Deputy Chair of the Supervisory Board	24.01.2027
Radka Vesselinova Mineva	Member of the Supervisory Board	24.01.2027
Jordan Velichkov Skortchev	Member of the Supervisory Board	24.01.2027
Jyrki Ilmari Koskelo	Member of the Supervisory Board	27.07.2025

The business address of all Supervisory Board members is 111P, Tsarigradsko shose Blvd, 1784 Sofia.

Each member of the Supervisory Board has professional experience, knowledge, qualifications and abilities, in compliance with the fit and proper requirements, contributing for the collective suitability in accordance with the activities carried out by the Bank, the main risks and long-term goals.

In 2024 there was no changes in the number of shares of First Investment Bank, held by members of the Supervisory Board. As at 31 December 2024 the members of the Supervisory Board held a total of 367,652 shares of First Investment Bank, as follows: Mr. Evgeni Lukanov (337,139 shares), Ms. Maya Georgieva (11,388 shares), Mr. Jordan Skortchev (19,125 shares) None of them owned more than 1% of the issued share capital.

Diversity policy and independence

First Investment Bank complies its activity and maintains policies and practices for ensuring diversity in the composition of its governing bodies, including various aspects such as work experience, educational qualifications, gender.

The Bank seeks to maintain a target level of 30% of the members of the Supervisory Board to be from the underrepresented gender (rounding down to an integer if necessary). As of 31 December 2024, the Bank fulfilled the set target level as two (40%) of the Supervisory Board members were women. The reported levels exceeded the average levels in EU related to management board in its supervisory function (28%) according to the latest reported data in research for diversity practices of the European Banking Authority (EBA Report on the benchmarking of diversity practices and the gender pay gap at the level of the Management body at European Union level under Directive 2013/36/EU (2021 data), EBA/REP/2023/07, published at https://eba.europa.eu/regulation-and-policy/internal-governance).

As of 31 December 2024, three of the Supervisory Board members were men, and the percentage for gender diversity, calculated as ratio of women to men amounted to 40%/60%.

For further information regarding the professional experience and competences of the Supervisory Board members see section "Other information".

The composition of the Supervisory Board is structured so as to ensure conscientious, professional and independent fulfillment of the obligations of its members. As of 31 December 2024, two (40%) of the Supervisory Board members were independent members, thus complying with the requirements applicable for significant banks and public companies, for 1/3 of the members of the Supervisory Board to be independent.

Functions and responsibilities

The Supervisory Board of First Investment Bank supervises[9] and, where necessary, advises the Managing Board and monitors the overall activities of the Bank. It adopts and oversees the implementation of the strategic objectives, the corporate governance framework, and the corporate culture of the Bank. When exercising supervision over the Managing Board, the Supervisory Board takes into account the achievement of objectives, the strategy and risks in the activity of the Bank, as well as the structure and operation of the internal systems for risk management and control.

The Supervisory Board ensures supervision of the risk management framework, including risk appetite, internal governance and the control system of all types of risks, i.e. ESG risks, by requiring high risk culture among employees. It carries out its activity effectively exchanging information with the Managing Board subject to specifics, and by implementation of high ethical standards and the corporate values of business conduct sets the tone for high corporate culture and business ethics for sustainable development: "Tone of the Top".

The meetings of the Supervisory Board are determined in advance, in accordance with an annual work plan. In 2024, the Supervisory Board held 29 meetings, of which 12 were held in person, to consider issues within its competence. Emphasis was placed on exercising ongoing supervision in the implementation of the Risk Strategy, the Risk Appetite Framework and the Strategy for Reduction of Non-performing Exposures and Acquired Assets, where the Risk Committee provided active support, as well as on raising MREL eligible liabilities. Matters concerning the current state of the branch network and branch operations, as well as market shares dynamics were also discussed. Regular reviews were carried out of financial results and reporting and of the internal control framework, where the Audit Committee provided assistance. Supervisory Board members were constantly informed on developments in the Bank's activity and of its compliance with new regulatory requirements, including on ESG factors and sustainability reporting.

The activity of the Supervisory Board is supported organizationally by a Secretary. In addition to organizing the meetings of the Supervisory Board and the minutes, the secretary has the responsibility to follow the application of the procedures, as well as to ensure the information to be provided and exchanged between the members of the Supervisory Board, members of the committees and the Managing Board.

9 Performs supervisory/non-executive functions under the meaning of point 8 of EBA Guidelines on internal governance pursuant to Directive 2013/36/EU (EBA/GL/2021/05).

Assessment of the activity

Once a year, the Supervisory Board performs an assessment of the effectiveness of its own activities as a collective body and individually, assessment of the governance practices and procedures, suitability, as well as of the functioning of the Managing Board and the committees to the Supervisory Board. Such assessment for 2024 was accomplished at the end of the fourth quarter of the year.

Committees

The Supervisory Board is supported in its activity by a Presiding Committee, a Risk Committee, a Remuneration Committee, and a Nomination Committee which function according to written competencies, rights and responsibilities in compliance with the applicable regulatory requirements.

The **Presiding Committee** is responsible for overseeing the activities of the Managing Board on important strategic decisions, including the issue of new shares, bonds, hybrid instruments, the adoption of programs and budgets relating to the activity of the Bank, the line responsibilities of the members of the Managing Board, as well as the function for overview and control over the activity of the subsidiary companies of the Bank. In 2024, there were no changes in the composition of the Presiding Committee. Chair of the Presiding Committee is Ms. Maya Georgieva.

In 2024, the Presiding Committee held 6 meetings to consider issues within its competence, including allocation of responsibilities among members of the Management Board in relation to the subordination of Risk Management, Problem Assets and SME Banking departments, as well as making recommendations and coordination of the budget of the Bank and monitoring of the activity of the subsidiaries.

The **Risk Committee** advises the Supervisory Board and the Managing Board in relation to the overall current and future strategy on ensuring compliance of the risk policy and risk limits, risk-taking propensity and control of its execution by senior management. In 2024, there were no changes in the composition of the Risk Committee. Chairman of the Committee is Mr. Jyrki Koskelo.

The Risk Committee held 10 meetings during the reporting period, discussing issues of its competence. It reviewed updated plans and current risk reports, including the Recovery Plan, for the purpose of coordination and subsequent application. During the year, the Committee reviewed and made recommendations on the updated Risk Management Strategy, Risk Appetite Framework and Strategy for the Reduction of Non-performing Exposures and Repossessed Assets, regularly informed and monitored their implementation, as well as the effectiveness of the internal risk management and control systems, i.e. the compliance function. As part of the risk appetite framework discussions were held with respect to lending in the commercial real estate sector.

The **Remuneration Committee** assists the Supervisory Board in the implementation of the Remuneration policy of the Bank and its subsequent amendments, as well as in any other matters concerning remuneration, in accordance with the regulatory requirements and best practices in the area. In 2024, there were no changes in the composition of the Remuneration Committee. Chair of the Remuneration Committee is Mr. Evgeni Lukanov.

In 2024, the Remuneration Committee held 5 meetings discussing issues of its competence related to the Remuneration Policy, incl. with respect to key function holders, coordinating proposals in connection with the regular assessment process and updating the categories of identified staff, as well as on updating the Remuneration policy of the Bank.

The **Nomination Committee** assists the Supervisory Board in assessing the individual and collective suitability of members of the Supervisory Board and Managing Board, as well as assessing the suitability of the key function holders in compliance with applicable regulations and the Policy of First Investment Bank for nomination and assessment of the suitability of members of the managing and supervisory bodies and persons holding other positions. In 2024, there were no changes in the composition of the Nomination Committee. Chair of the Nomination Committee is Mr. Jordan Skortchev.

During the year the Nomination Committee held 12 meetings considering issues within its competence, including on the selection and suitability of key function holders and chairpersons of committees to MB, reelection of audit committee members, suspension of MB members, as well as periodic follow-up assessments of the individual and collective suitability of members of the Supervisory Board, the Management Board and key position holders. Topics were reviewed also on a group level with regards to the composition of the managing bodies of the subsidiary companies. During the year, profiles were coordinated with criteria for nominating talents under the Program for developing talents and succession, as well as updating the Policy on selection and suitability assessment of members of the management and supervisory bodies and persons holding key and other positions.

As a company of public interest and according with the Law on the Independent Financial Audit and Assurance on Sustainability Reporting (LIFAASR), the Bank has a functioning **Audit Committee** which is responsible for supervising the financial reporting and the independent financial audit, as well as for the effectiveness of the systems for internal control and risk management in the Bank. The Committee also makes a recommendation in the selection and remuneration of the registered auditors to perform the independent financial audit of the Bank and monitors their independence in accordance with the applicable European and national regulations, as well as with the Code of Ethics for Professional Accountants. The activity of the Audit Committee is structured based on written defined competencies, rights and responsibilities, included in its rules of procedure (stature under the meaning of Art. 107 of LIFAASR) in compliance with the requirements of the Law on the Independent Financial Audit and Assurance on Sustainability Reporting and Regulation 537/2014 of the European Parliament and of the Council on specific requirements regarding statutory audit of public-interest entities.

Changes to the Audit Committee's Statute was proposed in late 2024 in relation to changes to the LIFAASR, including taking on the functions in relation to sustainability assurance engagements, monitoring sustainability reporting processes, and recommending the selection and remuneration of the sustainability auditor. Subsequent to the reporting period, in February 2025, the changes were approved at an Extraordinary General Meeting of Shareholders.

First investment Bank fulfills the requirement the majority of the members, incl. the chairman of the Audit Committee to be external and independent from the Bank. In 2024, there were no changes in the composition of the Audit Committee. Chair of the Audit Committee is Mr. Dimitar Dimitrov, who possesses financial competencies as well as the knowledge, professional experience and qualifications in the field of accounting and financial audit necessary for the effective performance of his duties. During the year the present chairperson Mr. Dimitar Dimitrov and member Jordan Skortchev were re-elcted by the General Meeting of Shareholders for a new 3-year term.

During the year, the Audit Committee held 9 meetings, addressing various matters of its competence, including recommendations on the selection of statutory auditors, as well as ongoing monitoring of financial reporting and independent financial audit, monitoring the effectiveness of the internal audit function and control systems, including through regular meetings held with the Chief Financial Officer, the Chief Compliance Officer, the Director of Internal Audit, as well as with representatives of the statutory auditors of the Bank. The Audit Committee discussed also changes in its Statute in relation to taking on the functions on sustainability assurance engagements and monitoring sustainability reporting processes.

Managing board

In 2024 changes were made to the composition of the Managing Board of First Investment Bank. During the period Ms. Nadia Koshinska and Mr. Chavdar Zlatev were dismissed from their functions as members of the Managing Board. The management of Fibank gave their gratitude for their contribution in the development of the institution and for their future realisation. Pursuant to decisions of the Supervisory Board from March and December 2024, the mandates of the current members Ms. Svetozar Popov and Mr. Nikola Bakalov were prolonged for a new 5-year term as members of the Managing Board of the Bank.

Structure and competences

At the end of 2024 the Managing Board of First Investment Bank AD consisted of four members elected by the Supervisory Board on the recommendation of the Nomination Committee, in accordance with the requirements of applicable law, the Statute of the Bank, and the Policy of First Investment Bank for nomination and assessment of the suitability of members of the managing and supervisory bodies and persons holding other positions.

Name	Position	Term of Office
Nikola Hristov Bakalov	Chief Executive Officer (CEO), Chairman of the Managing Board	16.01.2030
Svetozar Alexandrov Popov	Chief Risk Officer (CRO), Member of the Managing Board and Executive Director	21.04.2029
Ralitsa Ivanova Bogoeva	Chief Retail Banking Officer (CRBO), Member of the Managing Board and Executive Director	28.04.2028
Ianko Angelov Karakolev	Chief Financial Officer (CFO) and Member of the Managing Board	21.05.2028

The business address of all Managing Board members is 111P, Tsarigradsko shose Blvd, 1784 Sofia.

The Management Board members are elected for period of up to 5 years and can be re-elected for further mandates without limitation.

The members of the Managing Board are established professionals with high reputation and proven leadership qualities and capacity to translate their knowledge, skills and experience into well-argumented solutions that can be applied to the practices in the Bank, aiming to achieve the objectives and the development strategy and stable management of the institution.

As at 31 December 2024 the members of the Managing Board held a total of 8,384 shares of First Investment Bank, as follows: Mr. Nikola Bakalov (2,516 shares), Mr. Svetozar Popov (5,856 shares), Mr. Ianko Karakolev (12 shares).None of them owned more than 1% of the issued share capital.

Diversity policy

In accordance with the policies and practices for maintaining and ensuring diversity in the composition of the management bodies, the Bank seeks to maintain a target level of 30% of the members of the Managing Board to be from the underrepresented gender, if necessary rounding down to an integer. As of 31 December 2024, the Bank fulfilled the set target level as one (25%) of the Managing Board members was a woman. The reported levels exceeded the average levels in EU related to management board in its management function (18%) according to reported data in research for diversity practices of the European Banking Authority (EBA Report on the benchmarking of diversity practices and the gender pay gap at the level of the Management body at European Union level under Directive 2013/36/EU (2021 data), EBA/REP/2023/07, published at https://eba.europa.eu/regulation-and-policy/internal-governance). As of 31 December 2024, three of the Managing Board members were men, as the percentage for gender diversity, calculated as ratio of women to men amounted to 25%/75%. *For further information regarding the professional experience and competences of the Supervisory Board members see section "Other information".*

The composition of the Managing Board is structured so as to ensure effective management of operations, subject to the generally accepted principles of managerial and professional competence and clear separation of duties and responsibilities. The Bank is represented together with each two of the executive members of the Board (executive directors).

Functions and responsibilities

The Managing Board of First Investment Bank is the body which manages[10] the Bank independently and responsibly, in accordance with the established mission, objectives and strategies. The Managing Board operates under rules of procedure approved by the Supervisory Board. Its main functions are to manage and represent the Bank by resolving all matters affecting the Bank within its scope of activities, except those of the exclusive competence of the General Meeting of Shareholders or the Supervisory Board according to the law and the Statute of the Bank. The Managing Board organizes the implementation of decisions of the General Meeting of Shareholders and the Supervisory Board, and performs any other functions assigned to it by those bodies or the law. According to the statutes and internal regulations, certain decisions of the Managing Board are subject to approval by the Supervisory Board, while others require coordination with a committee to the SB.

In accordance with the principles of good corporate governance, an open dialogue is maintained between the Supervisory Board and the Managing Board of First Investment Bank. Besides the regular reports on implementation of objectives and activities, joint meetings are also conducted. The Managing Board immediately notifies the Chairman of the Supervisory Board or his deputy of any circumstances that are of material importance to the Bank and provides timely information regarding implementation of the business strategy, risk appetite, achievement of objectives, risk limits or rules relating to regulatory compliance, the system of internal control, or the compliance of the Bank's activity with the regulatory requirements and the external environment.

The Managing Board of First Investment Bank holds meetings every week. The meeting agenda is prepared in advance. For the meetings of the Managing Board minutes are prepared which are signed by all members that were present at the meeting.

The activity of the Managing Board is supported organizationally by a Secretary, who is employed on a full-time basis and possesses the necessary qualifications and skills to ensure that the governing bodies follow internal rules and external regulations, as well as facilitating communication between them.

10 Performs managing/executive functions under the meaning of point 8 of EBA Guidelines on internal governance pursuant to Directive 2013/36/EU (EBA/GL/2021/05).

Committees and councils to the managing board

The activity of the Managing Board is supported by collective bodies, including the Credit Council, Assets, Liabilities and Liquidity management Council (ALCO), Restructuring Committee, and the Operational Risk Committee, which function according to written structure, scope of activities and functions – for more information see section "Risk Management".

Other internal collective bodies also operate in the Bank, e.g. an IT Committee, which as an auxiliary body to the MB, is responsible for monitoring the implementation of the Bank's IT strategic program, and to manage and control the IT project portfolio, the targeted use of resources and the approved budget in this area – *for more information see section "Information technology"*.

In line with the long-term priorities aimed at reducing non-interest-bearing assets and ensuring their effective realization, a Commission for the management and sale of assets functions within the Bank. Its role is to assist the Management Board in relation to the management, administration and sale of acquired assets, in accordance with the Levels of authority established in the Bank. The Commission is chaired by the Chief Risk Officer, while the other members include the directors of the Impaired Assets, Asset Management and Administrative departments, as well as the Head of the Asset Valuation division to the Finance department.

As an auxiliary body in the Bank functions also Commission on cash operations, chaired by the Chief Retail Banking Officer, while the rest of the members include directors of the following departments: Vault, Accounting, Branch Network, Risk Management, Card Payments and Security department.

General meeting of shareholders

The General Meeting of Shareholders of First Investment Bank is the most senior management body, allowing shareholders to decide on fundamental issues concerning the existence and activities of the Bank. In particular, the General Meeting of Shareholders decides on amendments and supplements to the Statute of the Bank, on increasing or reducing the capital, as well as on transformation or dissolution of the Bank. The General Meeting of Shareholders has powers to appoint or dismiss members of the Supervisory Board, the Audit Committee and the Head of the Internal Audit of the Bank, decide on the distribution of profit, on the issuance of bonds, as well as on any other matters under the Statute of the Bank and the applicable law.

In January 2024, an Extraordinary General Meeting of the shareholders of First Investment Bank was held, with 81.35% of the share capital and voting rights represented, at which a new Head of Internal Audit of the Bank was elected in accordance with the regulatory requirements for the effective performance of his duties.

In June 2024, an Annual General Meeting of Shareholders was held, which represented 82.85% of the share capital and voting rights, at which a decision was taken that the entire net profit of the Bank for 2023 shall be capitalized and set in other reserves with general purpose. The General Meeting of Shareholders elected registered auditors for performing independent financial audit of the Bank for 2024 – Forvis Mazars OOD and Ecovis Audit Bulgaria OOD. The companies were elected after prior approval of the Bulgarian National Bank and recommendation from the Audit Committee of the Bank based on criteria for coordination of the selection, approved by the BNB together with the Commission for Public Oversight of Statutory Auditors. Members of the Audit Committee of the Bank were also re-elected– *for more information see section "Supervisory Board".*

With a view to greater efficiency and facilitating the implementation of certain decisions, the General Meeting of Shareholders amended the By-laws of the Bank for authorizing the Management Board, with the prior approval of the Supervisory Board, to adopt resolutions for: issuance of cover bonds under the Law on cover bonds with a general nominal amount of BGN 400,000,000 with maturity up to 10 years from date of issuance and other conditions, defined by the Managing Board (within a period of 5 years as from 31.07.2024). Also, the General Meeting of Shareholders with its previous decisions of 23.06.2021 and 16.06.2022 authorized the Management Board, with the prior approval of the Supervisory Board, to adopt resolutions for: issuance of other bonds, as well as debt instruments, including subordinated term debt and debt/equity (hybrid) instruments, up to the aggregate amount of BGN 2 billion or its equivalence in another currency (within a period of 5 years as from 11.08.2021) and for increase, through issuance of new shares, of the Bank's capital until it reaches an aggregate nominal amount of BGN 210,000,000 (within a period of 5 years as from 02.08.2022).

Subsequent to the reporting period, an Extraordinary General Meeting of Shareholders of First Investment Bank AD was held in February 2025 - *for more information, see "Significant Events Subsequent to the Reporting Period".*

Control environment and processes

The Bank has established and constantly improves a reliable and comprehensive internal control framework which includes control functions with the necessary powers and rights of access, enabling independent performance of duties by the structural and auxiliary units exercising monitoring and control.

The risk management processes, procedures and requirements are structured according to the "three lines of defense" principle, which include the business units, risk management and compliance functions, as well as internal audit. The control functions are independent of the operational business units which they monitor and control, and are also organizationally independent of one another as they perform different functions. *For more information on risk management and compliance functions see section "Risk Management".*

The internal control framework is in compliance with the applicable requirements in this sphere, including Ordinance No 10 of the BNB on the Organisation, Governance and Internal Control of Banks and EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2021/05).

In relation to measures against money laundering and terrorist financing, the internal regulations were updated in order to comply with Ordinance No 10 of the BNB on the Organisation, Governance and Internal Control of Banks and the EBA Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05); EBA Guidelines on policies and controls for the effective management of ML/TF risks when providing access to financial services (EBA/GL/2023/04) and EBA Guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions (EBA/GL/2023/03).

First Investment Bank applies written policies and rules regarding the disclosure of conflicts of interest, in accordance with the adopted Policy for managing of conflict of interest, which consolidates the requirements in the applicable internal banking documents and further develops the necessary organization for timely identification, management, avoidance and minimizing present and potential conflicts of interest.

Internal audit

The internal audit function established in First Investment Bank has broad powers, independence, resource availability and access to the competent management and supervisory bodies. It contributes to the effective management of the Bank, giving reasonable assurance that legal regulations, rules and procedures are adhered to, and appropriate and timely corrective actions are taken, thereby helping to reduce the risk of losses and to achieve the business objectives of the Bank.

The internal audit carries out periodic inspections to ensure the achievement of goals and objectives, the economical and efficient use of resources, adequate control of various risks, protection of assets, reliability and integrity of financial and management information, and compliance of activity with current legislation and the existing policies, plans, internal rules and procedures.

In 2024 the General Meeting of Shareholders of First Investment Bank approved the 2023 annual report of the Internal Audit which informs shareholders of the main results of the control activities of internal auditors, the measures taken, and their implementation. At an extraordinary General Meeting of Shareholders held on 15 January 2024, a new Head of Internal Audit was elected in compliance with the regulatory requirements to effectively perform his duties.

Internal audit policies and procedures were improved during the year, including with respect to risk-based annual business planning, processes for conducting regular audits of directorates, branches and AML/CFT activities, and the methodology for preparing, conducting and following up on the results of audit engagements.

Registered auditors

The annual financial statements of First Investment Bank are subject to independent financial audit jointly by two audit companies, which are registered auditors pursuant to the Law on Independent Financial Audit and Assurance on Sustainability Reporting and in compliance with the applicable legislation. In order to ensure transparency and to disclose the results of the Bank to all stakeholders, the audited financial statements are published in Bulgarian and English on its corporate website at www.fibank.bg.

The registered auditors are elected by the General Meeting of Shareholders on a proposal by the Supervisory Board and following a recommendation by the Audit Committee of the Bank. The registered auditors are audit companies independent from the Bank, and their selection is also agreed in advance with the Bulgarian National Bank based on criteria for coordination of the selection, approved by the BNB together with the Commission for Public Oversight of Statutory Auditors.

The registered auditors selected to perform independent financial audit of the annual financial statements of the Bank for 2024 are:

- Forvis Mazars OOD, UIC: 204638408, entered in the register of registered auditors on financial audit – auditing companies, maintained by the Commission for Public Oversight of Statutory Auditors under registration № 169; and
- Ecovis Audit Bulgaria OOD, UIC: 131039504, entered in the register of registered auditors on financial audit – auditing companies, maintained by the Commission for Public Oversight of Statutory Auditors under registration № 114.

Subsequent to the reporting period, at an Extraordinary General Meeting of Shareholders held on 14 February 2025, a registered auditor was appointed to carry out a statutory assurance engagement on sustainability by expressing an audit opinion on the sustainability report for 2024 as follows:

- "Forvis Mazars Ltd, UIC: 204638408, entered in the Register of Registered Sustainability Auditors - Audit Firms maintained by the Public Oversight Commission for Registered Auditors under registration number 169;

In its capacity of a company of public interest in accordance with the Law on the Independent Financial Audit and Assurance on Sustainability Reporting, an Audit Committee functions within the Bank. *For further information on its functions and responsibilities see section "Supervisory Board".*

Protection of shareholders' rights

The corporate governance of First Investment Bank protects the rights of shareholders, depositors and other customers of the Bank, treating all shareholders of the Bank equally, including minority and foreign shareholders. The governing bodies of First Investment Bank provide shareholders and investors with regular and timely disclosure of information about major corporate events related to the operation and condition of the Bank, ensuring informed exercising of shareholders' rights, and informed investment decision-making by investors.

Convening of GMS and information

The convening of the General Meeting of Shareholders is made by written notice to shareholders in accordance with the Statute of the Bank in order to encourage their participation in the General Meeting, and in such a way as not to impede the voting or make it unnecessarily expensive. The Bank provides shareholders with timely and adequate information for decision-making, taking into account the scope of competence of the General Meeting. The invitation, together with the written materials related to the agenda of the General Meeting, are announced in the Commercial Register to the Registry Agency, submitted to the Financial Supervision Commission, and made available to the public through www.x3news.com at least 30 days before holding the General Meeting. They are also published on the website of the Bank in Bulgarian and English from the time of the announcement until the conclusion of the General Meeting. Upon request, the materials are provided to each shareholder free of charge. As part of the invitation written rules for voting with proxy are included, also requirements related to documents prepared in a foreign language, as well as information on receiving and accepting notifications, warrants of attorney and other documents through electronic means of communication were also laid down.

In cases where the Bank employees are also its shareholders, the same requirements regarding voting rights that are currently applicable to the other shareholders are applied.

Main transfer rights and restrictions

All shares issued by First Investment Bank AD are ordinary, dematerialized, registered, and each share entitles its holder to one vote at the General Meeting of shareholders, and to a dividend and liquidation share in proportion with its nominal value. The Bank may not issue shares with different nominal values.

The Bank's shares are freely transferable, subject to the requirements of applicable law. Under the regulatory framework, natural or legal persons, or persons acting in concert, may not, without prior approval of the BNB, acquire directly or indirectly shares or voting rights in the Bank if, as a result of such acquisition, their holding becomes qualifying, or if such holding reaches or exceeds the thresholds of 20, 33 or 50 percent of the shares or voting rights, or when the Bank becomes a subsidiary.

No restriction on the rights of individual shareholders holding shares of the same class is allowed, and there are no shareholders of First Investment Bank with special voting rights. The Bank has no knowledge of agreements between shareholders that could lead to restrictions on the transfer of shares, or voting rights.

First Investment Bank maintains a special section on the rights of shareholders on its corporate website in Section Investors/ Corporate Governance/ Shareholders' rights at (https://www.fibank.bg/bg/investitori/korporativno-upravlenie/prava-na-akcionerite).

Minority shareholders and institutional investors

In accordance with good corporate governance practices, the Bank develops initiatives to engage minority shareholders and institutional investors.

In an effort to maintain an open line of communication with shareholders and investors, First Investment Bank maintains an Investors Club, by registering in which all stakeholders can receive e-mail notifications of any investor information disclosed by the Bank to the public.

Information disclosure

Transparency and timely disclosure of information is a key principle in corporate governance. First Investment Bank maintains a system of disclosure in accordance with current regulations, which is aimed at providing timely, accurate and understandable information about significant events, allows for objective and informed decisions, ensures equal access to information and prevents abuse of insider information.

First Investment Bank has Disclosure policy adopted by the Managing Board and approved by the Supervisory Board that outlines the framework for provision of information to stakeholders, shareholders and investors in accordance with modern practices of good corporate governance and provides an opportunity for making objective and informed decisions and assessments. In disclosing information, the Bank is guided by the principles of accuracy, accessibility, equality, timeliness, integrity and regularity.

In its capacity as a public company and issuer, Fibank discloses to the public (through www.x3news.com) periodic information, including annual financial reports audited jointly by two registered auditors, as well as interim financial and activity reports. The scope of periodic information disclosed by First Investment Bank exceeds the requirements of national legislation, as the Bank has decided to publicly disclose quarterly financial activity reports in compliance with Art. 100n1, par.7 of LPOS and Art.15, par.2 of Ordinance №2 of the FSC, which have more detailed content than that of its half-year reports, instead of the more concise public notifications for financial condition for the first, third and fourth quarter.

First Investment Bank prepares its Annual Report in Bulgarian and English. It contains detailed information on the development and competitive position of the Bank and its financial results, implementation of objectives and review of business by type of activity, as well as information on the management structure, the corporate governance framework (Corporate Governance Statement pursuant to the Public Offering of Securities Act and the Accountancy Act), risk management, information on sustainability (Sustainability report within the meaning of the Accountancy Act) and remuneration policy and its implementation (Report on the implementation of the remuneration policy under the meaning of the Public Offering of Securities Act). With respect to the report the registered auditors shall gave their opinion whether it corresponds to the financial statements and is prepared in compliance with the applicable regulatory requirements. With respect to the sustainability report, the registered sustainability auditor expresses an audit opinion on whether it is in accordance with the applicable sustainability reporting framework and meets the legal requirements. The first reporting period for which the Bank is required to include a sustainability report or be subject to a mandatory sustainability assurance engagement by a registered sustainability auditor is 2025.

The Bank also applies the regulatory technical standards on the specification of a single electronic reporting format as set out in Delegated Regulation (EU) 2019/815, according to which annual financial reports and activity reports are disclosed in XHTML format, while specific parts of the consolidated financial statements are marked by using the in-line XBRL format, which is a machine readable format.

As a large institution within the meaning of Regulation (EU) No. 575/2013, registered on the stock exchange, the Bank discloses information in accordance with regulatory requirements on a quarterly, semi-annual and annual basis, applying the uniform disclosure formats under Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

The Bank also immediately discloses ad hoc information on important events related to its activity. Information is also published on the website of Fibank: www.fibank.bg, Investors section.

First Investment Bank maintains a corporate website, including an English-language version, with established content and scope of the information disclosed therein. It provides information about the products and services of the Bank, as well as essential trading and corporate information about the Bank, including on shareholder structure, management and supervisory bodies and their committees, financial reporting and activity reports, sustainable development and environmental, social and governance (ESG) factors, as well as the other information required under the regulatory requirements and the National Corporate Governance Code. A special, easily accessible Investors section is maintained on the website, featuring detailed and updated corporate governance information, stock information, financial information, news for investors, general meetings of shareholders, etc.

In addition, Fibank publishes information on the Bank in the form of presentations and interviews with senior management, press releases, journals (e.g. Fibank News), discloses detailed information on the products and services of the Bank, the applicable terms and conditions and the Tariff and any amendments thereto, as well as non-financial information on events and initiatives conducted as part of its ESG and sustainability policy.

Investor relations director

With a view to establishing an effective relationship between First Investment Bank and its shareholders and persons that have interest in investing in financial instruments issued by the Bank, an Investor Relation Director is appointed within First Investment Bank – Mrs. Vassilka Momchilova Stamatova.

The Investor Relations Director of First Investment Bank has the necessary qualifications and professional experience for performing her obligations and responsibilities. The director is responsible for the timely disclosure of all needed reports, notifications and information the Bank is required to disclose to the Financial Supervision Commission, the Bulgarian Stock Exchange, the Central Depositary and the public, as well as to keep a register of all sent materials.

In execution of the applicable regulatory requirements, in June 2024 the Investor Relations director of the Bank reported her activity during 2023 at the Annual General Shareholders' Meeting and her report was adopted by the shareholders.

The business address of the Investor Relations Director is 111P, Tsarigradsko Shose Blvd., 1784 Sofia, tel. +359 2 / 81 71 430, email: vasilka.stamatova@fibank.bg / ir@fibank.bg.

First Investment Bank has a mobile investor relations application providing quick access to financial information, the financial calendar of the Bank, as well as other data and news of interest to investors.

Stakeholders

First Investment Bank applies a policy of awareness to stakeholders with a bearing on its activities. These include certain groups along the value chain that the Bank impacts and that may in turn influence its activities or have an interest in its economic development, such as: customers, employees, investors (shareholders, bondholders), lenders and the public (suppliers and other counterparties, regulators, professional associations, NGOs, local communities and others).

Stakeholder groups	Stakeholder engagement
Clients: Individuals, micro, SME, large enterprises, institutional clients	• Contact center, video consultations, online chat via the corporate website, corporate blog, personal meetings with customers. • Customer surveys and customer attitudes.
Staff: Full-time and part-time employees	• Employee training, surveys, polls. • Internal intranet site, face-to-face meetings with employees, whistleblowing channels.
Investors and lenders: Shareholders, bondholders, creditors, potential investors	• General meetings of shareholders, meetings of bondholders. • Mobile app for investor relations, Investor Club, meetings with lenders, minority shareholders and institutional investors.
The Public: Suppliers and other contractors, regulators, industry organisations, NGOs, local communities	• Interaction with supervisory and regulatory institutions, and industry organisations. • Participation in conferences for the banking and financial sector. • Surveys, questionnaires, meetings with suppliers and business contractors.

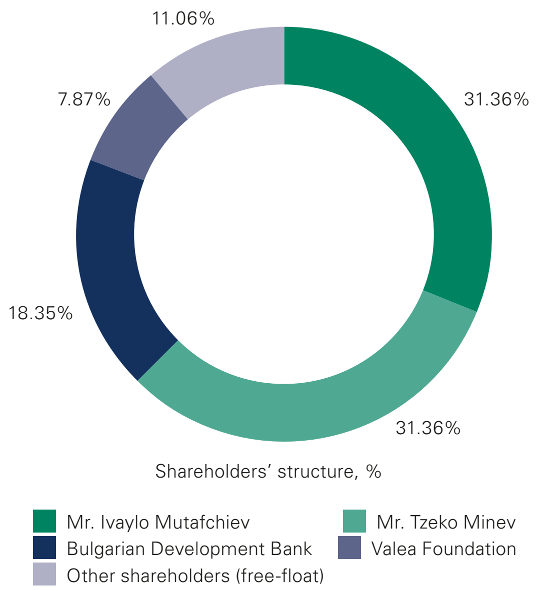
Periodically, in accordance with legal requirements and best practices, First Investment Bank discloses information of a non-financial nature, including on sustainable development taking into consideration ecological, social and government (ESG) factors. The Bank supports ecological initiatives, aimed at reducing the carbon footprint, as well as socially significant projects, provides sponsorship and develops donation programs directed primarily towards disadvantaged people, talented children, supporting Bulgarian sport, culture and education. *For more information, see section "Sustainability report".*

First Investment Bank has maintained and developed a corporate blog which functions as a channel of communication aimed at open dialogue in accessible language with customers, partners and other stakeholders.

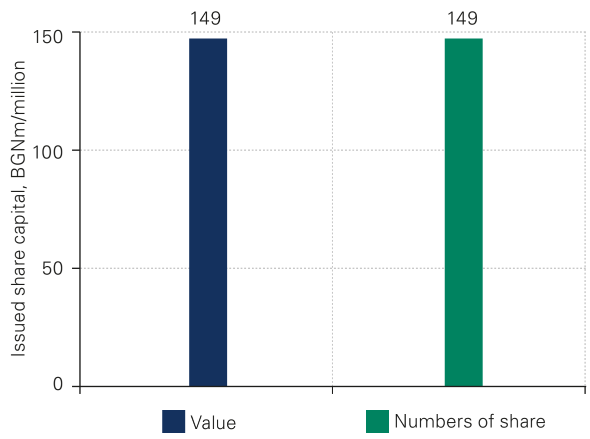
Shareholders' structure

As at 31 December 2024 the shareholder structure of First Investment Bank included the following shareholders: Mr. Tzeko Minev (31.36%), Mr. Ivailo Mutafchiev (31.36%), Bulgarian Development Bank AD (18.35%) and Valea Foundation (7.87%).

Shareholders' structure at end-2024



Issued share capital at end-2024



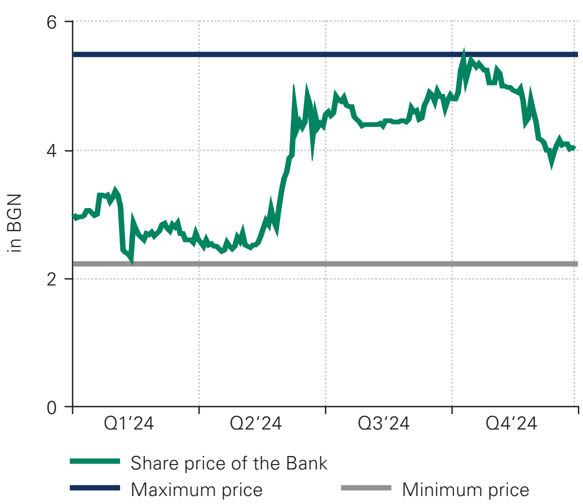
The remaining 11.06% of the Bank's issued share capital (BGN 16.5 million) was owned by other shareholders, holding shares subject to free trade on the Bulgarian Stock Exchange (free-float). At the end of the year the total number of shareholders was nearly 2,000 which include both individuals and legal entities, including institutional investors.

During the reporting period First Investment Bank did not acquire or transfer own shares, and at the end of the reporting period the Bank did not have own shares.

Share price and market capitalisation

In 2024, the share price of the Bank fluctuated in the range between BGN 2.14 to BGN 5.50. The last price of the shares of First Investment Bank for the reporting period was BGN 4,32 (2023: BGN 2,92) and the market capitalization of the Bank, calculated on this basis, amounted to BGN 644,046 thousand. (2023: BGN 435,328 thousand). A total of 5,165 transactions were concluded with the shares of the Bank on the regulated market BSE, amounting to a turnover of BGN 12,423 thousand, compared to 1,585 transactions and BGN 2,402 thousand turnover a year earlier.

Price of the Bank's shares for 2023



Main stock-exchange indices on Bulgarian stock exchange

As at 31 December 2024, the shares of the Bank were traded on the Main Market BSE, Premium Equities Segment of the Bulgarian Stock Exchange and were included in three stock exchange indices – SOFIX, BGBX40 and BGTR30, which bring together the largest, most traded and most liquid companies on the stock exchange in Bulgaria.

Report on the implementation of the remuneration policy

within the meaning of Art. 100n of the Public Offering of Securities Act

In its capacity as a credit institution and a public company, First Investment Bank discloses information regarding the remuneration policy and its implementation.

Remuneration policy

In its capacity as a credit institution and a public company, First Investment Bank discloses information regarding the remuneration policy and its implementation, and this section of this activity report represents a Report on the implementation of the Remuneration Policy within the meaning of Art. 100n of the Public Offering of Securities Act.

Main principles and objectives

The remuneration principles of First Investment Bank are structured in such a way as to contribute to sound corporate governance and risk management. The Bank implements a Remuneration Policy in accordance with the regulatory requirements, which is consistent with the business and risk strategy, goals (incl. with respect to sustainability), values and long-term interests of the Bank, promoting reliable and effective risk management and does not stimulate risk-taking beyond the level acceptable to the Bank.

The main goal of the Policy is to attract and retain highly qualified staff, motivate them to achieve high results at a moderate level of risk and in accordance with the long-term interests of the Bank and its shareholders. It is based on the principles of avoiding conflicts of interest and discrimination, and equal treatment of all employees, gender neutrality, documentation, objectivity, reliable risk management.

Enforcement and control authorities

The Managing Board of the Bank is responsible for the organization of the implementation and application of the Remuneration Policy in First Investment Bank AD.

The Supervisory Board shall approve the Remuneration Policy on the proposal of the Managing Board and after coordination with the Remuneration Committee, which as a body functioning within the Supervisory Board, supports its activities in this area. *For more information on the Remuneration Committee, see the section "Supervisory Board".*

The Remuneration Policy is a subject to regular review and update as necessary.

Identified staff

The Remuneration Policy determines the categories of staff, including the identified staff, whose professional activities have a significant impact on the risk profile of the Bank, including members of the Supervisory Board and senior management staff, including members of the Managing and executive directors; employees with managerial responsibility for material business units and for independent control functions and those whose activities involve risk-taking.

For 2024 the number of identified staff of First Investment Bank on a consolidated basis amounted to 41 employees, which include members of the Supervisory Board and the Managing Board, as well as other persons, whose activities are related to risk-taking, including in the field of lending and the main business lines, as well as those related to independent control and other corporate functions. They are identified in accordance with the internal methodology for evaluation and determination of the categories of employees by the identified staff, developed according to the qualitative and quantitative criteria of Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile.

Fixed remuneration

Individual permanent remuneration of identified staff is determined and developed by defining remuneration levels for the specific position. A starting level is determined at which employees are generally appointed, taking into account their expertise and relevant and proven managerial experience, as well as a remuneration level after successfully passing the probationary period, defined as a percentage increase over the starting level.

Permanent remuneration of employees within the category of identified staff is subject to annual review, which is carried out as part of the process of planning and budgeting staff numbers and staff expenses for the next year. The review of permanent remuneration and change decisions are based on assessment of employees' performance using a number of elements. They include performance against specific pre-defined key indicators/targets reflecting the specific contribution of the position and consistent with the targets and key priorities of the unit; indicators measuring the personal productivity and efficiency of employees; current priorities of the Bank by individual business line; general trends in the development of the labor market and/or data on current remuneration levels for similar positions; approved levels for the specific position and levels and individual remuneration of employees at similarly graduated positions; and staff costs budgeted for the period.

Ratio between fixed and variable remuneration

The Remuneration Policy establishes the basic principles in determining of remuneration - fixed and variable, and the aim is to provide an opportunity for an optimal ratio between fixed and variable remuneration in accordance with the applicable provisions.

The amount of the variable remuneration may not exceed the amount of the permanent remuneration, except in the cases when by a decision of the General Meeting of Shareholders of the Bank a higher amount is determined, but not more than twice the amount of the permanent remuneration.

Criteria for evaluation and implementation of the activity

The variable remuneration shall be based on the results of the activity and the achieved goals, taking into account the level and time horizon of the assumed risks, the price of the capital and the necessary liquidity. The assessment shall be based on an appropriate combination of financial (quantitative) and non-financial (qualitative) criteria, including a combination of the assessments of the employee's performance, the structural unit in which the employee works and the Bank as a whole.

The quantitative criteria shall include indicators such as budget execution, achievement of target levels of earning, capital adequacy and effectiveness, as well as other risk-adjusted indicators (e.g. economic/ internal capital), through which ex ante risk adjustment.

The quality criteria shall include achieving strategic goals (including with respect to sustainability), adherence to the Bank's policies and strategy for risk management, customer satisfaction, compliance with internal rules, ethical norms and corporate values, initiative, motivation, leadership, teamwork, cooperation with the other structural units, etc.

Specific requirements for deferration, payment in instruments and retention of variable remuneration

In accordance with the current legislation and the Remuneration policy at least 50% of the variable remuneration of the employees from identified staff, shall comprise of shares and other instruments related to shares or equivalent non-cash instruments, as well as instruments within the meaning of Art. 52 or Art. 63 of Regulation (EU) № 575/2013 or other instruments which can be fully converted into Common Equity Tier 1 instruments or written down, as far as such instruments adequately reflect the credit quality of the Bank as a going concern and are appropriate to be used for the purpose of the variable remuneration in line with Delegated Regulation (EU) № 527/2014.

The requirements regarding the instruments to determine an appropriate retention period are included in order to comply with the incentives with the long-term interests of the Bank.

The remuneration policy shall provide a mechanism for a deferred payment of at least 40% of the variable remuneration of the identified staff for a period of at least four to five years, depending on the economic cycle, the nature of the activity and the associated risks, as well as by the position of the respective employee. The deferral mechanism shall involve proportionate allocation of the deferred variable remuneration or its gradual increase over the period of deferral.

Pursuant to Ordinance No. 4 of the BNB, the specific requirements for deferral, retention or payment in instruments with regard to variable remuneration do not apply to banks that are not large institutions within the meaning of Article 4(1)(146) of Regulation (EU) No 575/2013 and whose value of assets on an individual basis in accordance with Regulation (EU) No 575/2013 has been less than or equal to the BGN equivalent of EUR 5 billion on average for the last four years preceding the current year, or to employees whose annual variable remuneration does not exceed the BGN equivalent of EUR 50,000 and does not represent more than a third of their total annual remuneration.

Leave benefits

According to the concluded contracts for management and control in case of unilateral termination by the Bank, without notice, the members of the Managing Board are entitled to compensation in the amount of up to 6 monthly remunerations under the contract, and the branch managers - 2 months. According to the concluded agreements between the Bank and the members of the Supervisory Board, upon termination of the contract the members of the Supervisory Board are due compensation up to 12 monthly remunerations, and in special cases the compensation is up to 24 monthly remunerations. The employment contracts of the Bank's employees comply with the applicable provisions of the Labor Code and do not contain clauses that differ from the provisions of the law and the usual practice.

Summary of quantitative information

In 2024, the remuneration paid to senior management amounted to BGN 14,987 thousand (2023: BGN 11,288 thousand). During the year, no variable remuneration was paid to the identified staff under the meaning of Ordinance No4 of the BNB for the requirements towards remunerations in banks.

In June 2024, the General Meeting of Shareholders amended its decision of 21.06.2023, which had determined a total amount of remuneration for members of the Supervisory Board and Management Board of the Bank of up to BGN 16,000 thousand per year, and determined a new total amount of up to BGN 17,000 thousand per year.

As a large institution within the meaning of Regulation (EU) No 575/2013 which is listed on a regulated market, the Bank discloses annually quantitative remuneration information structured by applying the uniform disclosure formats under Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards for the public disclosure by institutions of the information referred to in Part Eight, Titles II and III of Regulation (EU) No 575/2013.

For more information on Related party transactions and remuneration paid, see Note 35 "Related Party Transactions" of the Consolidated Financial Statements for the year ended 31 December 2024.

Integration of sustainability risks

Pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Regulation (EU) 2019/2088), First Investment Bank, as an investment firm managing individual customer portfolios and providing investment advice, falls under the scope of harmonized requirements for transparency of remuneration policies in relation to the integration of sustainability risks in the process of taking investment decisions when providing services to customers.

In this regard, the Bank publishes the required information on its corporate website in Section Private Individuals/ Savings and Investments/ Investment Services and Activities at (https://www.fibank.bg/bg/chastni-lica/spestjavanija-i-investicii/investicionni-uslugi-i-dejnosti). Remunerations received by employees of the Bank for providing portfolio management services and investment advice are not directly tied to investment performance. In addition, permissible risk exposures are predetermined, thus avoiding the possibility of additional risks being taken at the expense of sustainability, such risks having already been indirectly taken into account.

We commit to sustainability because we are an integral part of society

Sustainability report

within the meaning of Art. 51 of the Accountancy Act

In accordance with legal regulations and good practices, First Investment Bank voluntarily discloses in its Annual Report non-financial information that represents a Sustainability report within the meaning of Art. 51 of the Accountancy Act.

General information

General principles in preparing the sustainability report

Although the first reporting period for First Investment Bank to publish sustainability report and be subject to auditing requirements by a registered auditor on sustainability is 2025, the Bank has started to adhere its disclosures on sustainability with the European Sustainability Reporting Standards (ESRS) published in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with standards on sustainability reporting, and it will continue to further enhance this section in its next reports aiming full compliance with the applicable requirements on this topic. The present Sustainability report is not audited by a registered auditor on sustainability.

Fibank included in the Sustainability report disclosures on strategy and corporate governance, based on ESRS, as the Bank considers that this information should be interpreted in close correlation with the financial review in the context of overall business activity. In it are taken into consideration some of the disclosure requirements under ESRS. Yet, full disclosure is not in full compliance with applicable requirements, incl. ESRS.

The Sustainability report of First Investment Bank for the year ending 31 December 2024 was prepared on a consolidated basis and represents voluntarily disclosure on sustainability in accordance with the requirements of Article 51 of the Accounting Act, based on the European Sustainability Reporting Standards (ESRS). The data on environmental issues was prepared on individual level of First Investment Bank based on the double materiality assessment.

The Sustainability report is structured into several main sections: *"General Information", "Business Model and Strategy in relation to Sustainability", "Governance on sustainability matters", "Risk Management on Sustainability"*, which include general disclosures, as well as sections: *"Environmental Information", "Social Information" and "Governance Information"*, which include thematic information.

One of the key requirements in relation to sustainability reporting is the preparation of a dual materiality assessment, with a description of the Bank's material impacts, risks and opportunities, and the process for identifying and assessing these, presented in the section *"Business model and strategy in relation to sustainability"*.

In relation to the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (the Taxonomy Regulation), the applicable information subject to disclosure is included in a separate subsection under the *Environmental Information* section.

As a large listed institution within the meaning of Regulation (EU) No 575/2013, the Bank discloses in its regular disclosures under Regulation (EU) No 575/2013 quantitative and qualitative information on environmental, social and governance risks, structured by applying the uniform disclosure formats under Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards for public disclosure by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

Disclosures on specific circumstances

Time horizons

For the purpose of sustainability reporting, the Bank assesses material impacts, risks and opportunities over short (up to 1 year), medium (1 to 5 years) and long-term (more than 5 years) time horizons. If the time horizons deviate from these general principles, this shall be disclosed together with the relevant disclosures regarding the specific material topic.

Metrics and estimation uncertainty

Sustainability reporting uses indicators, particularly for customer loan portfolios, which are based on certain estimates, averages or assumptions. Primary data is either sourced directly from clients or obtained from external data providers. If information is not available, sector averages are used. For some indicators, estimates based on sector averages or expert judgements are used. For more information on the definitions of the sustainability indicators used, see the section ‚Risk management on sustainability'.

The data used in sustainability reporting is continuously developing, given that sustainability-related regulations and provisions will lead to the availability of more standardised data in the future. The Bank strives to be as transparent as possible in disclosing any changes to the primary data or assumptions in order to provide a description and appropriate context for users of the sustainability-related information.

Information incorporate by reference

Part of the disclosures relating to sustainability are included in other sections of the Annual Report, as follows:

- SBM-1 - Description of business model and strategy: see *"Mission and development priorities", "Fibank profile", "Highlights for 2024", "Distribution channels", "Information technology", "Business overview", "Development priorities" sections.*
- Gov-1 - Role of management and supervisory bodies: see section on *"Corporate Governance Statement".*
- Gov-3 - Inclusion of sustainability-related outcomes in incentive schemes: see section on *"Report on the implementation of the remuneration policy".*
- Gov-5 - Risk Management and Internal Control Measures: see sections on *"Risk Management"* and *"Corporate Governance Statement".*
- Thematic disclosures regarding environmental and social initiatives implemented by subsidiaries: see section *"Overview of subsidiaries' business".*

Business model and sustainability strategy

The information disclosed in this section is based on the requirements of the European Sustainability Reporting Standards (ESRS), with the aim of creating an understanding for stakeholders on the implementation of the sustainability theme in the Bank's business model, overall strategy and risk management.

Sustainability strategy

First Investment Bank has a 10-year sustainable development strategy, taking into account applicable environmental, social and governance (ESG) factors and the risks associated with the transition to a sustainable economy and physical risks. It sets common sustainability objectives that are in line with the Bank's broader commitment to six of the UN Sustainable Development Goals[11], identified as most relevant to the core business and the degree of impact on ESG risks:

11 The Sustainable Development Goals are 17 global goals set by the UN General Assembly in 2015 for implementation by 2030, aimed at combating poverty, inequality, climate change and environmental degradation, and at achieving prosperity, peace and justice.

UN sustainable development goals

RESPONSIBLE BANKING FOR A SUSTAINABLE FUTURE	**Gender equality**	Implementing diversity requirements, gender equality, and gender-neutral remuneration policies.
	Economic growth and decent work	Contributing to the development of the banking market and economic activity in the country, with a focus on individuals, small and medium-sized enterprises.
	Infrastructure, industrialization and innovation	Investments in sustainable sectors and eco-innovations supporting the green transition and creating opportunities for a sustainable future.
	Stable and resilient cities and communities	Lending to the real estate sector with responsibility for creating sustainable settlements.
	Fighting climate change	Financing smart innovations and sustainable investments to reduce indirect impacts on climate and the environment.
	Peace, justice and strong institutions	Compliance and measures against money laundering and terrorist financing, prevention of illicit financial flows, forms of corruption and bribery.

In the sustainable development strategy, Fibank sets out guidelines for environmental, social and governance factors influencing the core business, as well as decision-making processes. This is an opportunity to create shared value by stimulating financial success and at the same time leading to positive social and environmental change.

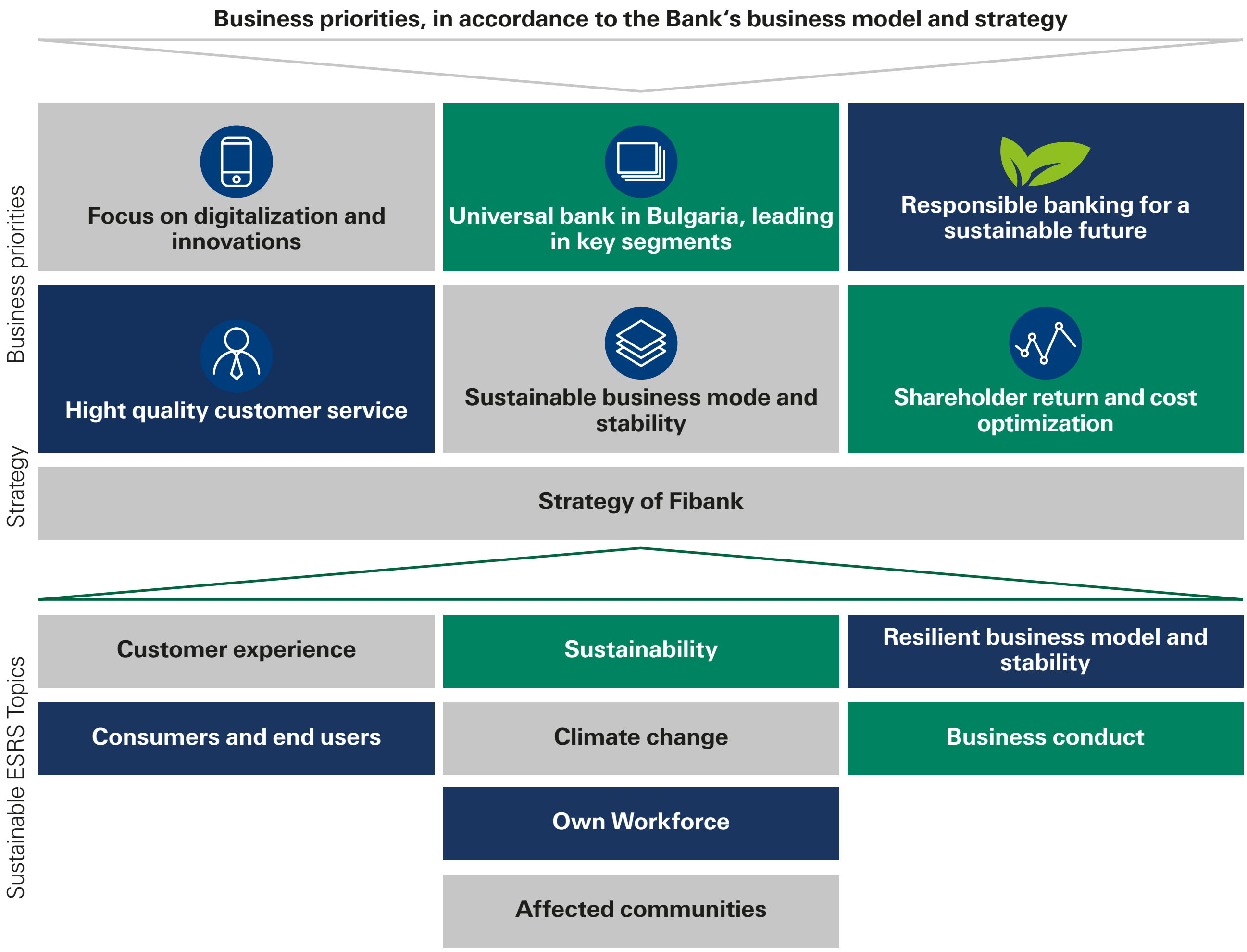
The strategic priorities set for the Bank emphasize responsible banking and the development of a sustainable business model supporting the green transition, a focus on digitalization and innovation, maintaining high quality customer service, as well as ensuring stability and returns for shareholders. *For more information, see the section "Development priorities"*

Description of the business model and value chain in relation to sustainability

First Investment Bank is in a constant process of adapting its business model and the development of its activities to the challenges of the external environment, including the processes of digitalization and automation, as well as trends in the field of sustainable development. Its strategy focusing on customers and the implementation of goals, a conservative policy regarding risks, as well as high standards of corporate governance implemented in practice, contribute to this.

Sustainability is one of the main pillars of the business strategy and development goals, namely responsible banking, with a sustainable business model and stability, and a focus on the digitalization of services. The approach to sustainability in operational business activities aims for the Bank to be the preferred partner choice for its clients, by supporting their plans for a sustainable business model.

Link to value creating topics with strategy and business priorities



First Investment Bank offers a universal business mix of products and services for both individuals and business clients, with a strategic focus on development in the areas of retail banking, small and medium-sized enterprises. In 2024, in implementation of the set development priorities in terms of sustainability, the Bank continued to offer credit products aimed at reducing the carbon footprint and investing in sustainable development:

- For households: "Green Transport for Households" loan - for consumer financing, supporting individuals in the purchase of an electric car, as well as covering additional costs related to the purchase; "Green Energy for Households" loan - intended for financing the construction of an installation for self-production of energy from renewable sources (photovoltaic system or solar installation for domestic hot water supply).
- For business clients: "Green Transport" loan - intended for the purchase of new electric and hybrid vehicles; "Green Energy - Free Market" loan - for companies that want to invest in the construction of photovoltaic installations for the production of electricity for sale on the free market; "Green Energy - Own Consumption" loan - for companies that want to build photovoltaic installations for the purpose of producing electricity for their own consumption and sale.

The Bank is in the process of updating its Green Finance Framework as part of the next steps for developing the business strategy and corporate development in terms of creating value and efficiency for stakeholders. Implementing the sustainable development strategy, Fibank takes into account environmental factors in making business decisions, monitoring greenhouse gas emissions, as well as implementing the highest standards of corporate ethics and transparency.

For more information about the business model, see the sections "Mission and development priorities", "Fibank profile", "Highlights 2024", "Distribution channels", "Information technology", "Business review".

Overview of material topics under ESRS

In 2024, First Investment Bank conducted its first double materiality assessment in accordance with ESRS. The double materiality assessment covers both the materiality of the Bank's impact (inside-out) on sustainability issues and the financial materiality of the various ESG factors on the Bank (outside-in), with the aim of ensuring full and relevant disclosure of sustainability issues.

The assessment identified the topics through which the Bank has or is linked to a material impact on people or the environment (impact materiality), and the topics that now or may in the future have a material financial effect on the Bank (financial materiality).

ESRS Topic	Fibank topic	Double materiality	
		Impact	Financial impact
Climate change E1	Climate change mitigation and adaptation	Material	Material
Own Workforce S1	Working conditions	Material	Non-material
Own Workforce S1	Equal treatment and opportunities	Material	Non-material
Affected communities S3	Contribution to local development	Material	Non-material
Consumers & end users S4	Access to information and Social inclusion of Clients	Material	Material
Business Conduct G1	Business Ethics	Non-material	Material

The Bank applies a methodology for assessing dual materiality in accordance with the requirements of the ESRS and the guidelines of the European Financial Reporting Advisory Group (EFRAG). According to the methodology used, the Bank applies a predefined threshold for materiality, divided into four groups, and has selected as material topics those that fall into the high and critical rating categories. With regard to other material topics that fall below the defined materiality threshold, Fibank believes that they also contribute with a certain value to the implementation of the Bank's strategy and business model.

Impact materiality

An element of the double materiality assessment carried out was the assessment of the Bank's actual or potential impacts on people or the environment in the short, medium and long term. This includes impacts associated with the Bank's activities upstream and downstream in the value chain, including through the Bank's products and services, as well as through business relationships. The assessment involves determining the severity of the impact based on its extent, scope and Irremediability. The materiality of potential impacts is assessed based on both their severity and likelihood of occurrence.

Financial materiality of risks and opportunities

First Investment Bank has performed an analysis of the financial effects of the identified risks and opportunities, both in its own operations and arising upstream and downstream in the value chain, which may have a significant impact on the development, financial position and results of the Bank in the short, medium and long term. Significant risks and opportunities are assessed based on the probability and potential financial effects.

Sector averages and proxies were used to perform the analysis when primary data were not available for the assessment of a given impact, risk or opportunity. In such cases, estimates were used based on sector averages or expert opinions.

As part of the double materiality assessment process, the Bank conducted a remote survey of significant customers and suppliers of the Bank for the purpose of validation, trend analysis and subsequent analysis of the results.

The purpose of the survey was to determine the main impacts and risks of the surveyed customer suppliers. According to the result, 20% report their main impacts in the topic of "water pollution" and risks related to "water resource scarcity", 40% did not indicate specific risks and did not indicate any key ESG impacts, 62.5% of respondents did not answer the questions regarding their own activities related to sustainable development, as well as in which areas Fibank should focus its sustainability goals.

Fibank plans to expand the scope of the survey in the coming years, increase the number of surveyed countries, refine the results, establish good practices, as well as increase the engagement of stakeholders. The analysis and incorporation of the results of the survey determine trends, provide guidance and are an element of the sustainable management of ESG factors.

Scope of impact

The impacts in scope have been assessed based on both an internal (Bank) and external approach. The internal approach includes the impact chain and Fibank stakeholders, customer surveys and surveys, as well as internal expertise. The external approach includes the adoption of good practices and examples in determining materially significant topics, surveys and external expertise. The balanced approach in the selection of positive and negative impacts has been taken into account.

Stakeholders and value chain

Stakeholders		
Clients	Individuals, micro-, SMEs, large enterprises, institutional clients	Includes this group of stakeholders who use the Bank's products and services.
Employees	Full-time and part-time employees	Includes employees who receive remuneration and are an integral part of the engaged persons associated with the Bank.
Investors and Creditors	Shareholders, bondholders, creditors, potential investors	It includes a group of individuals who provide the company's financial resources. They are most influenced by the company's financial results.
Public	Suppliers and other contractors, government agencies and regulators, industry associations, non-governmental organizations, local communities	Includes all other stakeholders along the value chain.

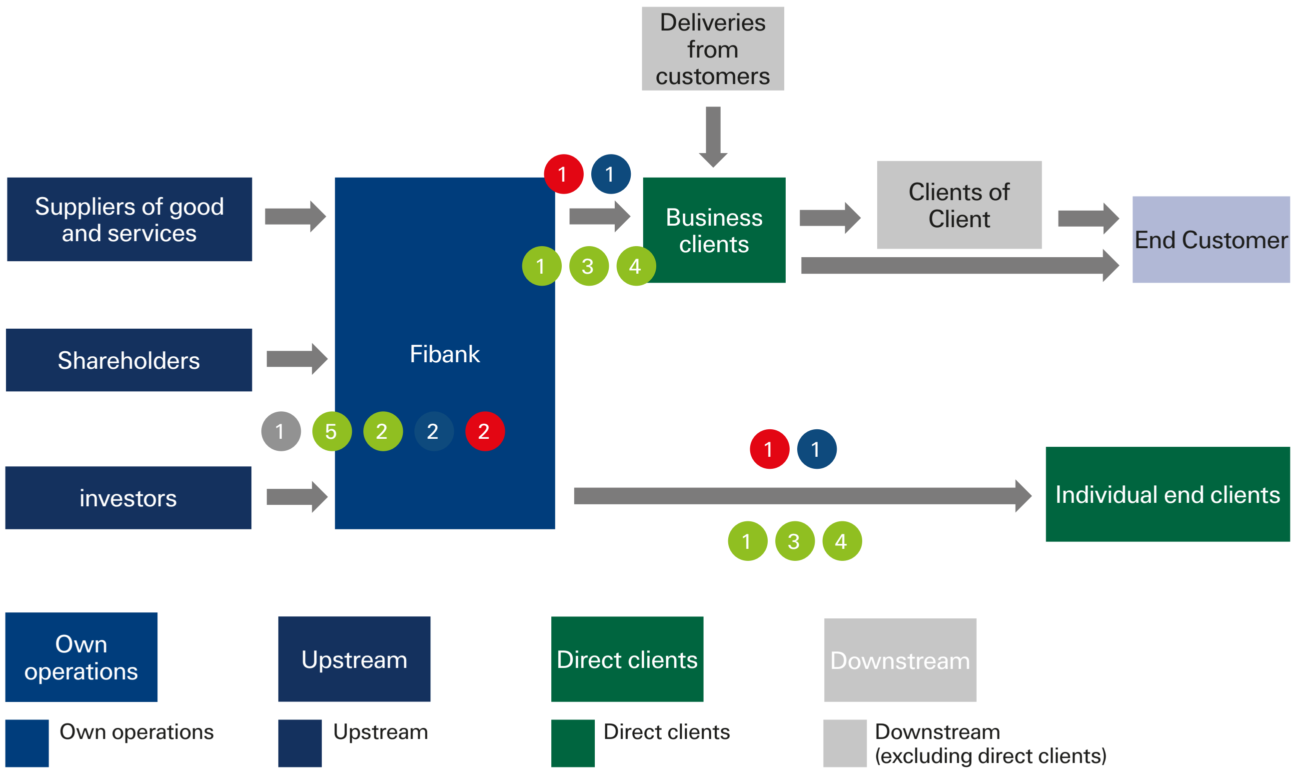
Value chain scope

The value chain consists of all the businesses and actors that contribute to the production and delivery of a specific final good or service. In this assessment, there are four scopes of the value chain: impacts on own operations, impacts on customers, impacts up the value chain and impacts down the value chain beyond direct customers. Impacts on own operations refer to (direct) impacts that have an effect primarily due to the Bank's own operations.

Customer impacts refer to (indirect) internal impacts generated by the Bank's customers, both corporate customers and individuals – individual (end) customers. Upstream value chain impacts refer to (indirect) impacts on suppliers of goods, services and capital. Downstream value chain impacts beyond direct customers refer to impacts originating from direct and indirect suppliers and customers of the Bank's customers.

The impacts of the last three scopes of the value chain related to the activities of these actors are an indirect effect of the Bank's activities and were not subject to analysis when conducting its dual materiality assessment for 2024. As next steps in the coming years, the Bank intends to expand the scope of its analysis.

Value chain of Fibank



Positive impact

1 Sustainable financing (E1)
2 Satisfying work environment (S1)
3 Sponsorships, donations, support for young talents; digitalization (S3)
4 Quality service, Financial inclusion programs (S4)
5 Creating an ethical corporate culture (G1)

Negative impact

1 Finance emissions of bank (E1)
2 Greenhouse gas emissions resulting from the bank activities (E1)

Sustainability risks

1 Climate, physical and transition risks *E1)
2 Employee retention and recruitment (S1)*

Sustainability opportunities

1 Increasing the Bank's investment profile (E1), (G1)*

Description of significant impacts, risks and opportunities and their interaction with the strategy and business model

The material impacts, risks and opportunities and their interaction with the strategy and business model relate to the identified topics that are relevant to its own activities upstream and downstream in the value chain.

Fibank serves customers whose activities and value chain connections cover significant sectors of the economy and public life in Bulgaria. The sheer scope of the Bank's interconnections means that Fibank can impact a wide range of people, from individual to corporate clients, employees and workers in the value chain, and local communities. Fibank has a significant role as – employer, lender, investment services provider, supplier of goods and services.

The Bank intends to conduct periodic analysis and the most adequate applicability of the impacts, risks and opportunities arising from its own operations to shareholders, investors, employees, suppliers of goods and services, the Bank's customers, and their value chains, upstream and downstream.

In terms of upstream activities, Fibank strives to satisfy to the highest degree the goals set by shareholders and investors.

The impacts, risks and opportunities on the Bank's material topics downstream and upstream in the value chain are interrelated with the strategy and business model in the following way:

Climate change

Climate-related impacts mainly include financed emissions of customers downstream in the value chain, as well as carbon emissions from the Bank's own operations. Following the commitments set out in the sustainable development strategy, Fibank has a positive impact by setting targets to reduce carbon emissions from its own operations, which include energy efficiency measures, renewable energy supply and carbon offset projects. The risks for the Bank related to climate change arise downstream and are expressed in the potential risks for its customers from physical and transient risks that could impact their operations. Climate-related opportunities are expressed in the intention to increase its loan portfolio by offering green loans in renewable energy, clean transport and other environmentally beneficial sectors, as well as developing new sustainable financing for businesses. *For detailed information regarding "Climate Change" E1, Fibank topic "Climate Change Mitigation and Adaptation" see section "Environmental information",*

Own workforce

The Bank has a positive impact from its own activities on its workforce (internal stakeholders) through working conditions and equality in relations. Fibank takes into account the risks in managing its own workforce by taking into account the current priorities in the Bank's business and the general trends in the development of the labor market. Following and taking into account the priorities for a sustainable business model and stability in the context of the sustainable development strategy,

Fibank provides opportunities for employee development by creating an attractive, high-performance, satisfying and motivating work environment - by ensuring adequate remuneration for employees and access to training to upgrade professional experience. *For detailed information regarding Own workforce see section "Own workforce".*

Affected Communities

Fibank has a positive impact by successfully reinforcing its image as a socially responsible institution, implementing various policies for engagement, projects and initiatives in the field of corporate philanthropy and support for socially vulnerable groups and disadvantaged people, as well as for the development of Bulgarian sports, culture and education. The Bank supports the education and development of local talents by creating financial literacy programs. Another positive impact and opportunity is the clear goal and efforts to reduce social inequality through the digitalization of banking services, making them accessible to all, by providing access via a mobile device. The Bank has and follows a policy for as many people as possible to have convenient and easy access to ATMs. This directly corresponds to the goals and priorities for development set in the Bank's business strategy, in the context of sustainability. *For detailed information regarding "Affected Communities" S3 see section "Affected communities".*

Consumers and end users

First Investment Bank has a positive impact on its individual clients, providing them with banking products and services of the highest class and in accordance with the best banking practices, while applying the principles of correctness, ethics, care and respect in relations with clients, as well as compliance with applicable legislation, moral norms and respect for human rights. In line with the ambition to be a leader in digitalization, Fibank is aware of the needs and requirements of its clients, their financial needs, offering them a variety of products and services.

The Bank has a positive impact by providing training to its employees to build professional competencies of knowledge and skills that minimize the risks associated with protecting the confidentiality of customer and user information on the one hand and on the other hand to provide the best possible customer service. Another positive impact that the Bank has for its customers is a program in support of women entrepreneurs - Smart Lady, targeting mainly micro, small and medium-sized enterprises managed by women, as well as businesses producing products and services intended for women. *For detailed information regarding "Consumers and End Users" S4 see section "Consumers and end users"..*

Business Conduct

Professional conduct as a sustainability topic has a positive impact through its own activities and activities upstream by maintaining a high corporate culture and standards of ethical behavior while adhering to the principles of: a culture of social responsibility and transparency; respect for human rights and non-discrimination; fairness, ethics, care and respect in relations with customers; responsible attitude towards work duties, compliance with the official hierarchy, mutual respect and tolerance and teamwork in work.

Professional conduct is the basis for developing a sustainable business model and stability for the Bank in accordance with the set business priorities. Fibank monitors the material risks related mainly to financial losses, reputational risk or the risk of possible sanctions and strives to minimize them through the application of good corporate governance. *For detailed information regarding "Professional Conduct" G1 see section "Governance information".*

Governance on sustainability matters

This section discloses information intended to provide an understanding of the governance processes, controls and procedures in place at the Bank to monitor, manage and oversee sustainability issues. As required by the ESG, emphasis is placed on the role of the management and supervisory bodies in relation to sustainability issues.

Role of the managing and supervisory bodies

Composition and diversity of the managing and supervisory bodies

The composition of the Supervisory Board and of the Management Board is structured to ensure the conscientious, professional and independent performance of duties by its members. Information on the composition and diversity of the members of the Supervisory Board and the Management Board, including diversity indicators, is presented in the *"Supervisory Board", "Management Board" sections of the "Corporate Governance Statement"*.

Knowledge, abilities and experience on sustainability matters

All members of the Supervisory Board and the Management Board have professional experience, knowledge, qualifications and skills, in line with the requirements for reliability and suitability, contributing to collective suitability in line with the Bank's activities, long-term objectives and risks, including risks related to environmental, social and governance (ESG) factors. They are well-established professionals with proven leadership skills and the capacity to translate this knowledge, skills and experience into well-founded solutions to be applied in the Bank's practice, in order to achieve the development objectives and strategy, and the sound management of the institution in the context of sustainability.

Pursuant to the Policy on Selection and Suitability Assessment of Members of the Management and Supervisory Bodies and Persons Holding Other Positions, First Investment Bank assesses the individual and collective suitability of members of the Supervisory Board and the Management Board when appointing new members or reappointing existing members, and subsequently as part of the annual assessment the effectiveness and efficiency of the Supervisory Board's activities as a collective and individually, of governance practices and procedures and suitability. Such an assessment for 2024 was carried out at the end of the fourth quarter of the year and included the topic of sustainability and environmental, social and governance factors.

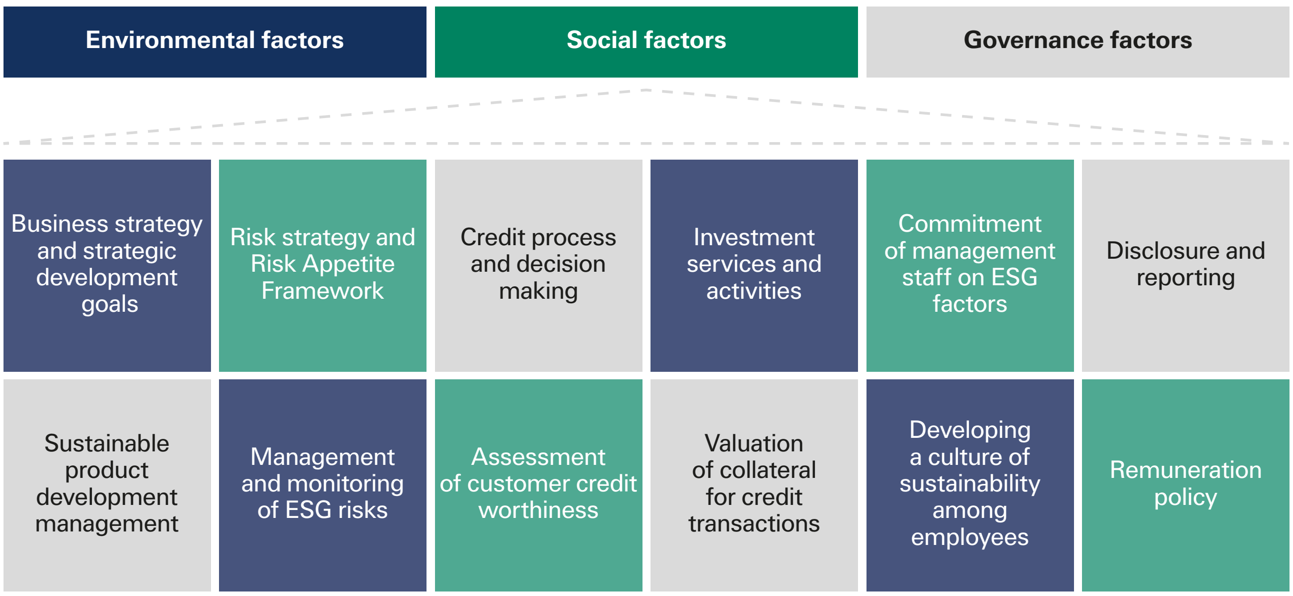
The Bank has developed an Induction and Training Programme for the members of the Management and Supervisory Boards, which contains detailed information on the adopted policies and internal governance rules, including on the Bank's structure, business model and risk profile. It covers topics related to corporate governance and governance bodies, including internal governance at group level, the risk management and control framework, incl. ESG factors related to sustainability, recruitment and suitability assessment policies, remuneration, strategy and budget, as well as the management of conflicts of interest and the Bank's Code of Conduct.

For more information on professional experience and competences of the members of the Managing Board and Supervisory Board see sections "Supervisory Board", "Managing Board", "Other information".

Roles and responsibilities on sustainability matters

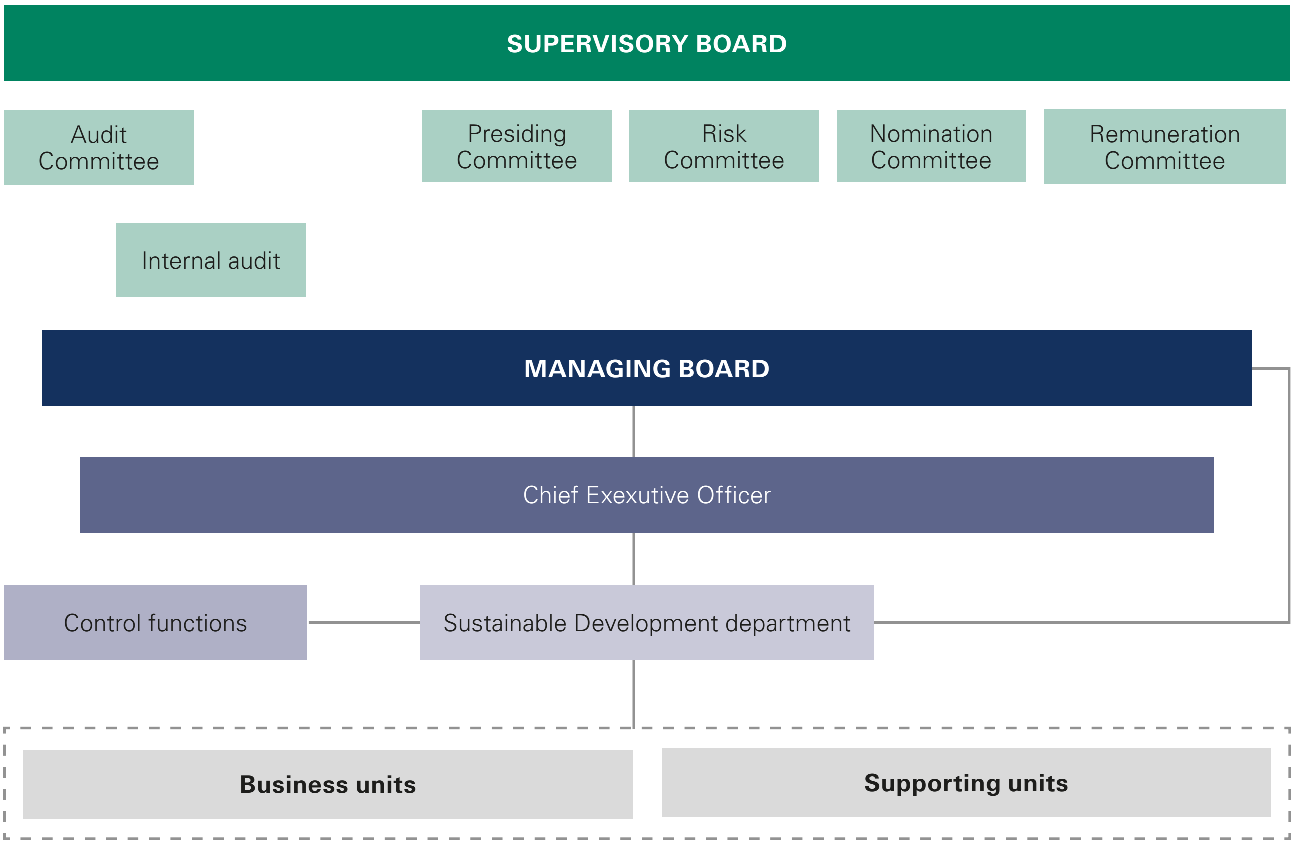
The implementation of factors related to climate change and sustainable development (ecological, social and governance - ESG) in all processes of First Investment Bank is fundamental for its long-term development. It is extremely important also for an adequate response to market expectations, support of clients and the community as a whole. With respect to their introduction a comprehensive approach was adopted through integration into the business operations, risk management framework, corporate governance, credit process, decision-making, assessment of borrowers' creditworthiness and investment activity.

Integration of sustainable development in the activity of the Bank



A specialized structure has been established in the Bank – the Sustainability department, to ensure the integration of environmental, social and governance factors in the overall activity, as well as to provide advice and support with regard to strategic planning, risk framework and internal management.

Internal organisation with regards to sustainability



The Supervisory Board of First Investment Bank supervises and, where necessary, advises the Management Board and oversees the general activities of the Bank, including the adoption and oversight of the Bank's strategic objectives, corporate governance framework and corporate culture. It defines the Bank's main business objectives and the strategy for achieving them, including in the context of sustainable development. The Supervisory Board oversees the risk management framework, risk appetite and the internal system for managing and controlling all types of risk, including ESG risks, as well as ensuring that compliance with the ethical standards set out in the Code of Ethics applied by the Bank and for promoting a culture of sustainable development are monitored. *For more information on the roles and responsibilities of the Supervisory Board, see the "Supervisory Board" section of the "Corporate Governance Statement".*

In connection with the changes to the Independent Financial Audit and Assurance on Sustainability Reporting Act (IFAASRA) at the end of 2024, changes were proposed to the Rules of Procedure of the Audit Committee, including the assumption of functions with respect to sustainability assurance engagements, oversight of sustainability reporting processes, and on recommending the selection and remuneration of the sustainability auditor. Subsequent to the reporting period, in February 2025, the changes were approved at an Extraordinary General Meeting of shareholders of First Investment Bank AD.

The Managing Board of First Investment Bank is the body that manages the Bank independently and responsibly, in accordance with the established mission, objectives and strategies, as well as taking into account the priorities related to sustainable development, by deciding on all matters affecting the Bank within the scope of its activities, including those related to sustainable development, except for matters that are the exclusive competence of the General Meeting or the Supervisory Board - in accordance with the Law and the Articles of Association of the Bank. *For more information on the roles and responsibilities of the Managing Board, see the "Managing Board" section of the "Corporate Governance Statement".*

The material impacts, risks and opportunities identified as part of the dual materiality assessment processes in relation to sustainability reporting are proposed for consideration and adoption by the Managing Board. Such an assessment was made at the end of 2024. *Further information on the assessment of the Bank's material impacts, risks and opportunities and the process for identifying and assessing these is provided in the section "Business model and strategy in relation to sustainability".*

Information and oversight of sustainability matters addressed to/by the managing and supervisory bodies

During 2024 the Supervisory Board and/or Managing Board reviewed a broad range of sustainability matters, related to ecological, social and governance factors, including:

- Reports from the Director of Sustainability and through the CEO on sustainability activities, including the applicable regulatory framework and European standards for sustainability reporting, the integration of sustainability issues into the Bank's operations, and the assessment of double materiality in relation to sustainability reporting.
- Reports by the Chief Risk Officer in relation to the management and control of financial and non-financial risks, and by the Chief Compliance Officer in relation to compliance and adherence to external regulations and internal rules, and in relation to measures and prevention against money laundering and terrorist financing.
- Business strategy and budget, as well as strategic development objectives, including in the context of sustainability and digitalisation of the business. Oversight of this activity is supported by the Main Committee of the Supervisory Board.
- The Risk Management Strategy and Risk Appetite Framework, which integrate the risks associated with ESG factors, including on climate change and the transition to a low carbon and sustainable economy. Oversight of this activity is supported by the Risk Committee of the Supervisory Board.
- Preparation of an assessment of the material impacts, risks and opportunities identified as part of the dual materiality assessment processes in relation to sustainability reporting, including the methodology for their identification and assessment. The process is supported by the use of an external consultant, one of the established international audit firms with significant experience in sustainability reporting.
- Remuneration policies and practices and related issues, including the gender pay gap, gender neutrality and ensuring non-discrimination. Oversight of this activity is supported by the Remuneration Committee of the Supervisory Board.
- Selection and assessment of the suitability of members of the management and supervisory bodies and persons holding key and other positions, and matters in connection therewith, including related to the declaration of close associates within the meaning of the Credit Institutions Act, as well as with regard to the assessment of individual and collective suitability, succession planning and the induction and training programme for members of the Management and Supervisory Boards. Supervision of this activity is supported by the Selection Committee of the Supervisory Board.
- Issues related to the control and prevention of money laundering and terrorist financing, including in relation to the requirements of the "EBA Guidelines on Policies and Procedures Related to Regulatory Compliance Management and the Role and Responsibilities of the Compliance Officer in relation to AML/CFT under Article 8 and Chapter VI of Directive (EU) 2015/849" and BNB Regulation No 10 on the Organisation, Governance and Internal Control in Banks.
- Issues related to the sustainability assurance engagements and on recommending the selection of the sustainability auditor. Oversight of this work is supported by the Audit Committee.
- Internal audit, including the professional code of ethics of the internal auditor at FIB AD, which describes the professional and ethical standards, including the principles of honesty and integrity, independence, objectivity and impartiality, confidentiality, competence, cooperation and conflict of interest, as well as the rules of conduct to which internal auditors must adhere and observe during their work. Oversight of this work is supported by the Audit Committee.

For more information on the activity of the Supervisory Board and its committees, see the "Supervisory Board" section of the "Corporate Governance Statement".

Remuneration schemes, related to sustainability

In its capacity as a credit institution and a public company, First Investment Bank discloses information regarding the remuneration policy and its implementation in the section *"Report on the implementation of the remuneration policy"* within the meaning of Art. 100n of the Public Offering of Securities Act.

Due diligence process

The Bank discloses a map of the information on the sustainability due diligence process included in the Sustainability report, as follows:

Map of the information on the sustainability due diligence process

Elements of due diligence	**Sections in the Sustainability report**
Due diligence in governance, strategy and business model	*Sections "Business Model and Strategy in relation to Sustainability" and "Governance on sustainability matters"*
Interaction with stakeholders in the separate steps in due diligence process	*Section "Business Model and Strategy in relation to Sustainability"*
Assessment of material impacts, risks and opportunities	*Section "Business Model and Strategy in relation to Sustainability"*
Actions with respect to material impacts, risks and opportunities	*Sections "Environmental Information", "Social Information" (sub-sections "Own work force", "Affected communities", "Consumers and end-users") and "Governance Information"*
Monitoring the effectiveness of material impacts, risks and opportunities	*Section "Business Model and Strategy in relation to Sustainability"*

Sustainability risk management

Sustainability risks are defined in the Sustainable development and Climate and Environmental Risk Management policies as risks arising from environmental, social or governance (ESG) factors that have a financial or non-financial impact on First Investment Bank AD, directly or through other types of risk. Sustainability risk management is an important part of maintaining the Bank's moderate risk profile. ESG factors refer to, but are not limited to, the following elements:

- Environmental: climate change, depletion of natural resources and pollution. Climate and environmental risks can refer to both transition and physical risks.
- Social: working conditions, supporting the local community, consumers and end-users.
- Governance: corporate governance (e.g. diversity and balancing of stakeholder interests), corporate and ethical business conduct.

Transition risk refers to the financial and non-financial risk that arise, directly or indirectly, from the process of adjusting to a low-carbon and more environmentally sustainable economy (e.g. changes in regulations, consumer preferences and technologies).

Physical risk refers to the financial and non-financial risk of a changing climate or environmental degradation. Physical risk can be acute, for example when associated with extreme weather events, or chronic, associated with progressive changes such as rising temperatures and loss of biodiversity.

The Bank also recognises that environmental risks are interrelated and can have ripple effects across social and economic systems, requiring comprehensive and proactive risk management approaches.

Management of sustainability risks including with respect to environmental and climate risks is corellated with the Risk strategy and the Risk appetite framework through limits managing the concentrations risk in the loan portfolio to sectors identified as having a high level of emissions intensity and/or transition risk. For monitoring the set limits and risk appetite related to sustainability a monitoring at the level of exposures by economic sector is performed, thus allowing timely mitigating actions.

Risk assessment methods and main identified risks

First Investment Bank uses different approaches to assess and measure sustainability risk at different levels:

- At the bank level: Within the framework of the double materiality assessment process.
- At the portfolio level: Internal expert-based analysis of the transitional and physical risks of climate change and their impact in specific economic sectors (portfolios).

- At the client level: Measuring through the BPM (Business Process Management) Loan Processing System, which is adapted in relation to the requirements of the Taxonomy Regulation and disclosure requirements, including on the sectoral affiliation of the transaction and the application of the classification of economic activities (NACE Rev.2), the inclusion of information on potential physical risk and transition risk related to climate change, on excluded exposures under Delegated Regulation (EU) 2020/1818, including those with high carbon intensity, as well as on the energy efficiency of the collateral.

A special ESG rating has also been developed for corporate clients, based primarily on the requirements of the taxonomy and applicable standards for assessing environmental and social risks.

As a large institution within the meaning of Regulation (EU) No 575/2013, which is listed on a regulated market, the Bank regularly discloses quantitative and qualitative information on environmental, social and governance risks, structured by applying the uniform disclosure formats pursuant to Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards for the public disclosure by institutions of the information referred to in Part Eight, Titles II and III of Regulation (EU) No 575/2013.

Environmental information

Sustainable development is one of the priorities set in Fibank's business strategy. It is in line with one of the adopted UN Sustainable Development Goals to combat climate change, which is related to financing smart innovations and sustainable investments to reduce the indirect impact on the climate and the environment.

Climate change

Policies related to climate change mitigation and adaptation

The Sustainability Policy of First Investment Bank takes into account factors that may have a negative impact on the environment, such as air pollution, water pollution, freshwater scarcity, land pollution, biodiversity loss and deforestation. The Climate and Environmental Risk Management Policy describes the general requirements for their assessment as part of the overall risk management in the Bank. The aforementioned policies, together with the Bank's Risk Management Strategy and Risk Appetite Framework, are the basis for the way the Bank manages sustainability-related risk.

To address the environmental risks inherent in the Bank's credit exposures, the Fossil Fuel Exposure Reduction Strategy and the Green Finance Framework have been developed. Through them, Fibank has set itself the goal of gradually reducing its exposure to borrowers operating in sectors using fossil fuels (coal mining and refining of petroleum products), and on the other hand, it has set standards for ecological and environmentally friendly lending to sustainable activities and projects. *For more information on managing sustainability risks, see the section "Sustainability risk management".*

Climate Strategy

In Fibank's strategy on Environmental, Social and Governance (ESG) Strategy outlines the general principles and priorities with respect to climate-related factors, which are supporting the transition to a carbon neutral economy up to 2050, taking into consideration the macro environment and external challenges, related to geopolitical situation and uncertainties. As at 31.12.2024, the exposures currently falling within the scope of the strategy to reduce its exposures to fossil fuel-related sectors amount to a total of 0.5% of the total exposure of the corporate loan portfolio.

Fibank aims to reduce its own carbon footprint and is committed to reducing its own scope 1 and 2 emissions by focusing on the supply of renewable energy for its buildings, offices and data centers. The combination of this and other measures taken will help to achieve reduction in the carbon footprint of its own operations. *For more information, see the section "Energy consumption and energy mix".*

The Bank participates in the committees and working groups of the Association in order to provide opinions and discuss important topics related to sustainability, as well as coordination of legislative changes, communication with regulators and state authorities with respect to introducing and reporting of ESG factors.

Climate change transition plan

The Bank is not excluded from the EU benchmarks aligned with the Paris Agreement, as its activities do not significantly harm the environmental objectives described in Regulation (EU) 2020/852.

In 2024, the Bank carried out a double materiality assessment of sustainability topics and calculated its scope 1, 2 and 3 greenhouse gas emissions. These are successive steps in the implementation of the Bank's Sustainable Development Strategy and the phased implementation of the disclosure requirements under Directive (EU) 2022/2464 on corporate sustainability reporting and the European Sustainability Reporting Standards (ESRS) applicable to it. *For more information see section "Business model and strategy with respect to sustainability".*

Identification and assessment of material climate-related impacts, risks and opportunities

As a result of the double materiality assesment, which the Bank conducted in 2024, the topic of climate change was identified as one of the most material, with regards to the impact related mainly to the financed emissions resulting from lending activities, as well as the impact on climate, physical and transitional risks affecting clients and the Bank. This impact is identified downstream (clients) in the value chain. With low material impact are identified the carbon emissions from own activities, which have a negligible share in the total volume of carbon emissions of the Bank. The Bank recognizes a positive downstream impact in relation with the provision of standardized green loans (for financing residential properties with energy class A, electric cars, etc.).

As identified risks from the climate change topic, the double materiality assesment identified the potential risk of insolvency of clients that could be affected by climate, physical or transition risks.

Climate risk is a key tool for identifying sustainability risk. In this regard, the inherent physical risks have been analyzed that are specific to the main economic sectors to which the Bank has exposure and the companies that are operating in them, and are exposed to these risks due to their economic activity.

The transition risk has been assessed, taking into account the greenhouse gas emission intensities in the relevant sector, the possibilities for decarbonization and changes in demand. Quantitative data from the Partnership for Carbon Accounting Financials (PCAF) were used and cover greenhouse gas (GHG) emissions.

One of the main risks for the Bank arises from transitional risks related to changes in legislation, standards and customer attitudes related to the environmental aspects of the customers' activities. The transitional risks are assessed as medium-term, however, the Bank will individually analyze these risks for each specific borrower within the credit process.

Within the framework of the double materiality assessment, the topics related to Pollution E2, Water and aquatic resources E3, Biodiversity E4 and Circular economy E5 were not determined as material, as they are not fully applicable to the sector in which the Bank operates (Financial Services). However, it is recognized that there are indirect impacts, which are determined as insignificant compared to the overall activity of the Bank.

Energy consumption and energy mix

The Bank has set a goal for reducing its Scope 1 and 2 emissions by focusing on the supply of renewable energy for all of its buildings and offices, as well as reducing energy consumption through implementation of various measures. During the process, the Bank monitors its performance to determine whether additional actions are needed to increase energy efficiency.

All of the Bank's buildings and bank offices operate with 100% renewable energy. As part of its initiatives to reduce carbon emissions from its own operations, the Bank continues with the gradual replacement of fluorescent lighting in the branch network with LED lighting, as well as the modernization of air conditioning systems.

The Bank's head office operates in a modern building, certified under the BREEAM "Excellent" eco-standard. The building is equipped with a new generation climate control system with individual settings for individual offices and rooms, which helps reduce carbon emissions (CO_2) into the atmosphere.

Energy consumption and energy mix	2024
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	12,393
Share of renewable sources in total energy consumption (%)	100%

Gross GHG emissions in scope 1, 2 and 3, and total ghg emissions

In 2024, the Bank calculated its greenhouse gas (GHG) emissions from its own operations. This includes emissions from its own operations (Scope 1, 2 and 3) and indirect emissions in its loan portfolio (Scope 3).

The calculations performed by the Bank also include an analysis of the scope of the inventory of Scope 1, 2 and 3 emissions for 2023, including categories 3.1 & 3.2 "Purchased goods and services" and "Capital expenditure" from the GHG Protocol based on financial data for operating and capital expenditure for suppliers in the relevant year. The assessment of greenhouse gas emissions showed that these emission categories are not material to the Bank's operations and the only significant Scope 3 category to be disclosed is Scope 3.15 for the Bank's financed emissions (accounting for 99% of total emissions from all scopes). Therefore, for each subsequent inventory, the Bank will only include Scope 1, Scope 2 and Scope 3.15 emissions in the scope of the calculation.

Scope 3.1 – financed emissions are calculated in accordance with the international methodology for calculating financed emissions of the Partnership Carbon Accounting Financials (PCAF). In 2024, the Bank started reporting financed Scope 3 emissions by economic sectors that contribute significantly to climate change (NACE A to H and L).

Greenhouse gas emissions from own activities

GHG Emissions	2024	Metric
GHG Emissions – Scope 1 Fuel consumption (*1) + Consumtion of air conditioning coolant (*2)	4,312	tCO2e/liter (*1) tCO2e/kg (*2)
GHG Emissions – Scope 2	6,408	(tCO2)/kWh - market-based emissions
Electricity consumption	5,910	(tCO2)/kWh - location-based emissions

Electricity consumption (Green Electricity Certificates) - Head office, branch network and other buildings does not include heat consumption. The Bank reports a 5% reduction in electricity consumption compared to 2023.

Financed Greenhouse Gas Emissions

The Greenhouse Gas data provide an overview of the assets in scope of reporting greenhouse gas emissions and the associated data quality score. The greenhouse gas emissions of the loan portfolio are calculated in accordance with the principles set out by the Partnership Carbon Accounting Financials (PCAF). As a reporting basis, it uses the country's production emissions, including land use, land use change and forestry (LULUCF). The attribution of loans is calculated by dividing our invested amount by the country's GDP adjusted for purchasing power parity (PPP).

For Y2024

Asset classes	Exposure in th. BGN	tCO2e	Carbon intensity
Business loans	2,935,334	622,968	212,231
Sovereign debt	4,540,967	532,702	117,310
Commercial real estate (CRE)	1,320,180	5,275	3,995
Mortgages	1,571,340	6,938	4,415
Project finance	1,022,229	67,935	66,458
Corporate bonds and listed equity	171,582	1,218	7,100

The Bank's client Scope 3 emissions estimates rely on the Extended Environmental Input-Output (EEIO) emission factors for carbon intensities by industry provided by PCAF. These emission factors have the lowest data quality rating and are currently limited to upstream Scope 3 greenhouse gas emissions only, which will gradually be developed by using more client-specific data.

For Y2024

Asset classes	**% of assets that the Bank could not calculate emissions for**
Business loans	11%
Sovereign debt	6%
Commercial real estate (CRE)	49%
Mortgages	4%
Project finance	42%
Corporate bonds and listed equity	29%

The high share of commercial real estate for which emissions cannot be calculated is due to the multiple elements involved in the calculation, with the absence of just one of them (e.g. sq.m., EPC, etc.) leading to the impossibility of calculating emissions for this class of assets. In the project finance segment, not all clients are required to provide financial statements based on the project type of the company (start-up or newly established project company).

For Y2024

Sector	**Gross carrying amount (in th. BGN)**	**GHG financed emissions (in tCO2e)**	**Of which Scope 3 financed emissions (in tCO2e)**
Exposures towards sectors that highly contribute to climate change	**4,584,729**	**676,955**	**236,450**
A - Agriculture, forestry and fishing	187,099	44,286	10,625
B - Mining and quarrying	54,514	895	285
C - Manufacturing	871,141	177,662	68,655
D - Electricity, gas, steam and air conditioning supply	227,523	203,078	16,862
E - Water supply; sewerage, waste management and remediation activities	13,727	48,662	1,494
F - Construction	896,108	85,021	70,338
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,119,226	65,887	45,962
H - Transportation and storage	127,003	42,393	20,571
I - Accommodation and food service activities	282,694	6,113	5
L - Real estate activities	805,694	2,958	1,653
Exposures towards sectors other than those that highly contribute to climate change	**686,389**	**19,031**	**11,736**
K - Financial and insurance activities	162,167	1,039	341
Exposures to other sectors (NACE codes J, M - U)	524,222	17,992	11,395
Total	**5,271,119**	**695,987**	**248,187**

Electricity, gas, steam and air conditioning supply (NACE sector D) includes exposures to electricity production from renewable sources, which represents 21% of the exposure to this sector. For the calculation of scope 3 emissions for this sector, the Bank has taken a conservative approach and has applied the same emission factor applicable to the sector.

With respect to exposure to fossil fuels, an internal definition is used, which includes companies that are engaged in the extraction and processing of fossil fuels (coal, natural gas, oil and petroleum products and their use for the production of electricity and heat:

For Y2024

Sector	Gross carrying amount (in th. BGN)	as %	GHG financed emissions (in tCO2e)	Of which Scope 3 financed emissions (in tCO2e)
Exposures towards sectors that contribute significantly to climate change	**252,719**	**5.5%**	**203,078**	**16,862**
B - Mining and quarrying				
B.05 - Mining of coal and lignite	25,187	0.5%	0	0
C - Manufacturing				
C.19 - Manufacture of coke oven products	9	0.0%	0	0
D - Electricity, gas, steam and air conditioning supply	227,523	5.0%	203,078	16,862

As of December 31, 2024, the Bank's exposure to sectors that contribute significantly to climate change according to the Bank's internal definition represents 5.5% of the total exposure to sectors A to L. Their share decreases below 5% if the exposures to electricity production from renewable sources are subtracted, which are included in the general sector D - Production and distribution of electricity, heat and gaseous fuels.

Disclosures under article 8 of regulation (EU) 2020/852 (the taxonomy regulation)

Regulation (EU) 2020/852 (Taxonomy Regulation) [12] aims to channel financing towards sustainable activities by establishing a legal and technical framework and to support the achievement of the objectives of the European Green Deal. The Taxonomy Regulation, together with delegated acts, sets out the criteria by which economic activities can be classified as sustainable by financial and non-financial undertakings.

Under the Taxonomy Regulation, financial undertakings must disclose the share of exposures to eligible and Taxonomy-compliant economic activities to financial and non-financial undertakings within the scope of the Non-Financial Reporting Directive[13] (NFRD). Eligibility under the Taxonomy means that an activity falls within the scope of the Taxonomy Regulation and the delegated acts to it, and in order to be compliant, it must meet the following requirements:

I. Make a significant contribution to one of the six environmental objectives, according to the technical criteria for the activity:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and conservation of water and marine resources
4. Transition to a circular economy, including waste prevention and recycling
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

II. Do not cause significant harm to other environmental objectives

III. Meet the minimum safeguards for society.

For non-financial undertakings, objectives 1 and 2 are applicable from January 2022, and objectives 3 to 6 are applicable from January 2023, with companies expected to publicly disclose information on the extent to which their activities are eligible and compliant with the criteria of the Taxonomy Regulation. Financial undertakings shall use the information published by non-financial undertakings to calculate the main key performance indicators (KPI) set out in Delegated Regulation (EU) 2021/2178[14].

12 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

13 Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

14 Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/

The main indicator for financial undertakings is the green asset ratio (GAR). The numerator of the ratio includes exposure to financial and non-financial corporations, under the scope of the NFRD, exposure to households for the purpose of purchasing property or a car, as well as those secured by real estate, in the form of loans and advances, debt securities, equity instruments and acquired collateral, financing economic activities compliant with the taxonomy. The denominator includes the Bank's balance sheet assets, excluding exposure to government entities and central banks, and the value of the trading book.

As of the date of publication of this report, funded non-financial corporations (NFCs), which are covered by the NFRD disclosure obligations, have not yet publicly published information on their activities related to revenues, capital and operating expenses, eligible and compliant with the Taxonomy. The Taxonomy Regulation requires financial institutions to use only publicly available and official data from their counterparties for the calculation of key indicators. Therefore, the share of Taxonomy-aligned exposures (GAR) is close to 0 by default. However, some of FiBank's counterparties publish information on the compliance of their exposures with the Taxonomy, on the basis of which the Bank discloses environmentally sustainable assets worth BGN 376,455 for 2024.

For Y2024

Main Key Performance Indicators (KPIs)	Total environmentally sustainable assets	KPI1	% coverage (of total assets)2
Green asset ration (GAR) - amount	BGN 376,455	0.004%	58,2%

1. Based on the turnover and capital expenses KPI of the counterparty

2. % of assets, covered by the KPI over Bank's total assets

It is expected that in the next reporting years, the number of companies disclosing information, as well as the quality of the disclosed data, will grow, which will have a positive impact on the Bank's green asset ratio.

Key indicators in accordance with Art. 8 of the Taxonomy Regulation

As of 31.12.2024	Thousand BGN	% of covered assets	% of total assets	Contextual information
GAR Covered assets				
Exposure towards Taxonomy eligible activities	1,303,666	13.0%	7.6%	
- of which exposure towards NFCs subject to NFRD disclosure obligations	8,371	0.1%	0.05%	Financial and non-financial companies from public interest with more than 500 employees.
- of which Taxonomy aligned	376	0.004%	0.002%	Exposure towards credit institutions.
- of which, exposure towards households	1,295,295	12.9%	7.5%	
Exposure towards non-Taxonomy eligible activities	1,112,836	11.1%	6.5%	Exposures to financial and non-financial corporations that do not carry out activities eligible under the Taxonomy, as well as exposures to financial corporations that are not subject to reporting requirements under NFRD, including financing of local authorities for purposes other than housing financing.
SME and other NFCs not subject to NFRD disclosure obligations	5,219,839	52.1%	30.3%	Exposures to counterparties not subject to reporting under the NFRD.
Other assets and cash	2,059,431	20.6%	12.0%	
On demand interbank loans	322,526	3.2%	1.9%	
Derivatives	0	0.0%	0.0%	
Total amount of covered assets	**10,018,298**	**100%**	**58.2%**	Includes all assets, excluding exposures to central governments, central banks and supranational issuers, trading book assets classified as held for sale and unsecured exposures to households.
Assets not covered by GAR calculation	**7,189,195**	**-**	**41.8%**	
Total assets	**17,207,493**	**-**	**100%**	Total assets before impairment.

Voluntary disclosure

In cases where counterparties have not yet disclosed information on the extent to which their activities are eligible and in line with the Taxonomy, the Regulation allows financial institutions to use assumptions to make an internal assessment and to disclose the results voluntarily, as the data and conclusions disclosed shall not contradict and not take precedence over mandatory reporting.

For the purposes of its voluntary reporting, the Bank uses data on the main activity of the counterparties and the purpose of the provided funds. To assess the eligibility under the Taxonomy of SME and NFC activities (other than SMEs) that are not covered by the disclosure obligations under the NFRD, the categorization of the enterprise by economic activity used for the purposes of the Bulgarian National Bank (BNB) and up to level 4 of the Classification of Economic Activities (CEA 2008) is considered.

As a result of the analysis, the Green Asset Ratio (GAR) was also calculated, which covers exposures to customers whose activity is electricity production through solar photovoltaic technology. The technical criteria for a significant contribution to achieving the goal of "Climate Change Mitigation" are easily achievable and are limited to the establishment of the photovoltaic installation. In order to fully comply with the requirements of the Taxonomy, companies must provide the necessary documentation to ensure that no significant harm is caused to the remaining five objectives (such as climate risk assessment, EIA documentation) and compliance with minimum social safeguards.

(in thousand BGN)	**Gross carrying amount**	**% of covered assets**		**% of Bank's total assets**	
Reporting period	**2024**	**2024**	**2023**	**2024**	**2023**
Exposure towards Taxonomy eligible activities	**3,840,176**	**40%**	**38%**	**24%**	**23%**
- of which, exposure towards NFCs subject to NFRD disclosure obligations	41,580	0.4%	0.1%	0.3%	0.1%
- of which, exposure towards companies not subject to NFRD disclosure obligations	2,349,424	24%	23%	16%	14%
- of which, exposure towards Households	1,490,752	15%	15%	9%	9%
Green asset ratio (GAR) – amount as of 31.12.2024 – Exposure towards Taxonomy aligned activities	**47,297**	**0.5%**	**0.2%**	**0.3%**	**0.1%**

Social information

Own work force

In 2024, Fibank's human capital management processes and activities were implemented in a productive and intensive manner, in response to the needs and requirements of the business and the dynamic development of the labour market, with a focus on achieving operational efficiency and effectiveness of the core internal people management functions and processes and applying innovative approaches and initiatives to develop the performance of employees and teams to achieve high performance at work.

During the year, initiatives, projects and programmes were implemented to support high performance in corporate governance and sustainable development of the organisation, support the implementation of various business initiatives and plans, proactive contribution in the integration between business and education, technological development and provision of personnel management activities and processes to achieve operational efficiency, positive positioning of Fibank's employer brand, care and support for employee health and maintenance and development of productive and positive working environment, supporting working performance and motivation of employees and working teams for achieving high working results.

Human capital management policies

First Investment Bank has written policies and procedures regarding human capital management, including. The Rules and Regulations of the Bank's Internal Labour Procedure, which regulate the organisation of work in the Bank, taking into account the peculiarities of the activities of the individual structural units, the organisation of the labour process, the nature of the professions and positions of the employees, as well as the individual labour rights and obligations of the Bank as an employer and of the employees. The activity complies with the applicable regulatory requirements in this area, including the Labour Code, the Social Insurance Code, the Law on Protection against Discrimination, the Law on Occupational Health and Safety, the Ordinance on Calculation and Payment of Cash Benefits and Allowances from State Social Insurance and the Ordinance on Working Hours, Breaks and Holidays.

The internal documentary framework in the area of human capital management regulates the rights and obligations of employees and of the Bank as an employer, the establishment, modification and termination of employment relationships, the procedure for the assignment, performance and reporting of employment duties, compliance with internal rules and orders, the procedure and manner for secondment of employees, working hours, breaks and holidays, the dress and appearance of employees, disciplinary liability, the prohibition of discrimination, as well as the access regime, including the fire precaution regime and safety instructions.

All employees of the Bank are entitled to remuneration, regulated working hours, breaks and holidays, safe and healthy working conditions, the opportunity to improve their professional qualifications, social and health insurance, and timely, reliable and comprehensible information in connection with the performance of their work duties.

Adequate wages and remuneration indicators

First Investment Bank is committed to the principle of fair and equal remuneration for equal work or work of equal value, applying uniform labour assessment criteria in determining remuneration and ensuring adequate remuneration of employees, by taking into account the current priorities for the development of the Bank's activities and the general trends for the development of the labour market in the country, as well as strict compliance with the national regulatory requirements for wages and insurance thresholds for the relevant categories.

First Investment Bank's remuneration principles are structured to contribute to sound corporate governance and risk management. The Bank applies a Remuneration Policy in accordance with regulatory requirements that is aligned with the Bank's business and risk strategy, objectives (including sustainability), values and long-term interests, promoting sound and effective risk management, and does not incentivise risk-taking in excess of the Bank's acceptable level.

The main objective of the Policy is to attract and retain highly qualified staff, motivating them to achieve high performance at a moderate level of risk and in line with the long-term interests of the Bank and its shareholders. It is based on the principles of avoidance of conflict of interest and discrimination, equal treatment of all employees, gender neutrality, documented, objective, sound risk management.

in %	2024
Gender pay gap (%)	21.4%

For more information see section "Report on the implementation of the remuneration policy".

Social security and leave benefits

In accordance with the internal rules and procedures concerning human capital management, the Bank insures employees for all insured social risks, including social and health insurance in accordance with the Social Insurance Code and its implementing regulations. With regard to the procedure for taking leave due to temporary incapacity for work, including in relation to the accounting and payment of sick leave, pregnancy and childbirth benefits and childcare benefits for children up to 2 years of age, the requirements of the Ordinance on the Calculation and Payment of Cash Benefits and Allowances from State Social Insurance are observed. The employment contracts of the Bank's employees comply with the applicable provisions of the Labour Code and do not contain any clauses deviating from the provisions of the law and common practice. *For more information see section "Report on the implementation of the remuneration policy".*

The Bank's human capital activities are structured in compliance with the principles of ensuring an equal work environment and prohibiting discrimination or preferential treatment, including on the basis of gender, race, age, sexual orientation, ethnicity, religion, etc.

Health and safety

One of the Bank's main obligations as an employer is to provide employees with safe and healthy working conditions in accordance with the Labour Code and the Occupational Health and Safety Act and their implementing regulations. All newly recruited employees shall be familiarised with their rights and obligations, the internal labour regulations, the rules on occupational health and safety, including the related safety instructions and the fire safety regime at the Bank. For this purpose, there is also an internal intranet page through which the main communication with employees is carried out, and where all applicable internal rules and policies and other regulatory documents concerning their work and the Bank's activities are published.

Whistleblowing

Fibank, guided by the understanding that following legal and ethical conduct in relations with stakeholders, including employees, is an important aspect that underpins its overall business, has also adopted a Whistleblowing Policy. *For more information see section "Governance information".*

Engagement programs and interactions with employees

Proven engagement programmes and initiatives continued in 2024, with key among them:

- Fibank's Corporate Employee Mutual Aid and Assistance Programme - **Solidarity Fund,** which is formed and developed as a result of voluntary employee participation and an employer donation equal to the total amount raised by employees in the relevant month. The program provides assistance to both participating employees and their family members.

Фонд Солидарност

- The project for the implementation of the long-term strategy for the development of the Bank's **Employer Branding** continued through an active communication and advertising media campaign and participation in forums in order to positively position the Bank among different audiences in Bulgaria and abroad

- **Fibank High Tech Pro** Corporate Programme - aimed at training, professional guidance and career development of young talents in the field of information technology and cybersecurity - final year students and students in IT/technology-oriented educational institutions with interests in: application software development; communication infrastructure; system administration; information security; IT audit; digital banking. The program combines training, work in the Fibank team and motivating incentives for those selected to participate and their personal mentors - highly qualified specialists from the Bank's technology units.
- **Corporate program for attracting prepared and highly motivated employees to the Bank by employee recommendation (Referral Program)** - the results of the program are proof that the Bank's employees have excellent judgment and recommend some of the most suitable candidates for employment - motivated to work for the cause of Fibank, contributing to the development of teams and achieving the goals and high performance of the Bank.
- For the second consecutive year, the corporate **Health and Body Modeling Fi Pro** program was held - a sports initiative to support Fibank employees in developing a healthy lifestyle and good physical shape, as well as to develop an even more positive work environment. The second edition of the programme features weekly competitions between employees, as well as a seasonal challenge for healthy individual modelling and change for a fit body and mind.
- In 2024, the project to implement a **performance management module** to the HR Information System was successfully completed - during the year, the use of the module covered all employees and managers in the Bank. The objectives of the project are aimed at achieving greater efficiency and responsiveness of the performance appraisal and development process, providing timely, objective and useful feedback to employees.

For the second consecutive year Fibank organized a Christmas party for the children of its employees, which was held within the Sofia Christmas Fest, where over 200 children of Fibank employees in the capital participated in an unforgettable holiday prepared especially for them, with a circus show, a musical program, gifts for the kids and a special Christmas treat.

Programs for education and development

During the year, Fibank organised a **Sustainable Future Internship Programme** as part of its overall approach to creating and implementing integrated HR solutions to support the business. The programme is aimed at all young people at the beginning of their professional career who want to develop knowledge towards sustainable business transformation. The internship program includes trainings and presentations, work and participation in projects and assignments with a focus on: sustainable development in core functions and areas of the business, digitalization with an emphasis on the development of in-demand and valued on the labor market digital competencies, individual career guidance through career counseling and assisting interns in choosing a successful path to professional and career development. The "Sustainable Future" internship program is an excellent opportunity for young people to receive practically oriented training and improvement of highly valued professional competencies - an invaluable asset for successful professional realization and future career development.

A long-term corporate **Talent and Succession Development Program** was structured and approved for implementation, aimed at identifying and developing talent within the organization to maximize efficiency in corporate governance by providing reliable support to senior management and executives in key positions, as well as succession planning and sustainable development of the organization. In 2024, a group of talented employees who meet Fibank's standards and criteria for high professional expertise in specific areas and the potential to effectively perform in the future responsibilities related to the management of processes, activities and teams at a senior management level were identified and nominated for participation in the programme. As part of the programme, nominated talents will undergo various training, mentoring and coaching sessions and other activities according to an individual development plan.

In 2024, more than 50% of Fibank's employees underwent various forms of training in one or more topics and training areas, and among the more significant **training projects and initiatives** with a long-term impact on performance are:

- Training in connection with the introduction and presentation of **a new approach to customer service - "360 Customer view"**, designed for branch managers and front office employees

- Training **"Microcredit - credit products and credit process"** - for employees of the Bank's branches involved in microcredit. The training is aimed at expanding opportunities for attracting and retaining customers through the implementation of new products and programs, increasing sales, increasing the efficiency of the credit process by upgrading the skills and knowledge of credit specialists in financial analysis, project financing and offering and structuring flexible solutions for customers.
- **Investment and debt product training** - to develop the skills of front office staff and branch managers to offer and sell the most useful product solutions to Fibank's customers, in line with current trends and challenges in the banking sector.
- Training in the development of English language skills **in a working environment** - in line with Fibank's strategy and plan for the development of language competence in order to improve the quality of customer service and competitiveness.
- Technical trainings - in the field of card payments, focused on ATM services in connection with the development and modernization of the Bank's terminal network, as well as in the field of information and communication technologies and security, in connection with the introduction of new and updated systems and technologies.
- Conducting **refresher and upgrading seminars** for employees working with clients - to discuss current cases, update knowledge of rules and organization of work and develop knowledge of products and services offered.
- Continued successful delivery of the proven and relevant **inbound training programmes for newly recruited staff**, covering all key areas and topics required for induction and familiarisation with the Bank's operations, including corporate governance, ethical requirements and code of conduct, internal control functions (risk management, compliance and internal audit), anti-money laundering and counter-terrorist financing measures, procedures, systems and business activities
- The successful practice of **conducting multiple e-learning courses** has been maintained - e-learning courses have been conducted to develop the knowledge and skills of employees in various areas such as: automated processes in microcrediting, mutual funds, robotic process automation, information security, financial instruments and investment intermediation, prevention of money laundering and terrorist financing, induction training for new employees.
- Fibank continues to invest in the development of the qualification and motivation of its employees - the Bank finances the training of 16 employees in the **Master's programme "Bank Management and Investment Activity"**, developed jointly with the Higher School of Insurance and Finance (VUZF), with a focus on building partnerships and integrating business with education.

Банков мениджмънт
и инвестиционна дейност

Characteristics of working force and diversity metrics

As at 31.12.2024, the number of staff of First Investment Bank on a consolidated basis amounted to 2,692 employees compared to 2,953 a year earlier. The majority (72%) of the Bank's employees were women. The distribution of employee by countries reflects the main activities of the Bank in Bulgaria, as well as foreign operations through a branch in Cyprus and a subsidiary bank in Albania.

	In numbers / % of total	**2024**	**%**	**2023**	**%**
Gender	Men	745	28%	839	28%
	Women	1,947	72%	2,114	72%
	Other	0	0%	0	0%
Country	Bulgaria	2,398	89%	2,503	85%
	Cyprus	17	1%	17	1%
	Albania	277	10%	433	15%
	Total employees on a consolidated basis	2,692	100%	2,953	100%

At the end of the year, 10% of the Bank's employees were under the age of 30, 61% were between 30-50 years and 29% were above the age of 50. Only 3% of employees were part time employees.

2024	In numbers / %	Men	Women	Other	Total
Employ-ment	Permanent	644	1,667	0	2,311
	Temporary	20	55	0	75
Age	Under 30 years	70	178	0	248
	30-50 years	350	1,098	0	1,448
	Above 50 years	244	446	0	690
Working time	Full-time	654	1,656	0	2,310
	Part-time	10	66	0	76
Turn-over[15]	Left employees	90	256	0	346
	Turnover rate	13.6%	14.9%	0%	14.3%
	Total employees on an individual basis	**664**	**1,722**	**0**	**2,386**
Employes of the Group	Employees in subsidiaries	**81**	**255**	**0**	**306**
	Total employees on a consolidated basis	**745**	**1,947**	**0**	**2,692**

For more information on diversity in the Supervisory and Managing Board, see sections “Supervisory Board“ and “Managing Board“.

Policy for nomination and suitability assessment

In 2024. The policy for the selection and suitability assessment of members of the management and supervisory bodies and persons holding other positions was updated mainly in relation to the requirements for declaring close associates within the meaning of the Credit Institutions Act, as well as in relation to the assessment of individual and collective suitability, succession planning and the induction and training programme for members of the Management and Supervisory Boards. The internal framework in this sphere is in line with the requirements and good practices, including the Law on Credit Institutions, Ordinance No 20 of the BNB on Issuance of Approvals to Members of the Management Board (Board of Directors) and Supervisory Board of a Credit Institution and Performance Requirements for Their Duties and the joint EBA and ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06).

The Policy sets out the basic requirements, principles, guidelines and criteria for selection and assessing the individual and collective suitability of members of the bodies of First Investment Bank who have management and supervisory functions, as well as with regards to the key function holders within the Bank. The Policy structures and identifies the essential fit and proper requirements and criteria (including with respect to needed knowledge, skills and experience; reputation, honesty and integrity; independence and allocation of enough time for performing of duties; as well as the practices for encouraging diversity, succession planning and training), so that they to a maximum extent meet the high standards applied by the Bank with a view to making an adequate contribution to the realization of its objectives and strategy.

The Bank applies a policy for encouraging diversity with respect to Supervisory Board and Managing Board in order to maintain a diverse group of board members and to provide diverse views and experience to facilitate independent opinions/decisions and sound governance, which includes various aspects such as work experience, educational qualifications, gender, age, geographical diversity. With respect to the composition of the bodies, the Bank seeks to maintain a target level of 30% of the members of the Supervisory Board and of the Managing Board to be from the underrepresented gender, as if necessary rounding off (down) to an integer. As of 31 December 2024, the Bank fulfilled the set target in the policy. *For further information regarding diversity, see sections Supervisory Board and Managing Board.*

15 Left employees included the aggregate number employees who left during the period voluntarily or due to dismissal, retirement, or death in service. The turnover rate was calculated comparing left employees to total number of employees at period-end.

Affected communities

Policies on engaging with affected communities

First Investment Bank successfully consolidates its image as a socially responsible institution, implementing various engagement policies, projects and initiatives in the field of corporate philanthropy and support for socially vulnerable groups and disadvantaged people, as well as for the development of Bulgarian sports, culture and education.

- In 2024, the total value of funds donated by Fibank for various social initiatives and sponsorships exceeded BGN 450 thousand (2023: 300 thousand).

Support for development of Bulgarian sport

Fibank is actively committed to the development of Bulgarian sport and the support of young talents as part of its social responsibility initiatives aimed at the affected communities.

In February 2024, with the support of Fibank, a charity auction was organized through which celebrities united around the cause of the Bulgarian Sports Federation for Children and Youth at Risk. During the event in the town of Bansko, organized as part of the 100th-anniversary of the Bulgarian Ski Federation, a total of BGN 243,745 was raised to support the initiatives organised by the Bulgarian Sports Federation for Children and Youth at Risk.

The Bank continues to support initiatives as a general sponsor of the Bulgarian Olympic Committee (BOC) and sponsor of the Bulgarian Athletics Federation (BAF), the Bulgarian Rhythmic Gymnastics Federation (BRGF) and others.

Once again Fibank presented its charity calendar for 2025 in support of the Bulgarian Rhythmic Gymnastics Federation. The calendar is a recognition of the achievements of the graces of the national team who inspire with their perseverance, elegance and victories. Anyone wishing to join the cause can buy the calendar for the symbolic sum of BGN 10 at any Fibank branch or office across the country. The bank will double the funds raised at the end of the campaign, with all proceeds going to the Bulgarian Rhythmic Gymnastics Federation for the development of young talents and future champions. In the previous year, BGN 21,924 were donated to the Bulgarian Rhythmic Gymnastics Federation as part of the charity campaign.

Fibank, committed to a healthy and sustainable lifestyle, has supported the mass discipline of the Sofia Marathon (12-13 October 2024) and people doing urban sports by promoting a healthy lifestyle through sport.

First Investment Bank also took part in the annual competition “The Big Tech Run”, which is held in Sofia Tech Park, among representatives of companies from the technology and financial sector. Fibank’s team of four runners successfully ran the course of the race and finished at the top among more than 800 participants in the 5 km discipline. The race is for a charitable cause and the funds raised will support the mission of Trotoara 2020 Community Center, which aims, using creativity, music, arts, volunteering, to bring together different groups of people and involve them in common activities, to create an environment and community for students, volunteers and all those who need to develop, discover themselves and do it together.

In 2024, Fibank supported the "Federation for Children Deprived of Parental Care and their Adaptation through Sport", which mainly takes care of young people playing sports and creating conditions for their development. The championships attracted more than 1,000 graduates aged 13-18 from 70 social institutions across the country.

Support of socially vulnerable groups and disabled people

Supporting socially vulnerable groups and disadvantaged people is among the important causes that First Investment Bank strives to support in the implementation of its social responsibility programme.

In 2024, the Bank took part in the "Guide to Good" festival, which was held in Razgrad and gathered over 400 representatives of 41 social services from 9 districts of Bulgaria. The event included a programme for the exchange of good practices and demonstration of social skills and presentation of effective social models from the practice of social services in Bulgaria, as well as promoting the inclusion of representatives of socially vulnerable groups (disadvantaged people, children, youth and adults with disabilities) in public life.

Support for development of Bulgarian art and culture

Fibank, as an institution committed to supporting culture and art in the country, has implemented long-term initiatives to support the "Union of Artists in Bulgaria" through a specially created social fund for pensions and scholarships to deserving and distinguished artists, as well as for the development of new talents on the theatrical scene. The initiative has established itself as a practice over the years and enjoys outstanding support as a valuable social project that cares for the development and recognition of artists and their well-being and development opportunity.

In 2024. First Investment Bank for another year took part in the official ceremony of the National Icarus Awards, organized by the Union of Artists in Bulgaria.

Fibank is the first bank in Bulgaria to take its communication with customers to the next level by imposing a sound brand identity. Striving to find innovative solutions, Fibank created an audio logo in 2024 to increase brand recognition. The audio logo is expected to help develop and build on social engagement, and its integration into banking systems will further facilitate access to services for the visually impaired.

Support for career development and realization in Bulgaria

Fibank is actively committed to the career development and realization of young people in the country. To this end, the Bank was part of the "Career and Life - Why in Bulgaria" forum, organized by Bulgaria Wants You, which was held in dozens of cities in the country and beyond, focusing on talented young people who wish to return and work in their home country. The event was held in June in Sofia and managed to gather over 1,000 people, some of whom saw a real opportunity for career growth at the Bank. Fibank was among the companies that offered real opportunities for development and realization and was among the brands that support young talents and their social development.

During the reporting period, Fibank also participated in the Webit conference and the Future Forum career event - one of the most prestigious technological events held in Bulgaria, with a focus on the innovations and digitalization of the business, as well as the development of skills among young people to help them in the new digital era.

In March 2024, Sofia hosted the second edition of the professional orientation forum "What should I become when I grow up?" organized by the Foundation "For Good Examples in Business". The event, supported by Fibank, was aimed at students from 7th to 12th grade, and the aim of the initiative is to introduce the audience to different professions and the knowledge and skills required for them, with the opportunities for realization and prospects for development, as well as to orient young people in their personal choice in time by introducing them to professionals from different fields and motivating them to live and succeed in Bulgaria.

Consumers and end-users

First Investment Bank strives to provide its customers with banking products and services of the highest class and in accordance with the best banking practices, applying the principles of honesty, ethics, care and respect in relations with customers, as well as compliance with applicable legislation, moral standards and respect for human rights.

Policies on informing consumers and end-users

First Investment Bank complies with customer information requirements when offering products and services, as part of the general consumer protection requirements, including by providing pre-contractual information including various data and information depending on the specific service, such as: terms and conditions of the products and services offered, general terms and conditions, depositor information bulletin, information on the processing of personal data, tariff of fees and commissions and interest rate bulletin, glossary of terms for the most preferred services related to payment accounts, fee information document, standard European form for information disclosure on consumer loans, standard European form for information disclosure on mortgage loans, reference interest rate calculation methodologies and other specific information, including with respect to providing investment services and activities.

In 2024, Fibank took initiatives to provide general terms and conditions and other documents in an accessible form for disabled consumers in accordance with current legislation and European Union law in the area of harmonisation of accessibility requirements for products and services.

The Bank develops various channels for communication and customer awareness, including:

- Contact Center - functioning as an effective channel for communication and sales of targeted products and services, as well as for attracting new and retaining existing customers by providing services in accordance with established standards and business objectives.
- Corporate website - an active channel for product communication and customer awareness, as well as providing video consultation services on loan products and opportunities to communicate (chat) directly with the Bank's experts and use interactive voice assistant.
- Corporate blog - an online communication channel, including an important part of the key announcements, news, initiatives, as well as financial analysis and research related to the market of banking products and services, as well as providing the AskFibank platform for asking questions and getting expert opinion..

For more information see section "Distribution channels".

Policies on creation and approval of products and services

The internal rules governing the creation and approval of products and services at First Investment Bank are structured to offer products and services that are in the best interest of clients, while providing appropriate information on product features and risks, and distribution channels tailored to the specific target market.

Internal policies and processes related to lending and offering credit products to consumers are structured in compliance with responsible banking principles, including:

- Transparency - providing clear, accurate and understandable information to consumers on all aspects of the credit products and services offered;
- Fairness - treating borrowers fairly and offering credit products in a responsible manner that does not lead to undue hardship and over-indebtedness for borrowers;
- Legality - strict compliance with applicable regulatory requirements, including with respect to the form and content of contractual documentation with borrowers;
- Sustainability - creating loan products that are sustainable and structured according to the ability of borrowers to service them without exposing them to excessive risk.

The Bank complies with the requirements applicable to credit institutions in relation to consumer protection, incl. Consumer Protection Act, the Credit Institutions Act, the Payment Services and Payment Systems Act, the Consumer Credit Act, the Consumer Real Estate Loans Act, the EBA Guidelines on the provision and monitoring of credit and the EBA Guidelines on product control and retail banking product governance rules.

Personal data protection

As part of its internal organization as a data controller, the Bank further structured and developed the principles and grounds for processing personal data, including with regard to their transparency, legitimacy, rights of data subjects, as well as technical and organizational measures to protect such data.

In compliance with the requirements of the General Data Protection Regulation (GDPR), the Bank has a Data Protection Officer (DPO) – e-mail: dpo@fibank.bg. The DPO has a leading role in ensuring the lawful processing of personal data in the Bank's structure, conducts awareness-raising training and contributes to building a data protection culture. The DPO is a contact person with the Commission for the Protection of Personal Data and on issues related to the exercise of the rights of the data subjects. The Data Protection Officer coordinates and organizes balancing tests and impact assessments, as well as regular monitoring of data processing registers under the GDPR.

As a personal data administrator, First Investment Bank provides privacy notices to customers. Information regarding the processing of personal data is provided depending on the services used (e.g. payment services, bank cards, loans, investment services and activities, etc.). Where necessary, the Bank enters into agreements with counterparties involving exchange of personal data in compliance with current regulations and GDPR requirements.

In order to secure and protect personal data, the Bank carries out daily monitoring of personal data exchanged with external recipients through a specialized Data Loss Prevention (DLP) system which it constantly develops and improves.

Complaints handling procedures for customers

First Investment Bank strives to maintain and develop banking services at high professional standards, tailored to the individual needs and with care for each client. The quality of the services offered by the Bank is a top priority, which is why the possibility of submitting complaints in written form at any bank office, as well as electronically, is provided in accordance with the Customer Complaints Procedure announced on the website at www.fibank.bg.

The Bank shall give its decision and notify the user in writing of its opinion within 15 working days of receipt of the complaint, unless an extension of that period is necessary, of which the user shall be notified in writing. If the Bank does not decide on the complaint within the relevant time limit, including under the conditions of the extension, and if the user does not agree with the Bank's opinion, the user shall have the right to refer the dispute to the Conciliation Commission for Payment Disputes of the Consumer Protection Commission or, in the case of payment service contracts concluded online, to use the online dispute resolution platform (http://ec.europa.eu/odr).

Financial inclusion of women enterprenuers

First Investment Bank has been developing a program to support women entrepreneurs - Smart Lady since 2018, targeting mainly micro, small and medium-sized enterprises run by women, as well as businesses producing products and services designed for women. In 2024, the programme turned six years old, during which time it has funded more than 1,100 business projects worth over BGN 120 million, which have helped women entrepreneurs create new businesses or grow their existing businesses in areas such as education, advertising, manufacturing, agriculture and services. Credit solutions include investment and working capital loans, as well as additional package services including credit cards, medical insurance, and child savings deposits and/or debit cards for children and teenagers.

As part of the programme, conferences, trainings and information seminars are held where women can exchange experiences and receive professional advice, as well as providing distance learning and awareness on topics relevant to them through a specially created electronic platform. Since the inception of the program, nearly 1,000 ladies have participated in specially designed training, mentoring sessions and business events.

Since 2021, as part of the programme, the Sustainable Lady Fund has been operating to support innovative sustainable projects by women entrepreneurs, created with a joint initiative of Mastercard, through which promising projects by women entrepreneurs are periodically awarded, as well as financial grants being provided for the prize ideas that have received the highest rating from a dedicated jury. By 2024, 32% of the loans granted in the small enterprise segment supported companies whose production process is sustainable.

With the environmental footprint of business in mind, the Smart Lady programme supports the National Mentoring Programme - Mentors BG, which is a training hub for over 110 women entrepreneurs. In 2024, the mentoring programme introduced a dedicated training module on Sustainable Business, based on the University of Cambridge, Institute for Sustainability Leadership programme. The year also saw the launch of a National Programme for Women Entrepreneurs, in collaboration between Smart Lady and the Women's Business Community at the Entrepreneurship and Start-up Council of the Bulgarian Chamber of Commerce and Industry (BCCI) and Mentors.BG. During the year in 4 cities in the country (Plovdiv, Stara Zagora, Gabrovo and Veliko Tarnovo) more than 200 ladies received training in sustainable business and project financing.

Early financial literacy

First Investment Bank actively develops activities and initiatives related to the development of financial literacy among children and young people. In March 2024, the "European Money Week 2024" was held in schools across the country to early childhood financial literacy, during which over 5,000 students in the age groups 7-11 and 12-18 were educated. The initiative is the European Banking Federation and the Association of Banks in Bulgaria with the aim of conducting educational campaigns aimed at students to increase their financial literacy and to promote a responsible attitude towards personal finance and savings. During the trainings, children are introduced to basic concepts such as: payments at a POS terminal, withdrawing and depositing money at an ATM, PIN code, saving and spending, family and personal budget, debit and credit, online shopping, digitizing a card/digital card in a smartphone and other topics that are useful and practical in modern everyday life.

As part of its commitment to financial inclusion and financial literacy, since 2016 Fibank has been the first bank in the country to offer contactless debit cards for children and adolescents, as well as accessories for contactless payments in the form of bracelets or key chains with an integrated microcard for contactless payments. With these, the child has the ability to withdraw money at an ATM and make payments independently, while the parent retains control of the spending and chooses what limits to set, as well as receiving notification of each card authorization. The cards for teenagers (14-18 years) have also developed options for a certain level of autonomy, e.g. with the consent of the parent the account and card can be issued in the child's name, as well as the possibility to shop on the internet, issue a digital card, and a special savings account "Smart Teen" to save money.

In September 2024, the Bank ran a "Back to School" campaign to issue debit cards for children and adolescents, providing the opportunity to win annual subscriptions to a Bulgarian online education platform for students.

Equal access to financial services for disabled people and with respect to digitalization of services

First Investment Bank has successfully developed activities aimed at ensuring equal access to financial services for disadvantaged people, some of which are aimed at supporting blind and low-stature people.

The bank has implemented voice menus in some of its ATMs to assist blind persons in withdrawing money. As at the year end, over 150 units have been equipped at key locations in major cities across the country in line with good banking practices to facilitate the use of daily banking transactions by the blind. The ATMs provide audible instructions so that people who cannot read the screen can use the machine independently using only the numeric keypad below the screen. Information is provided via a headset (owned by the customer) which should be plugged into a jack on the front of the machine. Fibank's long-term goal is to make every new ATM suitable for use by visually impaired people.

Since 2016, Fibank has been the first Bulgarian bank to build ATM terminals specially adapted for people with short stature, and continues to increase their number in order to wider use. The bank is also a long-standing partner of the National Small Bulgarian People organisation, with which it implements projects and supports through corporate donations.

In 2024, Fibank Digital Zone was introduced - an innovative digital zone in the Bank's offices, including a self-service area, mobile workstations and spaces for virtual meetings, digital training and video consultations with customers. In order to support customers and end-users in the processes of increasing digitalisation of services, the new digital zones can serve as spaces for training and consultation with a focus on the use of digital financial services and increasing financial digital literacy among school and university students.

Promoting successful and innovative business models in the country

For the 12th consecutive year, First Investment Bank awards the most successful Bulgarian companies in the "Best Bulgarian Company of the Year" competition. The initiative is implemented thanks to Fibank, with the aim of drawing public attention to the best examples of business in the country and promoting their successful business models, which will contribute to their competitiveness and innovation.

The focus of this year's edition is on the policies and principles of sustainable development, which are an integral part of modern corporate governance. They help build sustainable business models, attract investors and partners, ensure a balance between profitability and social responsibility, and create added value for both business and society. This year, nearly 350 Bulgarian companies participated in the competition.

As the largest bank with Bulgarian capital, First Investment Bank plays a strategic role in supporting the country's economic development and is among the leading lending institutions financing Bulgarian businesses.

Governance information

Business conduct and corporate culture

Code of Conduct

In order to establish the professional and ethical standards applicable and required for the Bank as a commercial company, working environment and credit institution, First Investment Bank has adopted by the Management Board and approved by the Supervisory Board a Code of Ethics, which defines the basic principles, ethical norms and corporate values on which policies and business plans, rules, procedures and daily operational work are built

The Bank's activities are based on the following principles:

- knowledge and observance of the current legislation, moral norms and customs, respect for human rights;
- Loyalty and commitment to the Bank's mission and values;
- responsible attitude to work duties, integrity, transparency and impartiality;
- Integrity, ethics, care and respect in customer relations;
- observance of the hierarchy, strict implementation of the orders of supervisors, mutual respect and tolerance in relations with subordinates and other employees, teamwork;
- avoiding the influence of personal and political bias in the performance of official duties.

The Bank successfully conducts regular (face-to-face and/or electronic distance) inbound training programs for newly recruited employees, covering all key areas and topics required for induction and familiarization with the Bank's operations, including corporate governance, ethical requirements and code of ethics, internal control functions (risk management, compliance and internal audit), anti-money laundering and counter-terrorist financing (AML/CFT) measures, personal data protection, procedures, systems and business activities. *For more information one educational programs see section "Social Information", sub-section "Own work force".*

Code of Conduct for internal auditors

In connection with internal audit activities, the Bank has adopted by the Board of Directors, in prior consultation with the Audit Committee, a professional code of ethics for internal auditors, which describes the professional and ethical standards, including the principles of honesty and integrity, independence, objectivity and impartiality, confidentiality, competence, cooperation and conflict of interest, as well as the rules of conduct to which internal auditors must adhere and observe during their work. The Code of Ethics for Internal Auditors complies with applicable regulatory requirements in this area as well as the International Standards for the Professional Practice of Internal Auditing issued by the Global Institute of Internal Auditors.

Whistleblowing

First Investment Bank, guided by the understanding that the pursuit of lawful and ethical conduct in relations between management, employees and stakeholders is an important aspect that underpins its overall business, has adopted a Whistleblowing Policy. The purpose of the policy is to systematize the means and procedures for reporting suspected misconduct and work process issues to ensure that they are dealt with and resolved in a transparent and fair manner, while ensuring due care is taken to protect the rights and data of whistleblowers. The policy complies with the requirements of the Whistleblower Protection and Whistleblower Protection Act (WPWPA).

The whistleblowing policy is based on the following basic principles:

- Providing employees with a choice of several reporting channels other than the Bank's main communication channels;

- Ensuring due diligence to protect the rights of employees who act in good faith by blowing the whistle;
- implementing a whistleblowing mechanism that ensures timely, impartial and professional handling;
- ensuring that the necessary action is taken to limit the consequences of unlawful or unethical acts and that appropriate action is taken against those responsible.

Whistleblowers have the right to facilitate access to whistleblowing channels, the right to submit an anonymous report, the right to request that their identity not be disclosed when the report contains data that identifies them, and the right to respect for their honour, dignity and safety.

Establishing an environment of trust and respect for whistleblowing, and conducting consistent and impartial follow-up on whistleblowing, is a key element in maintaining the Bank's high corporate spirit and reputation.

Management of conflict of interest and non-admission of corruption practices

First Investment Bank has a Conflicts of Interest Management Policy adopted by the Management Board and approved by the Supervisory Board, which consolidates the requirements in the applicable internal banking documents and further develops the necessary organization to identify, manage, prevent or mitigate current and potential conflicts of interest in a timely manner. The organisation of the Bank's work process is designed to minimise the possibility of situations involving conflicts of interest and, in accordance with the Code of Ethics, employees are required to place the interests of the Bank and its customers above their own interests, subject to confidentiality of information and protection of personal data.

Measures and actions are also structured to prevent corrupt practices, and in the performance of their duties, employees may not solicit and/or receive, directly or indirectly, gifts, favours, benefits or other advantages from clients or third parties. The only exception is for gifts of small value which are company souvenirs or gifts with a company logo, which are obviously offered as a courtesy and where refusal would breach the requirements of the protocol. The offering of any form of bribe or pecuniary advantage, or the inducement of any action in connection therewith, or the use in any way of official position to obtain unlawful benefits or to gratify unlawful interests is prohibited.

In 2024. First Investment Bank, represented by the Chief Compliance Officer, participated in the 12th Annual International Anti-Corruption Forum, held in London and attended by over 300 delegates - representatives from both the business and public sectors, including representatives from the European Commission, the Organisation for Economic Co-operation and Development (OECD), the UK Anti-Corruption Office, the French Specialized Prosecutor's Office, the US Department of Justice and others.

Risk culture

A sound and consistent risk culture is among the key elements of effective risk management. In line with good standards, Fibank strives to develop a risk culture that further strengthens the prevention, identification, assessment and monitoring of individual risks, including through the implementation of appropriate forms of risk management training for employees and senior management.

The Bank aims to apply the following principles to ensure a high risk culture:

- taking risks within the approved risk appetite;
- approval of each risk in accordance with the current levels of competence and internal risk management framework;
- Ongoing/permanent monitoring and management of risks, including consideration of environmental, social and governance (ESG) factors;
- the responsibility of employees at all levels to manage and escalate risks, applying a conservative and forward-looking approach to assessment;
- Effective communication and constructive criticism in order to make sound and informed decisions, as well as creating the conditions for open and constructive engagement throughout the organisation;
- implementing appropriate incentives that contribute to sound and effective management and that do not encourage risk taking in excess of the Bank's acceptable level.

For more information on risk management and risk culture, see section "Risk management".

Corporate Governance Code

First Investment Bank AD operates in accordance with the Corporate Governance Code adopted by the Management Board and approved by the Supervisory Board. It outlines the framework and structures the main components, functions and responsibilities that make up the Bank's corporate governance system. The Code has been drawn up applying, in addition to the requirements of the legislation in force in the Republic of Bulgaria, the principles of the Basel Committee on Banking Supervision, the guidelines of the European Banking Authority (EBA), the applicable standards of the Organisation for Economic Co-operation and Development (OECD) in this area, as well as the recommendations of the National Corporate Governance Code approved by the Financial Supervision Commission.

The Code sets out the basic principles and requirements for maintaining and improving the Bank's organisation and management methods, aimed at:

- Integrity and responsible management based on adding value;
- effective management oversight and control practices;
- executive management and senior management personnel to act in the best interests of the Bank and to enhance shareholder value;
- Timely disclosure of information and transparency, including on sustainable development;
- an effective risk management and control system based on the "three lines of defence" principle.

For more information on corporate governance and corporate governance code, see section "Corporate governance statement".

Compliance and measures against anti-money laundering and teroroism financing

First Investment Bank carries out its activities in compliance with the applicable national and European regulatory requirements, as well as with the established standards in practice and internal banking regulations. Fibank takes all necessary measures to ensure that, in the performance of their duties, the members of the Bank's management and supervisory bodies and all employees act in accordance with applicable regulatory requirements and accepted moral and ethical standards of conduct in order to minimise the risks associated with the institution's activities.

Under the current legislation, banks in the Republic of Bulgaria apply measures to prevent the use of the financial system for money laundering and terrorist financing purposes. The measures applied by First Investment Bank are aimed at ensuring reliable prevention in accordance with the regulatory requirements in cooperation with other organisations and state authorities. In addition, the "Know Your Customer" principle is a condition for offering an appropriate service tailored to the individual needs of each customer, as well as contributing to the management of the risk of improper transactions.

Where client transactions are suspected of being related to money laundering or the financing of criminal activities, internal prevention and control systems and procedures are implemented, including criteria for identifying suspicious transactions, transactions and clients.

In 2024. First Investment Bank, represented by the Chief Compliance Officer, participated in the 17th International Annual Anti-Money Laundering and Financial Crime Conference held in London, which brought together over 400 delegates, industry representatives and senior officials from government bodies and international organisations, including the European Commission, Moneyval, FATF, Europol and others.

Participation in industry associations

First Investment Bank participates in various industry organizations as a lending institution and public company.

By 31.12.2024. First Investment Bank is a full member of the Association of Banks in Bulgaria (ABB) and the CEO of First Investment Bank is a member of the Board of the Association of Banks in Bulgaria. The Bank participates in the committees and working groups of the Association in order to provide opinions and discuss important topics, projects, coordination of legislative changes, communication with regulators and state authorities.

As a public company, the Investor Relations Director of First Investment Bank is a member of the Association of Investor Relations Directors in Bulgaria (AIRDB), whose main purpose is to protect the interests and support the activities of the Investor Relations Directors, as well as to provide representation before regulators and capital market institutions.

Relations with suppliers

As part of the business principles that the Bank applies in its activities are mutual respect, cooperation, professionalism and transparency in relations with business partners and third party suppliers of goods and services. In accordance with the requirements set out in the Code of Ethics, as a responsible financial institution, First Investment Bank strictly applies the principles of responsibility with regard to the obligations assumed, including in relation to payments to suppliers, as well as avoiding cases of non-payment or default on amounts due.

The Bank has adopted written rules for the conduct of tenders for the selection of suppliers of goods and services, which include the processes for structuring inquiries, tendering, selection of suppliers, applying the principles of equality and avoidance of conflicts of interest, as well as the introduction of internal controls with respect to the tracking of orders, quality control in the acceptance of goods or services received, control of invoicing and payment of contracts and orders. As part of the supplier selection process, a selection committee operates as a collective body through which an impartial and qualified selection of tenders submitted by suppliers is made on the basis of a set of criteria such as specification and technical parameters/indicators, quality of services, reliability and sustainability, qualifications and experience in performing similar tasks on the part of the potential supplier, price, delivery time, etc.

In cases where suppliers of goods and services perform an activity that constitutes an outsourced activity, First Investment Bank applies a specific Outsourcing Policy structured in accordance with the requirements regarding outsourcing set out by the Credit Institutions Act and the EBA Guidelines on Outsourcing (EBA/GL/2019/02). It regulates the main phases of the outsourcing process, including the definition of business requirements for outsourcing arrangements, the identification of critical or important functions, the identification, assessment and management of outsourcing risks, the procedures for the selection of the outsourcer and its due diligence, the monitoring and management of outsourcing arrangements, including the maintenance and retention of documentation and records, and the planning of business continuity and the management of the outsourcing process. As part of the methodology and templates for pre- and post-assessment of outsourcing risks, risks related to ESG factors are also examined in relation to counterparty risk. *For more information on outsourcing see "Risk management"*.

Application at group level

In accordance with First Investment Bank's Policy for Internal Governance at Group Level, as a parent company, First Investment Bank AD defines the basic principles, ethical standards, and corporate values as well as guidelines and principles regarding compliance with applicable legal and other regulatory requirements and recognized standards applicable to companies within the First Investment Bank AD Group, with a view to establishing a common framework for business ethics and conduct that will help maintain the good reputation of the subsidiaries and the Group as a whole

The subsidiaries shall comply with the Code of Ethics of First Investment Bank and adhere to the guidelines and principles set out in the Corporate Governance Code of FIB AD as well as the internal policies for managing conflicts of interest, reporting and managing unlawful and unethical conduct, and ensuring compliance with regulatory requirements and standards, taking into account the local regulations and specificities of their activities.

We develop
our portfolio with
innovative solutions

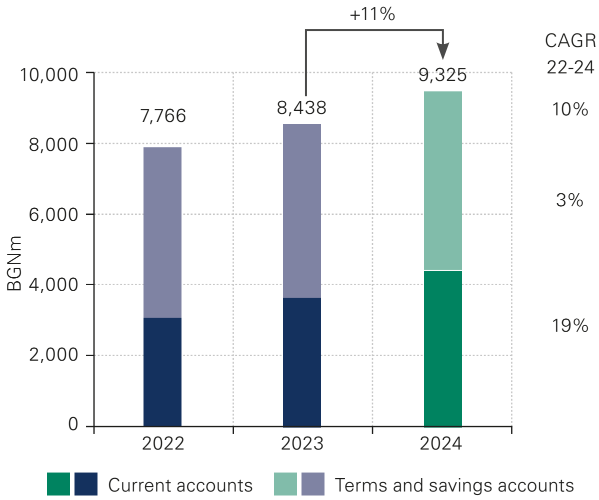
Business review

Retail banking

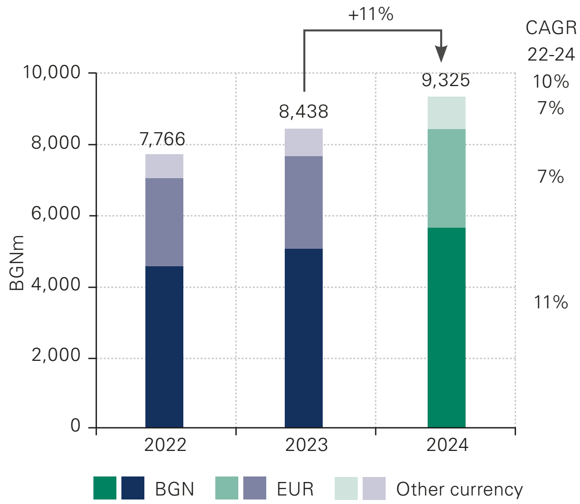
Deposits

In 2024, attracted funds from individuals increased and reached BGN 9,325,285 thousand compared to BGN 8,437,831 thousand a year earlier, mainly driven by the 21.0% increase in current accounts which BGN 4,343,903 thousand (2023: BGN 3,590,881 thousand) and reflect the Bank's consistent policy of long-term customer relationships, including cross-selling and transactional business development. At the end of 2024 they increase their shares and formed 46.6% of the attracted funds from individuals of the Group (2023: 42.6%).

Deposits from individuals



Deposits from individuals by currency



Fibank offers a wide range of current accounts, including the IQ current account, as well as accounts tailored to the specific needs of certain customer groups such as condominiums, notaries, insurance brokers and agents, private enforcement agents, etc. The Bank offers banking packets and programs, inlc. My Choice, My Choice Online, Digital Me, Digital Me+. Among the saving accounts is also the Gold Account , an innovative product for purchase, sale and keeping of dematerialized gold (XAU).

The Bank's policy is aimed at maintaining a stable deposit base by offering various types of savings products and applying high standards of customer service. Fibank maintained the interest rates on its savings products in line with the market conditions and the competitive environment, as well as the high liquidity levels.

By the end of 2024 term deposits and savings accounts were in the amount of BGN 4,981,382 thousand (2023: BGN 4,846,950 thousand), accounting for 53.4% of the funds raised from individuals (2023: 57.4%). During the year, new deposit products were developed for individuals with a maturity of 24 or 36 months, increasing interest and the option to open online or at a Bank office.

In terms of attracted funds from individuals First Investment Bank was placed fifth among banks in the country as at the end of December 2024 (2023: fifth). As of the same date the market share of the Bank amounted to 9.23% on individual basis (2023: 9.41%).

As an alternative to deposit products, the conditions of the Perspective term product were optimized during the year. This is a senior unsecured debt product with a fixed yield, intended for individuals and business customers offered in fulfillment of the minimum requirements for eligible obligations (MREL).

Loans

The gross loan portfolio of retail banking increased by 15.9% to BGN 3,249,495 thousand compared to BGN 2,804,476 thousand for the previous year, as a result of an increase in mortgage and consumer loans.

In thousand BGN / % of total	2024	%	2023	%	2022	%
Mortgage loans	1,714,620	52.8	1,477,996	52.7	1,285,749	50.7
Consumer loans	1,400,709	43.1	1,191,727	42.5	1,104,419	43.5
Credit cards	134,166	4.1	134,753	4.8	144,823	5.7
Other programs and secured financing	-	-	-	-	3,015	0.1
Total retail banking	**3,249,495**	**100**	**2,804,476**	**100**	**2,538,006**	**100**

In 2024, a new platform providing a comprehensive customer profile was implemented to facilitate customer service and increase sales efficiency.

Mortgage loans

By the end of December 2024, mortgage loans increased by 16,0% to BGN 1,714,620 thousand compared to BGN 1,477,996 thousand a year earlier, forming 52.8% of the retail loans by the end of the period (2023: 52.7%). As at 31 December 2024, the Bank's market share in this segment amounted to 5.41% (2023: 5.88%). Fibank was placed fifth among banks in the country on an individual basis (2023: fifth).

During 2024 promotional campaigns were organized with the aim of stimulating sales in the retail banking segment, as well as improved processes aimed at retaining customers with mortgage loans. During the year, changes were made to the internal rules for lending to individuals, as well as to the compliance of the mortgage lending programmes for individuals with the BNB's requirements regarding the indicators for credit standards when granting and renegotiating loans to households secured by residential real estate.

Fibank will continue to develop and offer flexible credit products for individuals in order to focus on attracting new customers and offering complementary products and services.

For more information on the mortgage loan portfolio of First Investment Bank - Albania Sh.a., see the section "Business review of the subsidiary companies".

Consumer loans

Consumer loans increased by 17.5% to BGN 1,400,709 thousand (2023: 1,191,727 thousand), contributors being the competitive terms offered by the Bank, the easy loan application procedures, including via the digital channels and the development of new products and programs in line with customer needs and market necessities. They formed 43.1% of the gross retail banking portfolio (2023: 42.5%).

During the year, Fibank launched a new online consumer goods loan designated for the purchase of goods in the online stores of Fibank's partner retailers, with the possibility of rescheduling and repaying the purchase in equal monthly instalments. A new "Super Loan" with financing up to BGN 80 thousand and a repayment term of up to 10 years has also been developed for consumers, with a quick and easy application and response procedure, as a result of actions implemented during the period aimed at optimising the timing and processes for granting consumer loans.

First Investment Bank's market share in this segment amounted to 7.45% (2023: 7.57%) at the end of December 2023, and Fibank was fifth (2023: fifth) in terms of consumer loans among banks in the country on an individual basis.

As part of the strategy for development and digitization of services, Become a Fibank Customer was developed: a remote customer onboarding service through the My Fibank mobile app, using a third-party authentication service provider.

For more information on the consumer loan portfolio of First Investment Bank - Albania Sh.a., see the section "Business review of the subsidiary companies".

Credit cards

The utilized limits on credit cards were in the amount of BGN 134,166 thousand at the end of the period (2023: 134,753 thousand). Fibank develops various innovative card products and services, including thematic campaigns to promote and attract new customers, which were organized in implementation of the Bank's consistent and long-term policy for stimulating these non-cash payments. The relative share of loans utilized through credit cards in the total retail loan portfolio amounted to 4.4% (2023: 5.1%).

During the year, new card products were launched, including a revolving international credit card Mastercard Platinum First Lady, digital co-branded credit cards for the purchase of goods in online stores of merchants-partners, as well as promotional offers, including the possibility to reschedule credit card payments through the Bank's digital channels.

In pursuance of its strategic plans, the Bank continued to develop its operations with a view to more effective management of the customer portfolio and targeting individual customer groups, as well as identifying additional cross-selling opportunities. *For further information see sections "Card payments" and "Business review of the subsidiary companies"..*

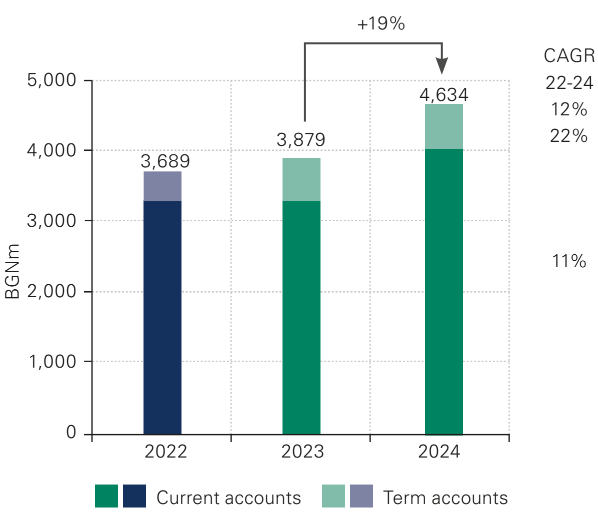
Corporate banking

Deposits

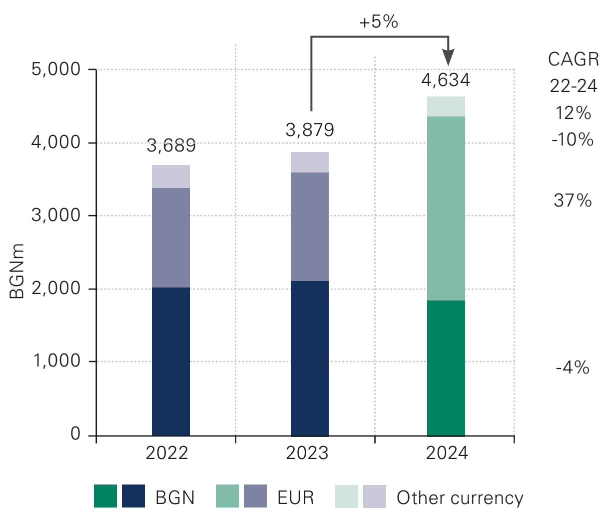
Attracted funds from corporates and institutions in 2024 increased by 19.5% to BGN 4,633,815 thousand (2023: BGN 3,878,517 thousand). The increase in volume reflected mainly in the term accounts reaching BGN 4,038,624 thousand (2023: BGN 3,287,352 thousand) at the end of the period or 87.2% of the attracted funds from business customers and public institutions (2023: 84.8%). Fibank is continuously developing combined packages of banking products and services for business customers, which enable optimisation of costs and procedures when using a range of different banking services.

Term accounts amounted to BGN 595,191 thousand (2023: BGN 591,165 thousand) at the end of the period or 12.8% of funds raised from traders and public institutions (2023: 15.2%). First Investment Bank offers savings products for business customers, which it tailors to market conditions and specific company requirements.

Deposits from business customers



Deposits from business customers by currency



In 2024 in order to expand opportunities to business customers, the terms and conditions of the alternative savings products - Perspective, offered in compliance with the MREL requirements, have been optimised.

As at 31 December 2024, funds attracted by the thirty biggest non-banking clients represented 14.10% of the total amount due to other customers (2023: 11.19%).

Loans

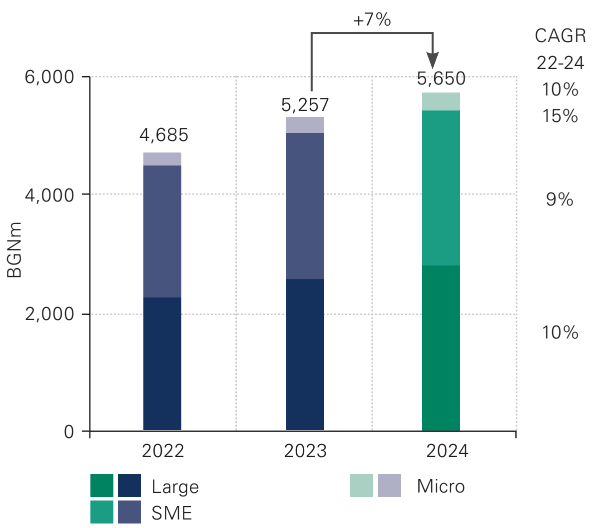
The portfolio of loans to enterprises of the Group increased by 7.5% to BGN 5,649,949 thousand by the end of 2024 compared to BGN 5,256,556 thousand a year earlier, as a result of increase in all business lines.

The structure of the loans portfolio stayed balanced and the exposures to micro, small and medium sized enterprises formed 5.4% (2023: 5.2%) and 45.9% (2023: 46.1%), and the share of large enterprises was 48.7% of all business loans (2023: 48.7%). The customer segmentation, applied by the Bank, corresponds to the European requirements for defining micro, small and medium-sized enterprises, which were transposed by the Law on Small and Medium-sized Enterprises. Criteria for annual sales revenue[16] and/or assets, number of staff and maximum exposure to the customer are applied.

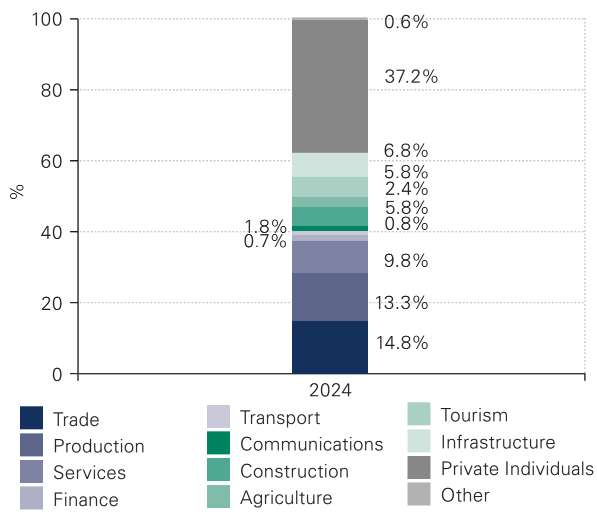
In thousand BGN / % from total	**2024**	**%**	**2023**	**%**	**2022**	**%**
Micro enterprises	307,446	5.4	272,992	5.2	232,822	5.0
Small and medium-sized enterprises	2,591,528	45.9	2,425,291	46.1	2,174,657	46.4
Large enterprises	2,750,975	48.7	2,558,273	48.7	2,278,006	48.6
Total loans to enterprises	**5 649 949**	**100**	**5 256 556**	**100**	**4 685 485**	**100**

As at 31.12.2024, a leading share in the portfolio of the Group structure was taken by loans to the trade sector (2024: BGN 1,317,963 thousand; 2023: BGN 1,206,828 thousand), the production sector (2024: BGN 1,186,548 thousand; 2023: 1,297,376 thousand), and the services sector (2024: BGN 875,569 thousand; 2023: BGN 674,200 thousand), forming respectively 14.8%, 13.5% and 9.8% of total loans (2023: 15.0%, 16.1% and 8.4%). Such dynamics reflected the economic activity in the country, as well as the development goals and diversification of the activity.

Business loan portfolio



Portfolio breakdown by sector



Loans in tourism increased to BGN 519,943 thousand (2023: BGN 433,824 thousand), reflecting the development of the tourist services in the country. An increase was registered in loans in construction (2023: BGN 514,642 thousand; 2023: BGN 468,264 thousand) and infrastructure (2023: BGN 606,431 thousand; 2023: BGN 419,674 thousand), as a result of the positive dynamics in the construction sector and new infrastructure projects.

A decrease was registered in loans in finance (2024: BGN 64,657 thousand; 2023: BGN 152,650 thousand), transport (2024: BGN 160,682 thousand; 2023: BGN 184,227 thousand) and agriculture (2024: BGN 213,045 thousand; 2023: BGN 232,695 thousand) and communication (2024: BGN 75,377 thousand; 2023: BGN 79,671 thousand).

As at the end of December 2024 the market share of Fibank amounted to 9.71% of loans to enterprises in the banking system (2023: 9.62%), taking fifth place (2023: fifth) among banks in the country on an individual basis.

16 Annual revenues from sales/assets as follows: micro enterprises - up to BGN 3.9 million; small enterprises - up to BGN 19.5 million; medium enterprises - up to BGN 97.5 million / BGN 84 million.

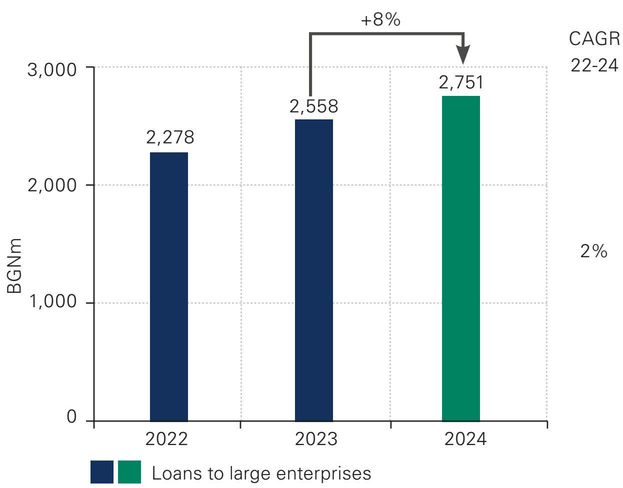
In lending to business customers, the Business Process Management (BPM) system is used, which covers the activities of accepting a request, preparing opinions, approval and disbursement of new loans, as well as renegotiation of the terms of existing ones, with applicable limits and levels of competence for granting/renegotiating individual types of credit exposures implemented in it.

Large enterprises banking

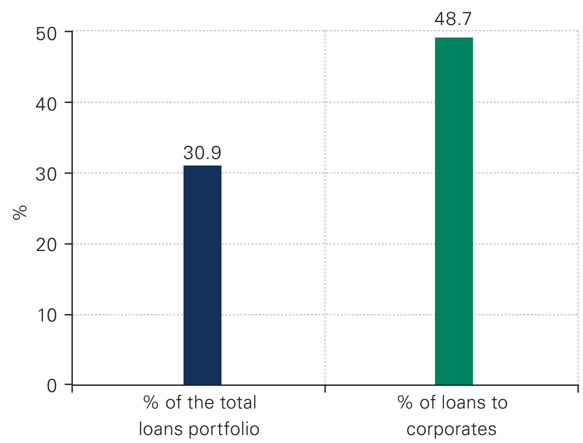
In 2024 loans to large enterprises amounted to BGN 2,750,975 thousand compared to BGN 2,558,273 thousand a year earlier, forming 48.7% of the total loans to enterprises and 30,9% of the gross portfolio of the Group (2023: 48.7% and 31.5%).

First Investment Bank provides various financing for large enterprises under the form of working capital loans, investment loans, guarantees, financing under the programs and funds of the EU, under the National Guaranteed Fund, BDB, Fund of funds, factoring services and others.

Large enterprises banking



Share of loans to large enterprises in the gross loan portfolio in 2024.



The Bank offers factoring services to existing and potential business customers, including companies delivering goods or providing services with deferred payment in the country or abroad. The Bank continues to actively offer this type of service as an alternative to the provision of working capital loans, including various types of factoring services - with recourse, with insurance or with guaranteed payment. First Investment Bank is a member of the global network of leading factoring companies Factors Chain International (FCI), and in this capacity can provide export factoring with guaranteed payment and import factoring. The Bank also maintains cooperation with leading financial institutions in factoring insurance.

In the area of trade finance, First Investment Bank continues to maintain a framework agreement with the Taiwanese export insurance agency Eximbank Taiwan for financing the supply of goods to Fibank customers in Bulgaria or abroad.

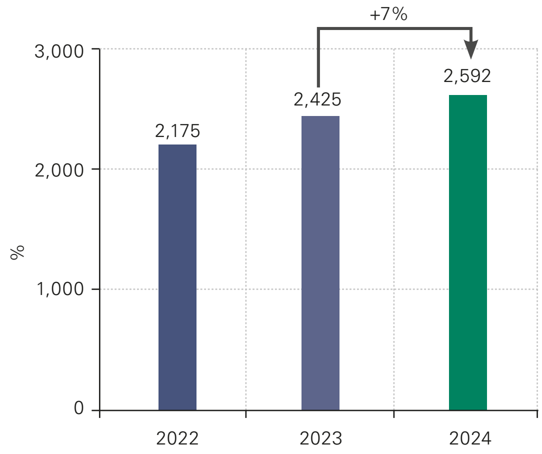
The Bank maintains cooperation with the Bulgarian Export Insurance Agency (BEIA), with which it has an agreement for portfolio insurance used as part of the methods and techniques for credit risk mitigation, as well as for financing business customers through an insurance mechanism providing protection against financial losses on granted loans..

Small and medium-sized enterprises banking

In 2024 loans to small and medium enterprises[17] amounted to BGN 2,591,528 thousand (2023: BGN 2,425,291 thousand), or 45.9% of the business loans and 29.1% of total loan portfolio of the Group (2023: 46.1% and 30.1%). The Bank's policy on this segment benefitted from the developed loan products and competitive terms offered in the products for SME clients, as well as the various solutions related to the programs and funds of the EU and the other guarantee schemes and financing.

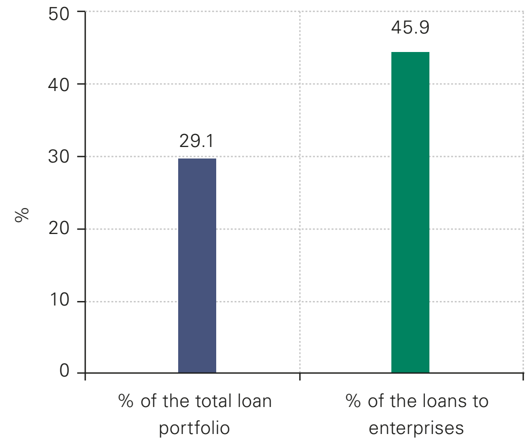
17 According to the Bank's business segments, including the criterion for annual sales/assets, as follows: micro-enterprises - up to BGN 3.9 million; small enterprises - up to BGN 19.5 million; medium-sized enterprises - up to BGN 97.5 million/ BGN 84 million.

Loans to SME enterprises



9%

Share of loans to SMEs
in the loan portfolio in 2024



During the year, new loan products were developed to support farmers - the agroloan Support, aimed at permanent or annual crops, and a loan for the purchase of agricultural land. For business customers, new "Fibank POS" and "Fibank POS+" packages were also offered, with competitive terms and latest generation terminal devices. Credit products aimed at financing environmentally friendly projects continue to be offered - "Green Transport" for business customers to purchase new electric and hybrid vehicles, "Green Energy - Free Market" for companies wishing to invest in the construction of photovoltaic installations to generate electricity for sale on the free market, and "Green Energy - Own Consumption" for the construction of photovoltaic installations to generate electricity for their own use.

As part of the strategy for digitalization of products and services, the possibility of remote establishment of relations with business customers and registration in the electronic banking "My Fibank", as well as new functionalities related to the application for business credit products and obtaining reference information were provided.

In support of small and medium-sized enterprises, the Bank provides investment and working capital loans on concessional terms in terms of the required collateral, under a loan portfolio guarantee agreement concluded with the National Guarantee Fund. First Investment Bank also cooperates with other institutions, including the State Fund for Agriculture and the Bulgarian Export Insurance Agency (BEIA). *For more information see the section "External programmes and guarantee schemes".*

For more information on the SME portfolio of First Investment Bank - Albania Sh.a., see the section "Business review of the subsidiary companies".

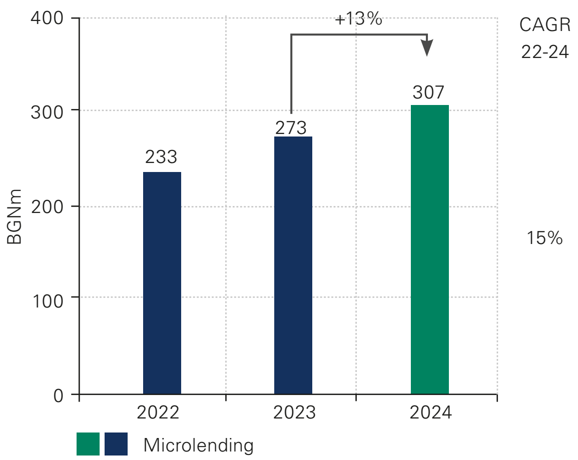
Microlending

In 2024 the microlending[18] portfolio of the Group grew to BGN 307,446 thousand compared to BGN 272,992 thousand a year earlier. The Bank continued its targeted efforts for development in this segment.

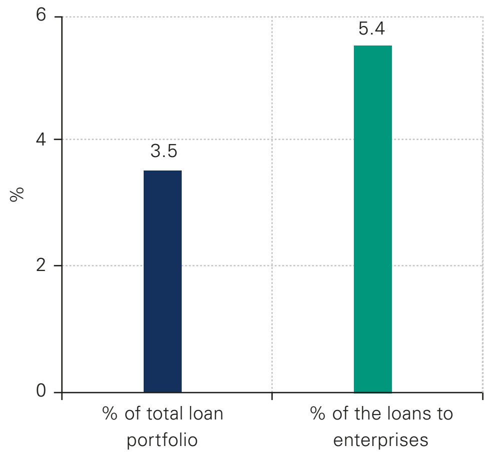
The Microlending Program of First Investment Bank covers a wide range of retailers, manufacturers, farmers, freelancers, including start-ups and companies with less market experience. The Bank offers specialized products for micro enterprises including investment loans, working capital loans, business credit cards and overdraft facilities at competitive terms.

18 According to the Bank's business segments, including the criteria for annual sales/assets, as follows: micro enterprises - up to BGN 3.9 million; small enterprises - up to BGN 19.5 million; medium enterprises - up to BGN 97.5 million / BGN 84 million.

Microlending



Share of microlendings
in the loan portfolio in 2024



In 2024, changes were made to the limits for investment and working capital loans and overdrafts for microenterprises, and the repayment periods for working capital financing were extended.

In 2024 Fibank's Smart Lady program celebrated its sixth anniversary. It supports women entrepreneurs, mainly targeting micro enterprises run or owned by women, as well as businesses whose products and/or services are aimed at women.. Over 1100 business projects worth more than BGN 120 million were financed during the period, enabling women entrepreneurs to create new or develop existing businesses in areas such as education, advertising, production, agriculture and services. As part of the program, the Sustainable Lady fund was created jointly with Mastercard in support of innovative green projects of female entrepreneurs. *For more information see the ''Sustainable Development'' section.*

The Bank has policy for supporting agricultural producers, as well as tailored financing solutions towards individual sectors or business areas with high development potential, incl., IT companies, medical and dental practices.

External programs and guarantee schemes

First Investment Bank offers a wide range of products and services related to participation in external programs and guarantee schemes, including ones financed under EU operational programs.

In 2023, a new SME Financial Partners framework agreement was signed with the Bulgarian Export Insurance Agency (BEIA). SME Financial Partners is an insurance product providing financial institutions with coverage against financial losses in connection with loans granted by them. The product is aimed at supporting micro, small and medium-sized enterprises from various sectors in the country, by allowing them to take working capital loans with relaxed collateral requirements.

The Bank has existing agreements with the National Guarantee Fund under two guarantee schemes: for financing micro, small and medium-sized enterprises in Bulgaria through a risk sharing mechanism, as well as for financing agricultural producers from the Livestock and Crop Growing sectors under a program with the Ministry of Agriculture and Food.

The partnership with the Fund of Funds continues under three separate items for the implementation of the Financing in Rural Areas instrument, funded under the Program for the Development of Rural Areas, as well as along the program for financing start-ups and social enterprises of the Risk-Sharing Micro-Finance Facility, funded under the Human Resources Development operational program.

Payment services

In 2024 First Investment Bank was a member and participant in payment systems and agent of other payment service providers, as follows:

- System for Servicing of Clients Transfers in Leva(BISERA 6);
- Real-Time Gross Settlement System (RINGS);
- System for Servicing of Clients Transfers in Euro (BISERA 6);
- Trans-European Automated Real-time Gross Settlement Express Transfer System (consolidated platform for TARGET services), including:
  - Wholesale payment system of the Eurosystem (T2), carrying out real-time gross settlement (RTGS);
  - Euro instant transfer processing service TIPS (TARGET Instant Payment Settlement);
- Pan-European system for payments in Euro (STEP2 SEPA Credit Transfer), as a direct participant through EBA Clearing;
- System for Servicing of payment for bank card transactions BORICA);
- Agent of Western Union;
- Agent of Easypay.

In accordance with digitalization trends the usage of online payments continued to grow in 2024, as the shares of transfers via the digital channels (e-banking and mobile banking) increased to over 92% of all outgoing transfers of the Bank (2023: 90%; 2022: 86%; 2021: 80%; 2020: 75%).

In December 2024, First Investment Bank successfully joined the TIPS (TARGET Instant Payment Settlement) euro instant transfer processing service, part of the consolidated TARGET services platform. From March 2023, The Bank also participates in the new Eurosystem Large Payment System (T2) for real-time gross settlement, part of the consolidated TARGET services platform.

Open banking

First Investment Bank has constantly developed its "Open Banking" related services deriving from the Law on Payment Services and Payment Systems (LPSPS) and Ordinance No 3 of BNB, implementing the requirements of Directive (EU) 2015/2366 for the payment services within the internal market (PSD2).

The Bank maintains test and production environment, providing opportunity for testing the access to the special interface (API), as well as providing by the Third Party Providers (TPPs) of the Payment Initiation and Account Access Information services. Aiming at providing wider awareness for the customers an actual Terms for Access and Use of First Investment Bank's API Portal areg maintained, as well as General Terms and Conditions for securing access for Third Party Providers to accounts of customers held in Fibank.

Aiming to expand and integrate the services offered to clients, First Investment Bank provides the usage of this type of services through the Mobile Application My Fibank. This option secures quickness and convenience for clients when accessing consolidated information for their account serviced at another payment service provider or when initiating payment from such accounts.

In 2024, the Bank actively developed and improved the functioning of the special interface in cooperation with third-party providers, launching a new API integration service, allowing businesses to connect their accounting or other information systems via an application interface directly to the Bank's systems in order to perform various types of operations. *For more information see the "Digital banking"*.

Card payments

in 2024, First Investment Bank developed its card business in line with customer needs, modern technologies and digitization processes, as well as in compliance with the regulatory requirements in respect of card payment transactions.

During the period, a new Mastercard Platinum First Lady revolving international credit card was launched to support women entrepreneurs with a range of travel benefits and bonus programmes. Since the beginning of the year, customers have also been offered exclusive debit and credit cards with designs dedicated to the 2024 Olympic and Paralympic Games in Paris in 2024.

As part of its strategy to digitise products and services, Fibank, a first among banks in the country, has developed the ability to digitise debit and credit cards into a smartwatch through the Xiaomi Pay digital wallet for contactless payments. During the period, a new capability was also developed to issue digital co-branded credit cards for online shopping at Fibank's merchant partners with the ability to reschedule instalments.

Fibank continues to develop the functionalities and quality of its ATM network, Including the upgrade of the communication infrastructure aiming at increasing the speed and continuity of operations, as well as the phased introduction, in some of the ATMs in the country's major cities, of voice menus to assist the blind in withdrawing money. By the end of the year, more than 150 devices had been equipped. The terminal network of ATMs operated by the Bank amounts to 554 devices at the end of the year (2023: 604 devices), and the POS network of 10,044 devices (2023: 9,436 devicesNew POS terminal devices launched during the year implemented with innovative payment features specifically targeted at foodservice retailers.

As part of its sustainable banking policies, during the period Fibank continued with replacement of all its plastic debit and credit cards with new ones made from a recyclable material and featuring a new design, associated with sustainable development ideas. For more information see the "Sustainability Report" section.

In 2025, Fibank will continue to develop its card payment services by implementing innovative projects in several areas:

- Provisioning of the ePIN code for the bank cards in a convenient, easy and modern way through the electronic banking "My Fibank" or by sending an SMS.
- Joining the "Click to Pay" program, enabling faster and more convenient confirmation of online bank card payments without the need to enter card details.

For more information about the card business of First Investment Bank – Albania Sh.a., see the section "Business review of the subsidiary companies".

International payments

First Investment Bank is among the leading banks in Bulgaria in the sphere of international payments and trade financing. Fibank is a popular, reliable and fair business partner which has built a good reputation over the years among international financial institutions and has gained valuable experience and know-how from its numerous international business partners, investors, customers, and counterparties.

In 2024, the Bank reported an increase of 25% in incoming and 29% in outgoing foreign currency transfers due to the conditions of the environment and the competitive conditions offered by the Bank, as well as the high quality of customer service.

First Investment Bank has a wide network of correspondent banks, through which it carries out international payments and trade financing operations in almost all parts of the world. The Bank executes cross-border currency transfers through SWIFT. Fibank executes transfers in euro through the T2 payment system, as well as through the BISSERA payment systems operated by BORICA STEP2 operated by EBA Clearing. Fibank operates in receiving and issuing of checks and performing various documentary transactions .

In December 2024, First Investment Bank executed instant credit transfers in euro via the TIPS (Target Instant Payment Settlement) service, enabling domestic and cross-border customer instant payments in euro under the European Payments Council's SEPA Instant Credit Transfer (SCT Inst) scheme on a 24/7/365 basis, within 10 seconds.

In June 2022, First Investment Bank joined the updated STEP2-T Continuous Gross Settlement (CGS) system operated by EBA Clearing which optimized the execution of SEPA credit transfers. In March 2023, the Bank successfully migrated to the new T2 real-time gross settlement (RTGS) system owned and operated by the Eurosystem (T2), performing real-time gross settlement (RTGS) and centralised liquidity management, which is part of the consolidated Eurosystem TARGET services platform

The Bank has a framework agreement with the Taiwan export insurance agency Eximbank Taiwan for financing deliveries of goods to clients of First Investment Bank in Bulgaria or other countries where the Bank has branches or subsidiaries. Under the agreement, Fibank can provide financing under amount of every individual credit - up to 100% of the value of the contract but not exceeding USD 2 million, with a period of utilization up to 6 months after the first shipment and a repayment term of 6 months to 5 years irrespective of the type of the goods (consumer or non-consumer).

In support of its clients with international business First Investment Bank continued to cooperate in issuing internationally acknowledged guarantees and letters of credit, including through a wide network of partner banks and institutions. During the reporting period, the letters of credit and bank guarantees in foreign currency issued by the Bank to guarantee the performance of its customers to third parties amounted to BGN 90,299 thousand (2023: BGN 97,004 thousand), forming 7.9% of the off-balance sheet commitments of the Group (2023: 8.0%).

Gold and commemorative coins

In 2024, First Investment Bank confirmed its leading position in Bulgaria in terms of transactions and investment advice in the area of precious and other metals. The Gold & Silver bullion coins and coins offered in the Bank's offices and online shop are enjoying customer interest due to the international situation and geopolitical challenges at the global level.

Revenues of the Group from the sale of investment gold and other precious metal products amounted to BGN 2,228 thousand for 2024, compared to BGN 1,568 thousand a year earlier, with an increase in the number of completed transactions as a result of increased investor interest and the increase in the price of gold on international markets.

First Investment Bank has offered its customers products of investment gold and other precious metals since 2001. Over the years, it has built successful cooperation with a number of leading financial institutions from around the world: the renowned Swiss refinery PAMP (Produits Artistiques de M-taux Pr-cieux), the banks UBS and Credit Suisse, the New Zealand Mint, the, the Austrian Mint, The Royal Mint, and others.

Traditionally, Jointly with the New Zealand Mint, the design of a silver coin dedicated to the Year of the Snake, exclusively available at Fibank offices, was developed during the year. In conjunction with leading Swiss refiner MKS PAMP, a gold coin and silver Holy Baptism bar were created, as well as silver bars ''St. George and St. Mary" designed and commissioned by the Bank.

In continuation of its long-standing policy of supporting Bulgarian production, Fibank, by agreement with the BNB, successfully distributes all Bulgarian commemorative coins and coin sets issued by the National Bank. Demand increased segnificatly in 2024, with the Bank attracting a number of new collectors and investors as customers.

In carrying out transactions in gold and precious metals, First Investment Bank invariably complies with all the quality criteria of the London Metal Exchange and international ethical trading standards.

Private banking

First Investment Bank has offered private banking to individuals since 2003, and to corporate customers since 2005. Private banking features servicing by a designated personal officer, who is responsible for the overall banking solutions provided to a customer.

In 2024, the Bank continued to develop its private banking business, with the aim of increasing the number of customers served in this segment, the size of their investment portfolio, and the fee and commission income generated. For the period under review, the number of clients in the Private Banking Division grew by 11% and clients in the Premium Banking sub-segment by nearly 13% year-on-year. Total average monthly revenues from membership and package fees grew by over 15% in 2024.

The Private Banking Directorate continues the successful development and improvement of the Premium Banking service, which has been transformed into an efficient and useful digital solution, enjoying a positive rating and a high level of customer satisfaction. The Bank's customers, carrying out large volumes and turnovers in their daily banking, have the opportunity to benefit from the package offers ("Premium" and "Premium Plus"), containing preferential terms on traditional banking products and services. In addition, customers can count on constant availability of the Premium Banking specialists who provide them with fast and competent opinions and assistance in performing all banking transactions.

In addition to quick and easy access to a wide range of financial instruments and direct investment solutions, private banking clients also gain access to fiduciary management of financial assets - through a customized financial strategy managed by professional portfolio managers with experience in international financial markets and a proven approach tailored to the client's financial situation and preferences. In 2024, the portfolio of investment and alternative financial products of VIP clients grew by more than 40% on an annual basis.

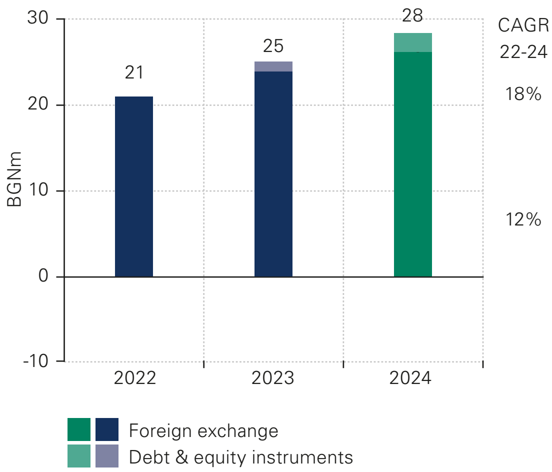
Capital markets

In 2024, net trading income of the Group amounted to BGN 28,392 thousand (2023: BGN 25,045 thousand), as a result of the higher income from trade operations related to capital instruments and changes in exchange rates. The interest income related to the Group's portfolio of debt instruments increased to BGN 94,771 thousand, against BGN 81,716 thousand a year earlier mainly influenced by portfolio growth.

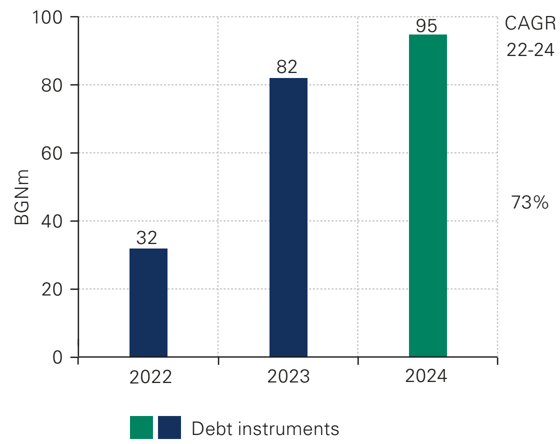
The securities portfolio of the Group at the end of the year amounted to BGN 3,441,113 thousand compared to BGN 2,883,067 thousand a year earlier, of which BGN 2,347,176 thousand of the securities portfolio were measured at fair value through other comprehensive income (2023: BGN 1,194,959 thousand), BGN 883,256 thousand - at amortized cost (2023: BGN 1,440,578 thousand), and BGN 210,681 thousand - at fair value through profit or loss (2023: BGN 247,530 thousand).

The classification of financial assets in the Bank's portfolios is according to IFRS 9 depending on the purpose of financial asset management, which include: 1) a business model whose objective is to hold assets in order to collect the contractual cash flows (hold to collect); 2) a business model whose objective is to both collect contractual cash flows and sell of financial assets (hold to collect and sell); 3) another business model, where the purpose is different from the two above business models (other business model), where assets held for trading are also included.

Net trading income



Interest income from debt instruments



Activities are conducted in accordance with legislation of the European Parliament and of the Council on markets in financial instruments (MiFIR), Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms, and Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPS), as well as in compliance with the requirements of the Markets in Financial Instruments Act and its implementing regulations, the regulations in the field of measures against market abuse of financial instruments, and other applicable legislation.

In pursuance of the requirements arising from Regulation (EC) № 648/2012 of the European Parliament and of the Counsel on OTC derivatives, central counterparties and trade repositories (EMIR), the Bank has a Legal Entity Identifier (LEI) code 549300UY81ESCZJ0GR95, issued by the Global Markets Entity Identifier (GMEI) Utility

In its capacity as an investment intermediary and a primary dealer of government securities, First Investment Bank carries out transactions with financial instruments in the country and abroad including transactions in government securities, shares, corporate and municipal bonds, compensatory instruments as well as money market instruments.

In 2024, as part of the strategy for the digitalization of services, the possibility for individuals to conclude contracts and submit orders for transactions with financial instruments via the "My Fibank" mobile application is provided. Through the new functionalities, customers with active banking rights can trade in financial instruments admitted to trading on a regulated market both on the Bulgarian Stock Exchange and on regulated capital markets in Europe and the US.

The Bank also offers trust portfolio management, investment consultation, as well as depositary and custodian services to private individuals and corporates, including maintaining accounts of securities, income payments and servicing payments under transactions in financial instruments, as well as registration services. As part of the Compliance function, the Bank has a specialized unit "Compliance – Investment Services and Activities" which controls and ensures observance of the requirements related to Fibank's activity as an investment intermediary.

Orders for the subscription/redemption of units in four mutual funds (FIB Garant Mutual Fund, FIB Classic Mutual Fund, FIB Avangard Mutual Fund and FFBH Vostok Mutual Fund, managed by the Management company FFBH Asset Management AD can be accepted in Fibank's offices which are registered with the Financial Supervision Commission. At these locations, distribution is also carried out of four mutual funds managed by Erste Asset Management (ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H).

Information technology

Developing information technology and maintaining a modern infrastructure, information and technology environment is among First Investment Bank's strategic priorities. Over the years, the Bank has systematically and consistently invested in technologies in line with the latest trends in banking, enabling it to offer innovative products and multifunctional solutions to customers. In 2024, Fibank strengthened its position among the most technological and innovative institutions in the Bulgarian banking market.

Following high-tech trends, the Bank continued to work on a programme of projects during the year to build a new and modern data centre. Projects were launched to upgrade and expand network and server equipment, optimising speed and ensuring quality in data processing. The implementation of these projects will optimize the time to transfer services from the primary to the backup center and vice versa.

During the period, the Bank participated in a joint pilot project of BORICA AD to upgrade the instant payment service, successfully launching its offering in euro by using the TIPS (TARGET Instant Payment Settlement) system for processing instant transfers in euro, part of the consolidated platform for TARGET services of the Eurosystem.

In November 2024, First Investment Bank also implemented changes in accordance with the requirements of HVPS Plus (High-Value Payment System Plus) regarding the execution of payment transactions through the Eurosystem's large payment system (T2).

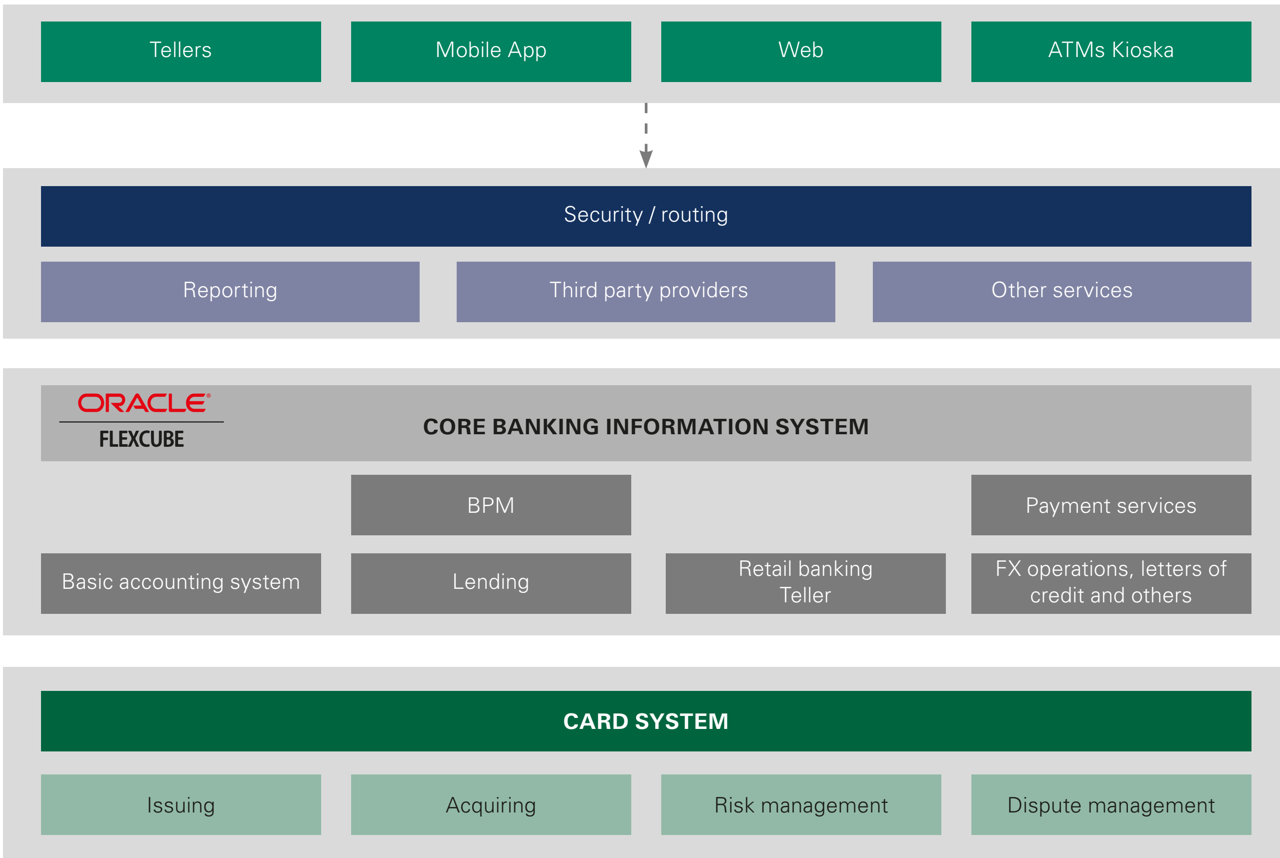
During the year, the Bank developed its information systems in order to prepare the necessary information and data for the projects on the creation of a single European Register for analytical data on credit and credit risk (AnaCredit), as well as for the Register for reference data on persons, institutions and branches (RELIF).

In 2024, a number of additional functionalities were implemented at the system level, such as: innovative digital zones (Fibank Digital Zone) and digitalization of processes in the Bank's offices; optimization of processes for servicing cash transactions; opportunities for online stock lending through merchant partners; automated self-service through the Bank's contact center; implementation of a new sales reporting system; and a number of optimizations in processing and digitalization activities.

Taking into account the risks in the area of cyber security, the Information Technology and Information Security Directorates are working together on improving and upgrading the Bank's IT infrastructure with a range of software solutions to minimize vulnerabilities, following best practices in this area. In 2024, a new software solution was implemented to protect against cyber-attacks.

The core banking information system Oracle Flexcube version 12 features universal modules for retail banking, corporate and investment banking, and an integrated BPM module used for processing and approval of loan applications, acceptance and registration of currency transfers and authorization of other payment transactions. The system is built in compliance with all risk control principles, including the four eyes principle applied in day-to-day operations. Through its centralized and integrated IT infrastructure, the Bank aims to provide first-class service and high level of security in the execution of banking transactions, as well as to maintain reliable databases, networks and systems ensuring continuity of services and key processes.

Systems map



Taking into consideration the importance attached by the Bank to information technology, the activity is managed by a Chief Information Technology and Operations Officer. In addition, there is an IT committee functioning as an auxiliary body to the Management Board. It monitors the IT strategic program implementation, the IT project portfolio, the targeted use of resources and the spending of the approved budget. The committee is chaired by the Chief Executive Officer, the remaining members including the Chief Retail Banking Officer, the Chief Information Technology and Operations Officer, as well as the directors of the Information Technology, Information Security, Digital Banking, Small and Medium-sized Enterprises Banking, and Finance departments.

Business review of the subsidiary companies

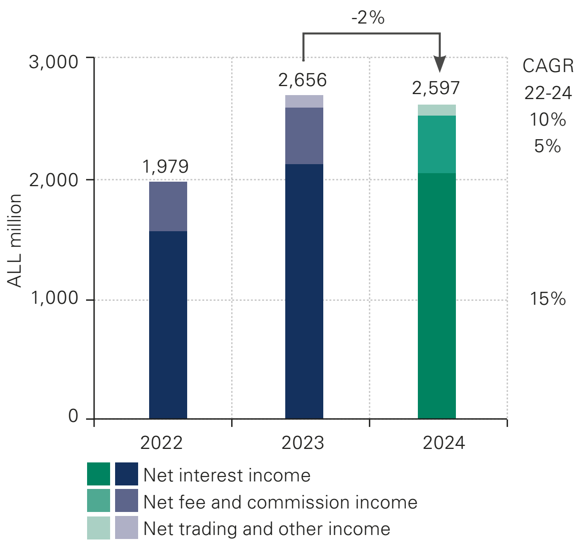
First Investment Bank – Albania Sh.a.

First Investment Bank - Albania Sh.a. (Fibank Albania) was granted a full banking license by the Bank of Albania in June 2007, and in September 2007 effectively took over the activities of the former Tirana branch of Fibank which had operated in the Albanian market since 1999, by assuming all its rights and obligations, assets and liabilities. Fibank Albania has also been licensed by the Albanian Financial Supervisory Authority for carrying out investment services and activities, including depository and custodian services. In 2021, its license was renewed in accordance with the new capital market requirements in the country (Law 62/2020 On Capital Markets).

In line with its mission, First Investment Bank - Albania Sh.a. aims to be among the fastest growing banks in Albania, recognized as an innovative credit institution which offers first class service and exceptional products and services, provides excellent career opportunities to employees, and is socially responsible.

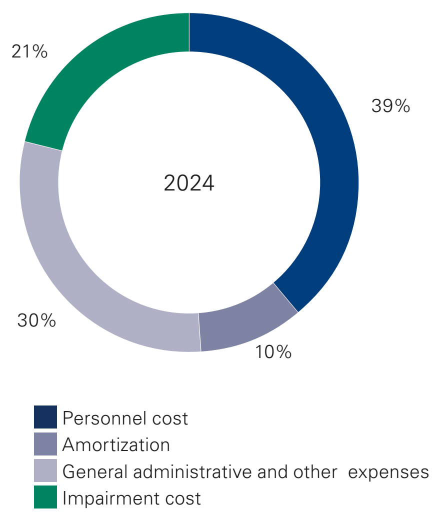
In 2024, First Investment Bank - Albania Sh.a. reported good financial results and sustainable development. The Bank maintained sound liquidity and capital positions, reporting a 19.22% capital adequacy ratio at year-end (2023: 22.21%), the minimum required level being 12% according to the applicable regulatory requirements in the country.

Income from banking operations



Operating expenses

Structure of expenses, %



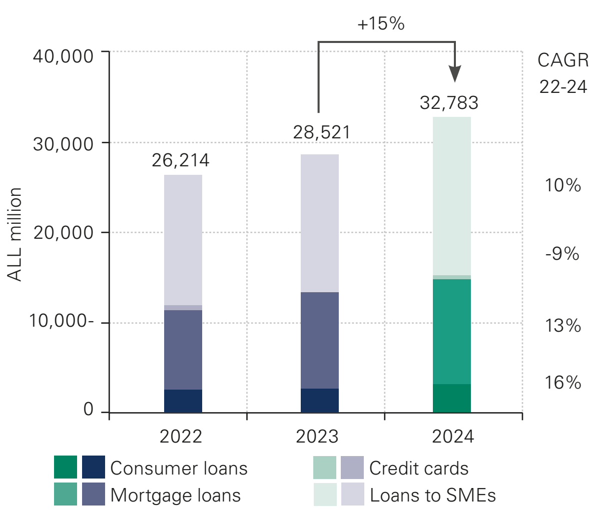
For 2024, First Investment Bank - Albania Sh.a. reported a net profit of ALL 987,232 thousand[19] compared to ALL 1,059,460 thousand a year earlier, mainly driven by the stable operating income. It amounted to ALL 2,597,121 thousand (2023: ALL 2,656,431 thousand). The main sources of income remained at levels similar to the previous year, including net interest income ALL 2,032,794 thousand (78.3% of total income), and net fee and commission income ALL 476,576 thousand (18.4% of total income). Net trading income amounted to ALL 82,205 thousand, and other net operating income to ALL 5,546 thousand for the year.

During the year, staff costs amounted to ALL 568,987 thousand (2023: ALL 538,616 thousand), with the bank's employees at the end of 2024 numbering 277 people. General administrative costs reached ALL 275,595 thousand (2023: ALL 245,513

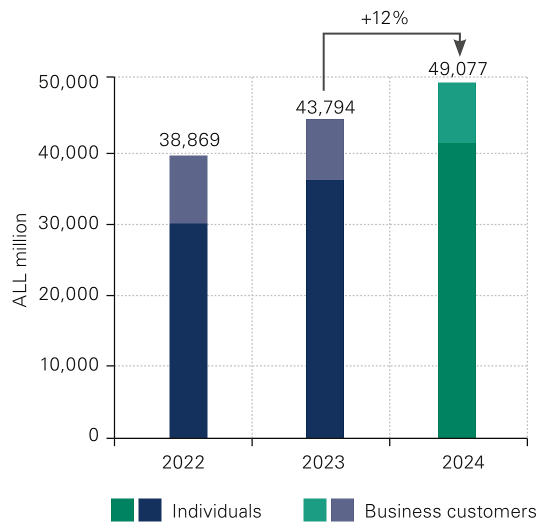
19 The official exchange rate of the Albanian lek against the euro at the end of 2024 was ALL 103.88 per euro, and the average for the year was ALL 108.88 per euro.

thousand), mainly influenced by an increase in administrative, consulting and other expenses. Impairment costs amounted to ALL 296,909 thousand, compared to ALL 407,858 thousand for the previous year.

Loan portfolio



Deposits



During the year, Fibank Albania's assets increased by 10.8% to ALL 60,832,000 thousand (2023: ALL 54,917,439 thousand), mainly due to the growth in loans and advances to customers and investments in securities. The gross loan portfolio increased by 14.9% to ALL 32,782,526 thousand (2023: ALL 28,521,413 thousand), driven by growth in both retail lending, including consumer and mortgage loans, and lending to small and medium-sized enterprises.

In 2024, a new consumer Premium loan was launched, featuring an amount up to ALL 4,000,000, maturity of up to 10 years, and approval within 24 hours. A new mortgage loan was also developed for Albanian citizens living abroad, or for foreigners wishing to invest in real estate in Albania.

Investments in securities amounted to ALL 18,070,534 thousand at the end of the period (2023: ALL 15,677,878 thousand), of which ALL 9,441,749 thousand measured at fair value in other comprehensive income (FVOCI), and ALL 8,628,785 thousand measured at amortized cost. These mainly included treasury bills and government bonds of the governments of Albania and other EU countries. Receivables from banks and financial institutions amounted to ALL 3,244,328 thousand as of December 31, 2024. (2023: ALL 4,283,403 thousand), including current accounts and placements with local and foreign banks and financial institutions.

Borrowings from customers increased by 12.1% to ALL 49,077,208 thousand at the end of the period (2023: 43,794,344 thousand ALL), with growth in retail deposits mainly driven by the flexible and competitive savings products, and the promotional campaigns launched by the bank.

As at 31 December 2024, First Investment Bank - Albania Sh.a. had three subordinated term debt instruments issued (long-term bonds) amounting to EUR 2.0 million, EUR 2.9 million and EUR 5.0 million, meeting the requirements for Tier 2 capital under Regulation (EU) 575/2013. The amortized value of the debt at the end of the year amounted to ALL 974,048 thousand (2023: ALL 1,030,892 thousand). The equity of First Investment Bank – Albania increased to ALL 6,831,620 thousand, compared to ALL 5,860,721 thousand at the end of 2023, as a result of an increase in retained earnings and revaluation reserves of investments in securities carried at fair value through other comprehensive income.

In 2024, the bank continued to actively develop its card business and expand its POS terminal network, the number of its POS devices increasing from 80 to 550 over the reporting period. Significant growth was also reported in its ATM network, especially with respect to ATM terminals supporting the cash-in function. Promotional campaigns were regularly organized, including for contactless debit and credit cards, with the aim of popularizing card payments and increasing the volume of card transactions. During the period, the number of credit cards issued rose by 19.2%, with outstanding credit card balances reaching ALL 288,296 thousand at the end of the year. The bank is Visa certified and offers debit and credit cards to individual and corporate customers. It also has its own center for chip card personalization.

Fibank Albania offers an electronic and mobile banking platform featuring a user friendly and intuitive design, which it constantly upgrades in line with technological innovations and customer needs, including by adding new functionalities.

First Investment Bank - Albania Sh.a. continuously modernizes its branch network, which at the end of the year included 14 branches. It has a Head Office and 4 branches in Tirana, as well as branches in the other larger cities of Durres, Vlora, Elbasan, Fier, Shkoder, Korca, Berat, Lezhë, Saranda and Lushnjë. Through its branch network, the bank also offers investment gold and other precious metals to the Albanian market. *For further information regarding the branch network, see the "List of branch network" section.*

First Investment Bank - Albania Sh.a. makes dedicated efforts in the field of sustainable development by supporting a number of initiatives in Albania, focusing on corporate giving, ethical labor practices, environmental protection, support of education and sports, and volunteering.

In March 2024, First Investment Bank - Albania Sh.a. and its employees for yet another year took part in the Albanian Red Cross blood donation campaign, aimed at support of children with chronic diseases in need of blood transfusion.

In April 2024, the bank supported an initiative of the Albanian Association of People with Down Syndrome, aiming to raise funds for services and therapy for children suffering from Down syndrome.

During the period, an information campaign was also held on the topic of prevention and early diagnosis of breast cancer among women by conducting specialized regular medical examinations.

As part of a long-term collaboration with the Mother and Child Hospital Foundation (FSNF) to support mothers and children in need, First Investment Bank – Albania donated funds and joined an initiative aimed at supporting mothers and children in need of medical care during the New Year holidays.

First Investment Bank – Albania Sh.a. was among the sponsors of the Christmas Bazaar organized by the Municipality of Tirana, where various educational initiatives were held for children. Training seminars on cyber risks were also organized for the youth and students during the period, held together with the Albanian Banking Association.

During the year, the implementation continued of an ecological project to plant a tree for each family member having received a mortgage loan from the bank. During the first stage of the initiative, a total of 200 linden trees were planted in the tourist village of Rabdishti in the municipality of Dib-r in the eastern part of Albania.

First Investment Bank - Albania Sh.a. has a corporate governance structure consisting of a Management Board, Audit Committee and Executive Management (Directorate). The Chief Executive Officer of First Investment Bank - Albania Sh.a. is Mr. Bozhidar Todorov who has extensive experience in banking, having held senior positions at First Investment Bank AD related to management of corporate assets.

The financial statements of the bank are prepared in accordance with International Financial Reporting Standards and are audited by a registered auditor. For 2024, the registered auditor of the bank was Grant Thornton Sh.p.k.

Fi Health Insurance AD

Fi Health Insurance AD is an insurance company licensed by the Financial Supervision Commission in June 2013, when it became the first voluntary health insurance fund in the country to obtain a license for insurance of the risks of accident and illness, covering financial costs related to outpatient medical care, hospital treatment, expenses for medical goods and dental services, as well as indemnity in case of insurance events arising as a result of accident or illness. In 2018 the company's insurance license was expanded to cover another type of risk: miscellaneous financial losses.

Fi Health Insurance AD has a one-tier management system, comprising a Board of Directors and Executive management (Executive Director). Executive Director of Fi Health Insurance AD is Ms. Milena Kasapova, who has extensive professional experience in insurance. Since 2016, the company has been represented jointly by its Executive Director and a Procurator, with Ms. Tsvetomira Karapchanska, a longtime Sales Manager of the company, being appointed as Procurator. In 2024, Mr. Viktor Spasov was elected as an independent member of the Board of Directors of the company.

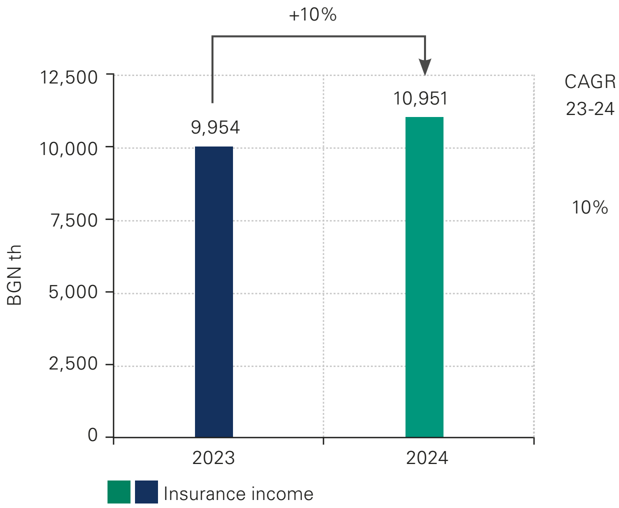
In 2024, Fi Health Insurance further developed its business and launched successful campaigns to promote new insurance products, including additional coverage to the "Peace of Mind with Fi Health" policy in case of unemployment. This product provides insured persons with protection against risks related to their life, health, physical condition and employment.

The company offers insurance coverage for both retail and business customers, primarily from the micro and SME segments. The product range includes the "Peace of Mind with Fi Health" and "Occupational Accident" insurance products, the "Fi Health Partner" insurance designed for individuals, as well as group insurance policies suitable for employees of corporate customers. The "FiHealth Protect" and "Fihealth Portfolio" insurance policies are offered, respectively, with credit and debit cards issued by Fibank.

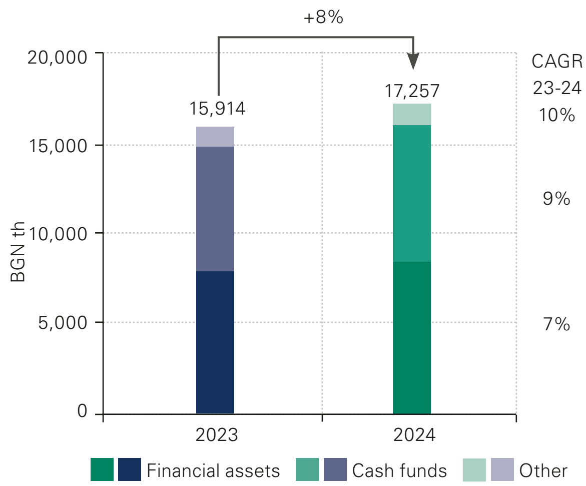
Throughout the year, the company continued to focus on offering group health insurance for employees of corporate customers and signed new agreements to that effect. Such insurance, taken out by the employer, guarantees comprehensive and high-quality medical care, as well as easier access to reputable medical establishments and qualified health specialists throughout the country. The facilitated and well-organized access to first-rate medical services promotes additional health insurance, expands the market niche and creates awareness among health service users. Fi Health has also developed a VIP package for individual customers, with an increased level of coverage. In 2024, the company continued its partnership with a large fitness chain.

In 2024, the insurance income of Fi Health Insurance amounted to BGN 10,951 thousand, compared to BGN 9,954 thousand for 2023, while the reported net profit for the period was BGN 1,041 thousand (2023: BGN 1,891 thousand), reflecting the changes of migrating to IFRS 17. The company managed insurance risk through established limits, procedures for approval of submitted claims, and various methods for assessment and control.

Insurance income



Structure of assets



The company's assets increased by 8.4% to BGN 17,257 thousand at the end of the year (2023: BGN 15,914 thousand). The cash and cash equivalents were up to BGN 7,628 thousand (2023: BGN 6,965 thousand), while the financial assets held by the company increased to BGN 8,507 thousand (2023: BGN 7,925 thousand) mainly including bank deposits and Bulgarian government securities. As of 31 December 2024 with the changes made according to IFRS 17, the equity of Fi Health Insurance amounted to BGN 14,903 thousand, compared to BGN 13,862 thousand a year earlier

In order to continue safeguarding its financial stability while progressively increasing the product portfolio, in 2024 Fi Health Insurance renewed its agreement with an A- rated reinsurance company (S&P).

MyFin EAD

In 2020, First Investment Bank established its subsidiary MyFin EAD. The company was entered in the Commercial Register of the Registration Agency in March 2020, its main business being the issuance of electronic money and provision of payment services within the meaning of the Law on Payment Services and Payment Systems, for which it was licensed by the Bulgarian National Bank.

MyFin EAD started its activity in November 2020, offering customers a digital platform for fast money transfers and online payments, issuance of digital and virtual cards, as well as innovative payment services such as peer-to-peer transfers between MyFin customers, Pay by Link and others. Services related to personal finance management (PFM), utility payments and online purchases are also offered. MyFin customers can receive real-time information about their account balances and transactions performed, as well as use 24/7 consultation with qualified live operators.

The company focuses on facilitating the user experience in finance management by developing and upgrading its digital services platform with new options and functionalities. In fulfillment of this vision, at the beginning of 2022 the company provided its customers with access to the innovative Blink service allowing instant payments (within 10 seconds) for amounts up to BGN 30,000, becoming one of the first fintech companies in Bulgaria to offer this service. In 2023, the company further developed its digital services by developing and launching innovative products and functionalities. In the MyFin digital wallet, the Gold Account product was added, intended for storage and purchase/sale of dematerialized gold (XAU).

In 2024, projects were successfully implemented for trading in financial instruments, e.g. buying and selling of stocks, bonds and ETFs, as well as for providing geolocation and detailed card payment information.

During the year, the company also provided its customers with innovative options such as making payments by scanning a QR code, and personalizing the appearance of issued digital cards. The range of online services offered through the application was broadened, including payment for municipal parking zones and private parking lots.

During the period, MyFin EAD received a permit as an operator of electronic food vouchers under Regulation No. 7 of 09.07.2003 on the terms and conditions for granting and revocation of permits for carrying out activities as an operator of paper and electronic food vouchers, issuance of electronic food vouchers, characteristics of such vouchers, and carrying out operator activities.

Right from the start of its activity, MyFin EAD became involved in initiatives for corporate social responsibility and commitment to society, supporting projects to reduce harmful emissions and protect the environment. In addition to the company's main focus being the issuance of digital and virtual payment cards, its plastic cards offered to customers are also made of innovative 100% biodegradable material, developed in partnership with the company Austriacard.

The company continued its social focus on the youngest users, successfully offering an innovative and flexible interface especially developed for children. It allows them to develop early financial literacy in a safe, easy and intuitive way by making payments with digital or virtual cards with funds provided by their parents. The new functionality allows parents to manage the child's account and receive information about everything that happens in it, including setting tasks and monitoring their completion.

In line with its commitment to early financial education, MyFin maintains active cooperation with the Finance Academy, a strategic partner of Software University Ltd. (SoftUni). Through it, the company aims at increasing the financial awareness of young people, as well as improving their personal finance management skills. MyFin regularly participates in fintech and digital development forums.

MyFin EAD has a one-tier management system, comprising a Board of Directors and Executive management (Executive Director). The Executive Director representing the company, Mr. Lachezar Venkov, has extensive professional experience in financial and digital services.

As at 31 December 2024 First Investment Bank AD also had other subsidiary companies, as follows: AMC Imoti EAD, Inkaso Garant EOOD, Creative Investment EOOD, Lega Solutions EOOD, Finclub AD – in liquidation and Debita OOD – in liquidation.

In September 2024, a General Meeting of the Associates of the subsidiary company Debita OOD was held, at which it was decided to terminate the company's activities and to open liquidation proceedings. In November 2024, an Extraordinary General Meeting of the Shareholders of the subsidiary company Finclub AD was held, at which it was decided to terminate the company's activities and to open liquidation proceedings.

For further information on subsidiary companies, including on those subject to consolidation, see the "Fibank profile" section, as well as note 36 "Subsidiary undertakings" of the Consolidated financial statements for the year ended 31 December 2024.

We earn trust through discipline and responsibility

Consolidated financial statements

for the year ended 31 december 2024
with independent auditors' report thereon

Independent Audit Report

To the shareholders of First Investment Bank AD

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of First Investment Bank AD (the "Bank") containing the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended that date, as well as the notes to the consolidated financial statements, containing material information on accounting policies and other explanatory information.

In our opinion, the attached consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank as at 31 December 2024 and its consolidated financial results and consolidated cash flows for the year ending that date, in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

Basis for expressing an opinion

We have carried out our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the section of our report "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the Council on International Standards of Ethics for Accountants IESBA (the IESBA code), together with the ethical requirements of the Independent Financial Audit and Sustainability Assurance Act (IFASAA) applicable to our audit of the consolidated financial statements in Bulgaria, and we also fulfilled our other ethical responsibilities in accordance with the requirements of the IFASAA and the IESBA Code. We believe that the audit evidence received from us is sufficient and relevant to provide a basis for our opinion.

Key audit matters

Key audit issues are those issues that, in our professional judgment, were of the greatest importance in the audit of the consolidated financial statements for the current period. These issues are considered as part of our audit of the consolidated financial statements as a whole and the formation of our opinion on them, and we do not provide a separate opinion on these matters.

Impairment of customer receivables

Key audit matter
The impairment of customer receivables is a material assessment of the management regarding the losses that would be recognized within the Bank's loan portfolio for the relevant reporting period. The bank assesses the need for impairment of customer receivables on loans on an individual and portfolio basis. This process includes various assumptions and the consideration of factors, including an analysis of the financial condition of the credited client, forecast future cash flows from its activities, the value of the collateral on the loan, and others. As a result of the use of different modeling techniques and assumptions, they may lead to differences in the determination of the amount of impairment of customer receivables, respectively to differences in the amount of loss on loans granted. The exposures that give rise to the greatest uncertainty in the valuation of customer receivables are those where there is a significant risk of cash flow shortages and/or insufficiency of the loan collateral. Receivables from customers represent 50.68% of the total assets of the Bank. It categorizes its customer receivables into 5 business segments: large, medium, small enterprises, micro-enterprises and retail banking. The share of receivables from large enterprises is the largest – 31.44% of the total receivables from customers. Due to the materiality of customer receivables, as well as the complexity of the calculations for determining the amount of impairment of these receivables, the many significant assessments and the high degree of uncertainty in the estimates embedded in the applied impairment models, we have identified this issue as a key audit matter.
How this key audit matter was addressed in our audit
In this area, our audit procedures, among others, included: • Review of the Bank's internal rules related to the determination of the impairment of customer receivables as well as obtaining an understanding of the process of determining the impairment of these receivables, including the models for its calculation on an individual and portfolio basis and the key assumptions and judgments used in accordance with the requirements of IFRS 9 • Review and assessment of the adequacy, consistency and relevance of the methodology and models used by the Bank against the requirements of IFRS 9 • Gain an understanding of the credit monitoring process and go through key controls in determining the amount of impairment of a sample of corporate and consumer loans • Review of a risk-based sample of loans for which substantive procedures have been carried out in relation to the assessment of the sufficiency of the recognised impairment, as well as the recalculation of the value of the impairment on these loans • For a sample of loans with individual impairment by the Bank, we performed a specific analysis of the assumptions and judgments used in determining the amount of expected future cash flows and for the realization of the collateral provided on these loans in relation to the available market information. • For a sample of loans with portfolio impairment by the Bank, we reviewed the methodology used, analyzed and assessed the adequacy of the main assumptions applied by the management in the context of the specifics of the Bank's individual loan portfolios and the availability of internal historical information, as well as data on future development of their parameters. • For selected non-performing loans, we have evaluated management's forecast for cash flow generation, collateral estimates and other sources of repayment. In addition, we have tested a sample of performing loans for which financial indicators have been assessed for weaknesses and other risks that may jeopardise the ability to repay exposures. • Review of subsequent events that occurred after the reporting date and aimed at track the servicing of loans and receivables from customers from the identified risk-based sample in order to assess the consistency of the assumptions used by the Bank for the expected future cash flows.

• Review for completeness and adequacy of the disclosures in the Bank's consolidated financial statements related to impairment losses on customer receivables.
Relevant references in the consolidated financial statements • Notes 18 • Note 2 (j) • Note 3 C (iii)

Assets acquired as collateral

Key audit matter
The assets acquired as collateral in the amount of BGN 373,414 thousand at the end of 2024 are disclosed in the consolidated financial statements by respective subgroups. The group of Buildings contains assets with different degrees of completion as of the date of their acquisition, which is important for their subsequent realization, as well as for their ongoing valuation, for which appropriate valuation methods are used. During the year, sales of assets worth BGN 45,290 thousand were carried out. The bank has disclosed in Note 12 a profit of BGN 13,370 thousand from the sale of assets acquired as collateral. The bank, like any other banking institution, is exposed to significant risk regarding the realisation of assets acquired as collateral. The ongoing valuation of these assets is related to the use of significant assumptions and assumptions by the Bank's management, which are associated with a high degree of uncertainty, which is why we have identified this issue as a key audit issue.
How this key audit matter was addressed in our audit
In this area, our audit procedures, among others, included: • Analysis and evaluation of the applied methods and techniques for evaluation, including assumptions and other key indicators, and their comparison with the available information on the real estate market and other external information, as well as with the requirements of the applicable accounting standards • Review of the Bank's internal rules related to the valuation of assets acquired as collateral, as well as obtaining an understanding of the controls regarding the information (including key data and assumptions) in the process of valuation of these assets, as well as conducting tests for the effectiveness of these controls. • Review of the documentation of a sample of newly acquired collateral assets during the year, as well as review and analysis of the reports to determine their value at the acquisition date, as well as recalculation of this value • Review of completeness and adequacy of disclosures regarding Assets acquired as collateral in the Bank's consolidated financial statements, in accordance with the requirements of IFRS adopted by the EU.
Relevant references in the consolidated financial statements • Note 12 • Note 22

Other matters

When determining the risk-weighted exposures in Explanatory Note No. 3 Risk Management, C. Capital Adequacy, the Bank's management has excluded Right-of-Use Assets in accordance with IFRS 16 "Leasing" in the amount of BGN 82,477 thousand. BGN. -

Other information other than the consolidated financial statements and the auditor's report thereon

Management is responsible for the other information. The other information consists of an activity report (on a consolidated basis), a corporate governance statement (on a consolidated basis) prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our audit report on it, which we received before the date of our audit report.

Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance opinion about it unless expressly stated in our report and to the extent stated.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the other information and thereby assess whether that other information is materially inconsistent with the consolidated financial statements or with our knowledge acquired during the audit, or otherwise appears to contain material misreporting.

If, based on the work we have performed, we conclude that there has been material misreporting in that other information, we are required to report that fact.

We have nothing to report in this regard.

Management and general management responsibilities for the consolidated financial statements

Management is responsible for preparing and presenting these consolidated financial statements in accordance with IFRSs adopted by the EU and for such internal control system as management determines is necessary to ensure that financial statements are prepared that do not contain material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management shall be responsible for assessing the Bank's ability to continue to operate as a going concern, disclosing, where applicable, matters relating to the going concern assumption and using the accounting basis based on the going concern assumption, unless management intends to liquidate the Bank or discontinue its operations, or if the management has practically no alternative but to do so.

The persons charged with general management are responsible for supervising the Bank's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain a reasonable degree of assurance as to whether the consolidated financial statements as a whole do not contain material misstatements, whether due to fraud or error, and to issue an audit report that includes our audit opinion. A reasonable degree of certainty is a high degree of certainty, but it is not a guarantee that an audit carried out in accordance with the ISAs will always reveal material misreporting, where any. Incorrect statements may arise as a result of fraud or error and are considered material if they could reasonably be expected to have an impact on consumers' economic decisions made on the basis of those consolidated financial statements.

As part of the ISA compliant audit, we use professional judgment and maintain professional skepticism throughout the audit. We also:

- We identify and assess the risks of material misstatements in the consolidated financial statements, whether due to fraud or error, develop and implement audit procedures in response to these risks, and obtain audit evidence that is sufficient and relevant to provide a basis for our opinion. The risk of not detecting material misreporting resulting from fraud is higher than the risk of material misreporting resulting from error, as fraud may include collusion, falsification, deliberate omissions, statements misleading the auditor, and neglect or circumvention of internal controls.
- We gain an understanding of the internal controls relevant to the audit in order to develop audit procedures that are appropriate in the specific circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the accounting basis on the assumption of going concern and, on the basis of the audit evidence obtained, as to whether there are material uncertainties relating to events or conditions that could raise significant doubts about the Bank's ability to continue to operate as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if those disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to operate as a going concern.
- We assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a way that achieves fair presentation.
- We plan and carry out the audit of the Bank in order to obtain sufficient and relevant audit evidence regarding the financial information of enterprises or business units within the Bank as a basis for forming an opinion on the consolidated financial statements of the Bank. We are responsible for the management, supervision and review of the audit work carried out for the purposes of the Bank's audit. We are solely responsible for our audit opinion.

We communicate with those in charge of general management, among other issues, the planned scope and timing of the audit and the material audit findings, including material internal control deficiencies, that we identify during our audit.

We also provide those charged with general management a statement that we have complied with the applicable ethical requirements in relation to independence and that we will communicate with them all relationships and other matters that could reasonably be considered relevant to our independence and, where applicable, the related safeguards.

Among the matters communicated with the persons charged with general management, we identify those matters that were of the greatest importance in the audit of the consolidated financial statements for the current period and which are therefore key audit matters. We describe these issues in our audit report, except in cases where law or regulation prevents the public disclosure of information about this matter or when, in extremely rare cases, we decide that a matter should not be communicated in our report, as it could reasonably be expected that the adverse consequences of this action would outweigh the public interest benefits of such communication.

We are jointly and severally responsible for the implementation of our audit and for the auditor's opinion expressed by us, in accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act (IFASAA) applicable in Bulgaria. When undertaking and executing the joint audit engagement, in connection with which we are reporting, we have also been guided by the Guidelines for the implementation of a joint audit, issued on 13.06.2017 by the Institute of Certified Public Accountants in Bulgaria and the Commission for Public Oversight of Registered Auditors in Bulgaria.

Report on other legal and regulatory requirements

Additional matters raised for reporting by the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting under the ISAs described above in the section "Other information other than the consolidated financial statements and the auditor's report thereon" with respect to the consolidated management report and corporate governance statement on a consolidated basis, we have also implemented the procedures added to those required by the ISA, according to the "Guidance on New and Extended Audit Reports and Auditor Communication" of the the professional organization of registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA)". These procedures concern checks on the availability and content of this other information in order to assist us in forming an opinion on whether the other information includes the disclosures and reports provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100n, para. 10 of the POSA, in conjunction with Art. 100n, para. 8, items 3 and 4 of the POSA), applicable in Bulgaria.

Opinion in relation to Art. 37, para. 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

(a) The information included in the consolidated management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements;

(b) The consolidated activity report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100(n), para. 7 of the Public Offering of Securities Act;

(c) In the consolidated corporate governance declaration for the financial year for which the consolidated financial statements have been prepared, the required information is presented in accordance with Chapter Seven of the Accountancy Act and Art. 100n, para. 8 of the Public Offering of Securities Act;;

Opinion in connection with Art. 100(n), para. 10 in connection with Art. 100 n, para. 8, items 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and the acquired knowledge and understanding of the Bank's activities and the environment in which it operates, in our opinion, the description of the main characteristics of the Bank's internal control and risk management systems in relation to the financial reporting process, which is part of the consolidated activity report (as an element of the content of the corporate governance declaration) and the information under Art. 10(1)(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids do not contain cases of material misreporting.

Reporting on compliance with the electronic format of the consolidated financial statements included in the annual consolidated financial statements for the activities under Art. 100n, para 5 of the POSA, with the requirements of the ESEF Regulation

We have committed to providing a reasonable degree of assurance as to the compliance of the electronic format of the Bank's consolidated financial statements for the year ended 31 December 2024, annexed in the electronic file '549300UY81ESCZJ0GR95-20241231-BG-CON.zip', with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards for the definition of the uniform electronic reporting format ('ESEF Regulation'). Our opinion is only with regard to the electronic format of the consolidated financial statements and does not cover the other information included in the annual consolidated financial statements for the activity under Art. 100n, para. 5 of the Public Offering of Securities Act.

Description of the subject matter and applicable criteria

The management has prepared an electronic format of the Bank's consolidated financial statements for the year ending 31 December 2024 under the ESEF Regulation in order to comply with the requirements of the Public Offering of Securities Act. The rules for the preparation of consolidated financial statements in this electronic format are set out in the ESEF Regulation and, in our view, have the characteristics of appropriate criteria for forming an opinion on a reasonable degree of certainty. Responsibilities of management and persons charged with general management The management of the Bank is responsible for the application of the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML. These responsibilities include the selection and application of appropriate iXBRL markings using the ESEF Regulation taxonomy, as well as the implementation and implementation of such internal control system as management deems necessary for the preparation of the electronic format of the Bank's annual consolidated financial statements that does not contain material non-compliance with the requirements of the ESEF Regulation.

The persons charged with general management are responsible for supervising the process of preparing the Bank's annual consolidated financial statements, including the application of the ESEF Regulation.

Auditors' responsibilities

Our responsibility is to express a reasonable assurance as to whether the electronic format of the consolidated financial statements complies with the requirements of the ESEF Regulation. To this end, we have implemented the "Guidelines on the Expression of an Auditor's Opinion in Relation to the Application of the Single European Electronic Format (ESEF) to the Financial Statements of Companies Whose Securities Are Admitted to Trading on a Regulated Market in the European Union (EU)" of the Institute of Certified Public Accountants (ICPA)" in Bulgaria and have carried out a reasonable assurance engagement under ISAIS 3000 (revised) "Assurance Engagements, other than audits and reviews of historical financial information" (ISAIS 3000 (revised). This Standard requires us to comply with ethical requirements, plan and implement appropriate procedures in order to obtain a reasonable degree of certainty as to whether the electronic format of the Bank's consolidated financial statements has been prepared in all material respects in accordance with the applicable criteria set out above. The nature, timing and scope of the procedures chosen depend on our professional judgment, including the assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error. A reasonable degree of certainty is a high degree of certainty, but it is not a guarantee that a commitment made in accordance with ISAIS 3000 (revised) will always reveal a material non-compliance, where one exists. We apply International Standard for Quality Management (ISMS) 1, which requires us to develop, implement and maintain a quality management system, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements for registered auditors in Bulgaria. We comply with the ethical and independence requirements of the International Code of Ethics for Professional Accountants (including International Standards for Independence) of the Council on International Standards of Ethics for Accountants (the IESBA Code), adopted by ICPA through the Independent Financial Audit and Sustainability Assurance Act (IFASAA)..

Summary of the work done

The purpose of the procedures planned and carried out by us was to obtain a reasonable degree of certainty that the electronic format of the consolidated financial statements has been prepared, in all material respects, in accordance with the requirements of the ESEF Regulation. As part of an assessment of compliance with the requirements of the ESEF Regulation with regard to the electronic (XHTML) format for reporting the Bank's consolidated accounts, we maintained professional skepticism and used professional judgment. We also:

- we have gained an understanding of the internal controls and processes related to the application of the ESEF Regulation to the Bank's consolidated financial statements, including the preparation of the Bank's consolidated financial statements in XHTML format and their marking in machine-readable language (iXBRL);
- we checked whether the applied XHTML format is valid;
- we checked whether the human-readable part of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements;

- we assessed the completeness of the markings in the Bank's consolidated financial statements using machine-readable language (iXBRL) in accordance with the requirements of the ESEF Regulation;
- we assessed the relevance of the iXBRL markings used selected from the main taxonomy, as well as the creation of an extended taxonomy element in accordance with the ESEF Regulation where an appropriate element in the main taxonomy is missing; we assessed the relevance of mapping the elements of the extended taxonomy in accordance with the ESEF Regulation.

We consider that the evidence received from us is sufficient and relevant to provide a basis for our opinion. In our opinion, on the basis of the procedures carried out, the electronic format of the Bank's consolidated financial statements for the year ending 31 December 2024, contained in the attached electronic file "549300UY81ESCZJ0GR95-20241231-BG-CON.zip", has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Additional reporting in relation to Ordinance No. 58/2018 of the Financial Supervision Commission

Statement in relation to Art. 11 of Ordinance No. 58/2018 of the FSC on the requirements for the protection of financial instruments and clients' funds, for product management and for the provision or receipt of remuneration, commissions, other monetary and non-monetary benefits.

Based on the audit procedures performed and on the acquired knowledge and understanding of the Bank's activities in the course and context of our audit of its consolidated financial statements as a whole, the established and implemented organization in relation to the safekeeping of client assets complies with the requirements of Art. 3-10 of Ordinance No. 58 of the FSC and Art. 92-95 of the Markets in Financial Instruments Act, regarding the activities of the Bank in its role as an investment intermediary.

Reporting under Art. 10 of Regulation (EU) No 537/2014 in relation to the requirements of Art. 59 of the Independent Financial Audit and Sustainability Assurance Act

In accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act in connection with Art. 10 of Regulation (EU) No 537/2014, we additionally report the information set out below.

- Forvis Mazars OOD and Ecovis Audit Bulgaria OOD have been appointed as statutory auditors of the consolidated financial statements of First Investment Bank AD (the "Bank") for the year ending 31 December 2024 by the General Meeting of Shareholders held on 19 June 2024 for a period of one year.
- The audit of the consolidated financial statements for the year ended December 31, 2024 of the Bank represents the third full continuous engagement for a statutory audit of this enterprise carried out by Forvis Mazars OOD. and the third full continuous engagement for a statutory audit of this enterprise carried out by Ecovis Audit Bulgaria OOD
- To support the auditor's opinion, we have provided in the "Key audit matters" section a description of the most important risks assessed, a summary of the auditors' response and important observations in relation to these risks, where appropriate.
- We confirm that our expressed audit opinion is in accordance with the supplementary report submitted to the Audit Committee of the Bank, in accordance with the requirements of Art. 60 of the Independent Financial Audit and Sustainability Assurance Act.
- We confirm that we have not provided the specified in Art. 64 of the Independent Financial Audit and Sustainability Assurance Act, prohibited services outside the audit.
- For the period to which our statutory audit relates, apart from the audit, we have not provided any other services to the Bank that are not specified in the consolidated activity report or the consolidated financial statements of the Bank.
- We confirm that we have maintained our independence vis-–vis the Bank and its controlled entities during the audit.

forvis mazars

ECOVIS®

Sofia, 28 April 2025

About Ecovis Audit Bulgaria OOD:

Audit company with reg. № 114

Georgi Trenchev

Manager

Georgi Stoyanov Trenchev

Digitally signed by Georgi Stoyanov Trenchev
Date: 2025.04.28 18:08:41 +02'00'

Georgi Trenchev

Manager

Registered auditor responsible for the audit

G. Sofia, blvd. Gene. Edward I. Totleben, No. 71-73

About FORVIS MAZARS OOD:

Audit company with reg. № 169

Athanasios Petropoulos

Procurator

ATHANASIOS PETROPOULOS

Digitally signed by ATHANASIOS PETROPOULOS
Date: 2025.04.28 17:26:44 +03'00'

IVA BISEROVA SLAVKOVA

Digitally signed by IVA BISEROVA SLAVKOVA
Date: 2025.04.28 19:48:37 +03'00'

Iva Slavkova

Registered auditor responsible for the audit

гр. София, ул. Московска, № 3А

Consolidated statement of profit or loss and of other comprehensive income for the year ended 31 December 2024

in BGN '000	Note	2024	2023
Interest income		538,221	452,554
Interest expense		(71,555)	(45,793)
Net interest income	**6**	**466,666**	**406,761**
Fee and commission income		224,994	203,083
Fee and commission expense		(52,609)	(44,022)
Net fee and commission income	**7**	**172,385**	**159,061**
Net trading income	8	28,392	25,045
Other net operating income	9	(54,241)	(26,981)
TOTAL INCOME FROM BANKING OPERATIONS		**613,202**	**563,886**
Administrative expenses	10	(249,866)	(238,282)
Other income/(expenses), net	12	52	(3,363)
Profit before impairment		**363,388**	**322,241**
Allowance for impairment	11	(199,799)	(144,479)
PROFIT BEFORE TAX		**163,589**	**177,762**
Income tax expense	13	(18,305)	(19,477)
GROUP PROFIT AFTER TAX		**145,284**	**158,285**
Other comprehensive income			
Items which should or may be reclassified as profit or loss			
Exchange rate differences from translation of foreign operations		6,494	8,454
Revaluation reserve of investments in securities		9,664	11,510
Total other comprehensive income		**16,158**	**19,964**
TOTAL COMPREHENSIVE INCOME		**161,442**	**178,249**
Net profit attributable to:			
Ordinary equity holders		144,791	157,573
Non-controlling interest		493	712
Total comprehensive income attributable to:			
Ordinary equity holders		160,949	177,537
Non-controlling interest		493	712
Basic and diluted earnings per share (BGN)	**14**	**0.97**	**1.06**

The statement of profit or loss and of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 166 to 228.

The financial statements have been approved by the Managing Board on 28 April 2025 and signed on its behalf by::

Nikola Bakalov
Chief Executive Officer

Svetozar Popov
Executive Director

Ralitsa Bogoeva
Executive Director

Ianko Karakolev
Chief Financial Officer

IVA BISEROVA SLAVKOVA Digitally signed by IVA BISEROVA SLAVKOVA Date: 2025.04.28 19:48:37 +03'00'

Audited as per the auditors' report dated 28/04/2025:

Athanasios Petropoulos
procurator ATHANASIOS PETROPOULOS Digitally signed by ATHANASIOS PETROPOULOS Date: 2025.04.28 17:26:44 +03'00'

Mazars OOD

Iva Slavkova
Registered auditor responsible for the audit

Georgi Trenchev, manager
Registered auditor responsible for the audit

ECOVIS AUDIT BULGARIA OOD Georgi Stoyanov Trenchev Digitally signed by Georgi Stoyanov Trenchev Date: 2025.04.28 18:08:41 +02'00'

Consolidated statement of the financial position as at 31 December 2024

in BGN '000	Note	2024	2023
ASSETS			
Cash and balances with Central Banks	15	2,814,363	2,462,073
Investments in securities	16	3,441,113	2,883,067
Loans and advances to banks and other financial institutions	17	365,017	227,327
Loans and advances to customers	18	8,542,732	7,674,705
Property and equipment	19	308,660	110,839
Intangible assets	20	26,797	25,318
Derivatives held for risk management		3,020	1,765
Current tax assets		31	229
Deferred tax assets		0	3,470
Repossessed assets	22	373,414	414,365
Investment Property	23	766,231	756,767
Rights of use assets	24	82,477	172,967
Other assets	25	131,755	131,341
TOTAL ASSETS		**16,855,610**	**14,864,233**
LIABILITIES AND CAPITAL			
Due to banks	26	15,010	8,387
Due to other customers	27	13,959,100	12,316,348
Liabilities evidenced by paper	28	730,033	447,314
Financial liabilities at fair value through profit and loss		936	3,165
Subordinated term debt	29	19,410	19,410
Hybrid debt	29	258,908	257,871
Deferred tax liabilities	21	29,185	27,603
Current tax liabilities		1,962	2,388
Lease liabilities	24	80,328	171,743
Other liabilities	30	30,589	36,622
TOTAL LIABILITIES		**15,125,461**	**13,290,851**
Issued share capital	31	149,085	149,085
Share premium	31	250,017	250,017
Statutory reserve	31	39,865	39,865
Revaluation reserve of investments in securities		3,127	(6,537)
Revaluation reserve on property		4,500	4,500
Reserve from translation of foreign operations		21,316	14,822
Other reserves and retained earnings	31	1,256,144	1,116,028
TOTAL SHAREHOLDERS' EQUITY		**1,724,054**	**1,567,780**
Non-controlling interest		6,095	5,602
TOTAL GROUP EQUITY		**1,730,149**	**1,573,382**
TOTAL LIABILITIES AND GROUP EQUITY		**16,855,610**	**14,864,233**

The statement of the financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 166 to 228.

The financial statements have been approved by the Managing Board on 28 April 2025 and signed on its behalf by:

Nikola Bakalov
Chief Executive Officer

Svetozar Popov
Executive Director

Ralitsa Bogoeva
Executive Director

Ianko Karakolev
Chief Financial Officer

IVA BISEROVA SLAVKOVA Digitally signed by IVA BISEROVA SLAVKOVA Date: 2025.04.28 19:48:37 +03'00'

Audited as per the auditors' report dated 28/04/2025:

Athanasios Petropoulos
procurator ATHANASIOS PETROPOULOS Digitally signed by ATHANASIOS PETROPOULOS Date: 2025.04.28 17:26:44 +03'00'

Mazars OOD

Iva Slavkova
Registered auditor responsible for the audit

Georgi Trenchev, manager
Registered auditor responsible for the audit

ECOVIS AUDIT BULGARIA OOD

Georgi Stoyanov Trenchev Digitally signed by Georgi Stoyanov Trenchev Date: 2025.04.28 18:08:41 +02'00'

Consolidated statement of cash flows for the year ended 31 December 2024

in BGN '000	2024	2023
Net cash flow from operating activities		
Net profit	145,284	158,285
Adjustment for non-cash items		
Allowance for impairment	199,799	144,479
Net interest income	(466,666)	(406,761)
Depreciation and amortization	18,098	14,296
Tax expense	18,305	19,477
Loss from sale and write-off of tangible and intangible fixed assets, net	13	33
Profit/(Loss) from sale of other assets, net	(18,271)	(7,742)
(Positive) revaluation of investment property	(6,019)	-
	(109,457)	**(77,933)**
Change in operating assets		
Decrease in financial assets at fair value through profit or loss	22,937	32,575
(Increase) in financial assets at fair value in other comprehensive income	(1,134,287)	(653,063)
(Increase)/decrease in loans and advances to banks and financial institutions	(10,402)	7,511
(Increase) in loans to customers	(1,156,788)	(1,111,264)
Net increase/(decrease) in other liabilities	102,081	(322)
	(2,176,459)	**(1,724,563)**
Change in operating liabilities		
Increase/(decrease) in deposits from banks	7,452	(3,617)
Increase in amounts owed to other depositors	1,640,582	859,780
Net increase in other liabilities	(111,434)	(4,282)
	1,536,600	**851,881**
Interest received	626,413	531,606
Interest paid	(67,715)	(42,385)
Dividends received	2,637	2,348
Paid profit tax, net	(15,508)	(18,990)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(203,489)**	**(478,036)**
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(216,938)	(29,490)
Sale of tangible and intangible fixed assets	58	231
Sale of other assets	60,642	39,363
Decrease in investments	558,661	578,109
NET CASH FLOW FROM INVESTING ACTIVITIES	**402,423**	**588,213**
Financing activities		
Increase in borrowings	280,253	321,484
Increase in subordinated liabilities	1,019	1,028
NET CASH FLOW FROM FINANCING ACTIVITIES	**281,272**	**322,512**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**480,206**	**432,689**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**2,659,469**	**2,226,780**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (See Note 33)	**3,139,675**	**2,659,469**

The cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 166 to 228.

The financial statements have been approved by the Managing Board on 28 April 2025 and signed on its behalf by:

Nikola Bakalov
Chief Executive Officer

Svetozar Popov
Executive Director

Ralitsa Bogoeva
Executive Director

Ianko Karakolev
Chief Financial Officer

IVA BISEROVA SLAVKOVA
Digitally signed by IVA BISEROVA SLAVKOVA
Date: 2025.04.28 19:48:37 +03'00'

Audited as per the auditors' report dated 28/04/2025:

Athanasios Petropoulos
procurator

ATHANASIOS PETROPOULOS
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Date: 2025.04.28 17:26:44 +03'00'

Mazars OOD

Iva Slavkova
Registered auditor responsible for the audit

Georgi Trenchev, manager
Registered auditor responsible for the audit

ECOVIS AUDIT BULGARIA OOD

Georgi Stoyanov Trenchev
Digitally signed by Georgi Stoyanov Trenchev
Date: 2025.04.28 18:08:41 +02'00'

Consolidated statement of shareholders' equity for the year ended 31 December 2024

BGN '000	Issued share capital	Share pre-mium	Other reserves and retained earnings	Reva-luation reserve of invest-ments in secu-rities	Reva-luation reserve on pro-perty	Reserve from trans-lation of foreign opera-tions	Statu-tory reser-ve	Non-con-trolling interest	Total
Balance at 01 January 2023	**149,085**	**250,017**	**962,805**	**(18,047)**	**4,500**	**6,368**	**39,865**	**5,029**	**1,399,622**
Total comprehensive income for the period									
Net profit for the year ended 31 December 2022	-	-	157,573	-	-	-	-	712	158,285
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-	-	11,510	-	-	-	-	11,510
Reserve from translation of foreign operations			-			8,454			8,454
Dividend paid by subsidiary			(1,956)						(1,956)
Effect from de consolidation of subsidiaries	-	-	(2,191)	-	-	-	-	-	(2,191)
Effect from the application of IFRS 9			(203)					(139)	(342)
Balance as at 31 December 2023	**149,085**	**250,017**	**1,116,028**	**(6,537)**	**4,500**	**14,822**	**39,865**	**5,602**	**1,573,382**
Total comprehensive income for the period									
Net profit for the year ended 31 December 2024	-	-	144,791	-	-	-	-	493	145,284
Other comprehensive income for the period									
Revaluation reserve of investments in securities	-	-	-	9,664	-	-	-	-	9,664
Reserve from translation of foreign operations	-	-	-	-	-	6,494	-	-	6,494
Dividend paid by subsidiary	-	-	(1,956)	-	-	-	-	-	(1,956)
Effect from de consolidation of subsidiaries	-	-	(2,719)	-	-	-	-	-	(2,719)
Balance as at 31 December 2024	**149,085**	**250,017**	**1,256,144**	**3,127**	**4,500**	**21,316**	**39,865**	**6,095**	**1,730,149**

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 166 to 228.

The financial statements have been approved by the Managing Board on 28 April 2025 and signed on its behalf by:

Nikola Bakalov
Chief Executive Officer

Svetozar Popov
Executive Director

Ralitsa Bogoeva
Executive Director

Ianko Karakolev
Chief Financial Officer

Audited as per the auditors' report dated 28/04/2025:

IVA BISEROVA SLAVKOVA
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Georgi Stoyanov Trenchev
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Date: 2025.04.28 18:08:41 +02'00'

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, 111P, Tsarigradsko Chaussee Blvd.

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

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

The Bank's management has a dual board structure, with the Managing Board and the Supervisory Board having the following members:

Managing Board

- Mr Nikola Bakalov – Chief Executive Officer
- Mr Svetozar Popov – Executive Director
- Ms Ralitsa Bogoeva – Executive Director
- Mr Ianko Karakolev – Managing Board member

In 2024 the composition of the Managing Board changed, as follows:

- Ms Nadya Vassileva Koshinska has not been a member of the Bank's Management Board since 25.07.2024. This circumstance was noted in the Commercial Register and Register of NPLE with the Recordation Agency on 31.07.2024.
- Mr Chavdar Georgieva Zlatev has not been a member of the Bank's Management Board and Executive Director since 01.10.2024. This circumstance was noted in the Commercial Register and Register of NPLE with the Recordation Agency on 07.10.2024.

Supervisory Board

- Mr Evgeni Lukanov – Supervisory Board chairperson
- Ms Maya Georgieva – Supervisory Board member
- Mr Jordan Skortchev – Supervisory Board member
- Ms Radka Mineva – Supervisory Board member
- Mr Jyrki Koskelo – Supervisory Board member

At 31 December 2024 the total number of employees of the Bank was 2,386 (31 December 2023: 2,408).

The Bank's beneficial owners are disclosed in Note 31 below.

The consolidated financial statements of the Bank as at and for the year ended 31 December 2024 comprise the Bank and its subsidiaries (see note 36), together referred to as the "Group".

The Group has foreign operations in Cyprus (Cyprus Branch) and Albania (subsidiary).

The Group has not changed its name during the year ending 31 December 2024

(b) Statement of compliance

The financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Commission.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2 (p).

The financial statements are prepared in compliance with the going concern principle..

(c) Presentation of the financial statements

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

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

(d) New standards, amendments and interpretations effective as of 01 January 2024

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants, (issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively), effective 1 January 2024.

  The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

  The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if the Group only has to comply with a covenant after the reporting period. However, if the Group's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, the Group discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the Group is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the Group may have difficulties complying with the covenants.

- Amendments to IFRS 16 Leases: Lease Liability in Sale and Leaseback, (issued on 22 September 2022), effective 1 January 2024, endorsed by the EU on 20 November 2023, published in the Official Journal on 21 November 2023

  The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the Group first applied IFRS 16.

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023), effective 1 January 2024.

  The amendments add a disclosure objective to IAS 7 stating that the Group is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about the Group's exposure to concentration of liquidity risk.

  The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which the Group would be required to provide the information.

  To meet the disclosure objective, the Group will be required to disclose in aggregate for its supplier finance arrangements:

  - The terms and conditions of the arrangements
  - The carrying amount, and associated line items presented in the Group's statement of financial position, of the liabilities that are part of the arrangements
  - The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
  - Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
  - Liquidity risk information

  The amendments contain specific transition reliefs for the first annual reporting period in which the Group applies the amendments. Under the transitional provisions the Group is not required to disclose:

  - comparative information for any reporting periods presented before the beginning of the annual reporting period in which the Group first applies those amendments
  - the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the Group first applies those amendments.

  The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

(e) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following standards, amendments and interpretations, which have also been issued but are not yet effective, are not expected to have a material impact on the Group's financial statements.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023), effective 1 January 2025

  The amendments:

  - Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when the Group is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- Specify how the Group determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable the Group discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The Group applies the amendments for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group does not apply the amendments retrospectively. Instead, the Group recognises any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When the Group uses a presentation currency other than its functional currency, it recognises the cumulative amount of translation differences in equity.

• IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 August 2024), effective 1 January 2027

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Furthermore, the IASB has made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings Per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when the Bank applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Group applies the amendments for annual reporting periods beginning on or after 01 January 2027. Earlier application is permitted.

• IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024), effective 1 January 2027

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

The Group is only permitted to apply IFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements (these are presented in addition to consolidated financial statements or in addition to the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures in which the investments in associates or joint ventures are required by IAS 28 to be accounted for using the equity method).

If the Group elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If the Group elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Group applies the amendments for annual reporting periods beginning on or after 01 January 2027. Earlier application is permitted.

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Amendments to the Classification and Measurement of Financial Instruments (issued on 30 May 2024), effective 1 January 2026

The amendments are the result of post-implementation review of the classification and measurement requirements of IFRS 9.

The amendments to IFRS 9 address the following topics:

-Derecognition of a financial liability settled through electronic transfer

The application guidance in IFRS 9 has been amended to clarify the date of initial recognition or derecognition of financial assets and financial liabilities. The amendments permit to the Group to consider a financial liability (or part of it) that will be settled in cash using an electronic payment system as discharged before the settlement date if specified criteria are met.

Classification of financial assets

Contractual terms that are consistent with a basic lending arrangement

The amendments to the application guidance of IFRS 9 provide guidance on how the Group can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement.

Assets with non-recourse features

The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset is considered to have non-recourse features if the Group's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. In other words, the Group is primarily exposed to the specified assets' performance risk rather than the debtor's credit risk.

Contractually linked instruments

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions involving multiple contractually linked instruments and provide an example.

The amendments to IFRS 7 address the disclosure of:

- investments in equity instruments designated at FVTOCI

- contractual terms that could change the timing or amount of contractual cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

The Group is required to apply the amendments retrospectively.

- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Contracts Referencing Nature-dependent Electricity (issued on 30 May 2024), effective 1 January 2026

2. Material information on the accounting policy

(a) Income recognition

(i) Interest income

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

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

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

(ii) Fees and Commissions

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

(iii) Net trading income

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

(iv) Dividend income

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

(b) Basis of consolidation

(i) Business Combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Non-controlling interest

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

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

(iii) Subsidiaries

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

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

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

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

(c) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated to Bulgarian leva at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bulgarian leva at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. The functional currency of the foreign operations in Albania is determined by the management to be the Albanian Lek.

(d) Financial assets

(i) Recognition

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

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

(ii) Financial assets at amortised cost

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

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

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

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

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

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

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

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

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

(vi) Reclassification

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

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

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

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

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

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

In this analysis, the following criteria may serve as indication for change in the business model: government securities with sufficiently long residual term that have not been traded since their acquisition; or privately placed securities without an active market where the Group holds a significant part of the issue. In case of a significant predominance of the ‘hold to collect’ business model, the Group needs to consider whether to reclassify the financial assets from the ‘Measured at fair value through other comprehensive income’ category to the ‘Measured at amortized cost’ category, continuing to manage financial assets in such a way as to generate cash flows only from collecting contractual payments.

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

The Group shall not reclassify any financial liability.

(vii) Fair value measurement principles

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

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

When there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

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

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

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers these rights in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred to the buyer. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group enters into transactions whereby it transfers financial assets recognised in its statement of financial position, but retains either all or substantially all risks and rewards of the transferred asset. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised in the statement of financial position (an example of such transactions are repo deals).

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if it does not retain control over the asset. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers in which, control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(e) Cash and cash equivalents

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

(f) Investments

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

(g) Securities borrowing and lending business and repurchase transactions

(i) Securities borrowing and lending

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

(ii) Repurchase agreements

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

(h) Deposits and current accounts

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

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of a liability and the consideration paid is included in other operating income.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(j) Impairment of financial assets

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

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

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

(k) Property and equipment

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

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

Assets	%
• Buildings	2 - 10
• 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, which are acquired by the Group, are stated at cost less accumulated amortisation and any impairment losses.

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

Assets	%
• Licenses and trademarks	10 - 14
• Software and licences	10 - 50

(m) Investment Property

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

(n) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable assessment of the amount due can be made.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The discount factor is determined before taxes and reflects the current market assessment of the value of money over time and the specific risks associated with the obligation.

(o) Acceptances

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

(p) Off-balance sheet commitments

In the ordinary course of its business, the Group enters into off-statement of financial position commitments such as guarantees and letters of credit. The Group recognizes provision for off-statement of financial position commitments when it has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and when a reliable estimate can be made of the obligation.

(q) Taxation

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

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

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

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

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

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

Information on the valuations and the valuation uncertainty, for which there is a significant risk of change as of 31 December 2024 are stated below and are related to the impairment of financial instruments, income tax and the following notes related to other elements of the financial statements:

- Note 5, 19 - determining of the fair value of the financial instruments, land and buildings through valuation techniques, in which the input data for the financial assets and liabilities are not based on the available market information.
- The Management uses valuation techniques for the fair value of financial instruments (when there is no quoted price in an active market) and non-financial assets. In applying the valuation techniques, the Management uses to a maximum degree market data and assumptions which market participants would take into account in pricing an instrument. When there is no available market data, the Management uses its best judgement of the assumptions that market participants would make. These judgements may differ from the actual prices that may be determined in a fair market transaction between informed and willing parties at the end of the reporting period.
- Notes 11, 16, 18 – measuring the expected credit loss – credit losses constitute the difference between all contractual cash flows payable to the Bank and all cash flows which the Bank expects to receive. Expected credit loss is the probability-weighted estimate of credit losses which require the Group's judgement. Expected credit loss is discounted with the initial effective interest rate (or with the loan-adjusted effective interest rate for purchased or initially created financial assets with credit impairment).

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

(i) 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 Group 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).

(ii) Income taxes

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

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for the Bank's ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Termination benefits

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

Short-term employee benefits

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

(u) Insurance Contracts

Significant insurance risk

Insurance contracts are those contracts under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Group considers that the insurance risk is significant only if an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e. no discernible effect on the economics of the transaction). If an insured event could mean significant additional amounts would be payable in any scenario that has commercial substance, the condition in the previous sentence can be met even if the insured event is extremely unlikely, or even if the expected (i.e. probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

Recognition of revenue by group of insurance contracts

The Group recognizes revenue from a group of insurance contracts, by deferring the insurance premium for the coverage period of each of the contracts forming the relevant group of insurance contracts. The coverage period is the period during which the entity provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract.

Measurement of groups of insurance contracts – measurement model

IFRS 17 Insurance Contracts requires that assets and liabilities under insurance contracts be measured using the General Measurement Model (GM) where the estimates of all rights and obligations are remeasured using actual unbiased assumptions during each reporting period. It is admissible to use the simplified Premium Allocation Approach (PAA) for calculating the Liability for Remaining Coverage (LRC), provided that it ensures a measurement which does not differ significantly from the measurement made using the General Measurement Model, or where the coverage period of the group of insurance contracts is one year or less.

In order to apply the Premium Allocation Approach (PAA), the following criteria must be met at the same time:

- The coverage period of the group of insurance contracts is one year or less;
- The liability for remaining coverage calculated by using the PAA does not differ significantly from the liability for remaining coverage calculated by using the General Measurement Model (OM);
- There are no onerous groups of insurance contracts on initial recognition.

The Group recognizes the insurance contracts it has issued using the Premium Allocation Approach (PAA).

Liability for remaining coverage

The Group assesses the liability for remaining coverage using the Premium Allocation Approach and has chosen to recognize all acquisition cash flows when these costs are incurred.

On initial recognition the carrying amount of the liability is: the premiums, if any, received at initial recognition. Upon subsequent measurement, the carrying amount of the liability is the carrying amount at the start of the reporting period, plus the premiums received in the period, minus the amount recognized as insurance revenue for services provided during this period.

Liability for incurred claims

The liability for incurred claims is formed on the basis of the expected cash outflows related to claims, taking into account the time value of money and the financial risks related to future cash flows, plus the risk adjustment for non-financial risk.

The liability for incurred claims includes:

- Reported but not settled claims – calculated using the "Claim by claim" method where it includes the expected amount of payments for each claim which has been reported but not settled. In order to calculate the amount of the reserve for reported but not settled claims, for each new claim an initial reserve is formed, based on statistical methods; upon an expert assessment of the claim, the reserve is changed based on this assessment in order to reflect the expected amount of the claim settlement. The amounts which are subject to reimbursement due to subrogation have been measured, and the reserve for reported but not settled claims in the business line "Other insurance related to motor vehicles" has been decreased.

- Incurred but not reported claims – includes the amount of unreported claims for events which occurred before the end of the reporting period, and the amount of claims which may be renewed.

In all business lines the claims incurred consist of reported claims (RBNS claims) and incurred but not reported claims (claims with delayed reporting, IBNR claims). The applicable regulation does not require that the calculation necessarily be made separately for reported claims, for unreported claims and for expenses to settle those claims. The Group calculates the reserve for claims on the basis of a model developed to generate the expected amount of claims incurred and the respective cash flows related thereto. The model generates expected cash flows on an annual basis with regard to claims based on premium earned and the quota for claims, and the results are compared to the settlement for claims and the reported claims (RBNS claims) in order to determine the reserve for claims.

(v) Leases

(i) The Company as lessee

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

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

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

Assessment and recognition of leases by the Group as lessee

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

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

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

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

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

- there is an identified asset, and

- the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration.

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

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

- ending within 12 months of the date of initial application of IFRS 16

- lease of low-value assets

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

-Full review of all agreements was made in order to establish whether it may be necessary to consider additional agreements as lease agreements according to the new IFRS 16 definition;

- A decision was made for partial retrospective application (which means that the comparative information will not be changed). Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief. Under the modified approach it is possible not to assess whether existing agreements contain leases and other relief.

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

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

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

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

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

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

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

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

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

(ii) The company as lessor

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

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

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

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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

3. Risk management disclosures

A. Trading activities

The Group maintains active trading positions in a limited number of non-derivative financial instruments. Most of the Group’s trading activities are customer driven. In anticipation of customer demand, the Group carries an inventory of money market instruments and maintains access to market liquidity by trading with other market makers. These activities constitute the proprietary trading business and enable the Group to provide customers with money market products at competitive prices.

The Group manages its trading activities by type of risk involved and on the basis of the categories of trading instruments held.

(i) Credit risk

Credit risk is the total risk of losses from positions in financial instruments as a result of the inability of one or more parties to the exposure to meet their obligations. Main components of credit risk:

• Default risk

The risk that issuers to financial instruments might default on their obligations.

• Counterparty credit risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It occurs under transactions with derivatives, repo deals, transactions for granting/receiving a loan of securities and goods, margin lending transactions and extended settlement transactions.

• Settlement risk

To the Bank settlement risk is the risk of unsettled transactions with securities, goods or cash. It occurs both under transactions with settlement of services of the "delivery versus payment" (DvP) type, and under trade without DvP ("free deliveries"). All instruments exposed to counterparty credit risk fall within the scope of this type of risk.

Credit risk is monitored on an ongoing basis subject to Bank's internal risk management procedures and is controlled through minimum thresholds for the credit quality of the issuer/counterpart and setting limits on exposure amount according to credit quality.

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market conditions. The Bank assumes market risk when taking positions in debt instruments, equities, derivatives and foreign exchange transactions. These risks are managed by enforcing limits on positions taken and their risk sensitivities as measured by value-at-risk, duration or other measures appropriate for particular position in view of its sensitivity to risk factors.

The major risk factors that affect Bank's trading activities are changes of interest rates (interest rate risk), changes of exchange rates (foreign exchange risk) and changes of equity prices (price risk).

Exposure to market risk is formally managed in accordance with risk limits set by senior management and the adopted risk strategy.

The Value at Risk is calculated and monitored on a daily basis as part of the Bank's ongoing risk management. Value at risk is calculated using one day horizon and 99 per cent confidence level, meaning that there is 1% probability that a portfolio will incur a loss in one day greater than its VaR. Parameters of the VaR model are estimated on the basis of exponentially weighted historical price changes of risk factors.

The following table summarises the range of interest VaR for all positions in the Bank's trading portfolio carried at fair value:

in thousands of BGN	31 December 2024	2024			31 December 2023
		average	**low**	**high**	
VaR	143.3	34.2	0.6	262.5	1.0

B. Non-trading activities

Below is a discussion of the various risks the Group is exposed to as a result of its non-trading activities and the approach taken to manage those risks.

(i) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations.

Funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper, subordinated debt instruments and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group makes its best efforts to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturity. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Bank strategy. The body managing liquidity is the Assets, Liability and Liquidity Management Council.

In compliance with the requirements of the Law on Credit Institutions, Ordinance No 7 of BNB for the organization and management of risks in banks and Directive 2014/59 / EU of the European Parliament and of the Council for establishing a framework for the recovery and resolution of credit institutions and investment firms, First Investment Bank AD prepared a recovery plan if financial difficulties occur. It includes qualitative and quantitative early warning signals and indicators of recovery such as capital and liquidity indicators, income indicators, market-oriented indicators upon the occurrence of which recovery measures are triggered. Liquidity indicators include Liquidity Coverage Ratio (LCR); net withdrawal of financing; liquid assets to deposits by non-financial customers ratio; Net Stable Funding Ratio (NSFR). Different stress test scenarios related to idiosyncratic shock, system shock and aggregate shock have been prepared.

In case of liquidity pressure, there are systems in place to ensure prompt and adequate reaction which include obtaining additional funds from local and international markets through issuance of appropriate financial instruments depending on the specific case as well as sale of non-liquid assets. The levels of decision making are clearly determined. In order to reduce the liquidity risk, preventive measures have been taken aimed to extend the maturity of borrowings from customers, to encourage long-term relationships with clients and to increase customer satisfaction.

In order to adequately manage liquidity risk, the Bank monitors cash flows on a daily basis.

As part of the liquidity risk management, the Group keeps available liquid assets. They consist of cash, cash equivalents and government securities, which could be sold immediately in order to provide liquidity:

Liquid assets	**2024**	**2023**
in BGN ‘000		
Balances with BNB	2,178,255	1,880,293
Current accounts and amounts with other banks	963,588	751,653
Unencumbered government securities	2,893,009	2,308,645
Gold	4,664	3,325
Total liquid assets	**6,039,516**	**4,943,916**

Reasonable liquidity management requires avoidance of concentration of the borrowings from large depositors. Analysis of the significant borrowings in terms of total amount is performed on a daily basis and the diversity of the total liabilities portfolio is supervised.

As at 31 December 2024 the thirty largest non-bank unguaranteed depositors represent 14.10% of total deposits from other customers (31 December 2023: 11.19%).

One of the main ratios used by the Group for managing liquidity risk is the ratio of liquid assets to total borrowings from other clients.

	31 December 2024	**31 December 2023**
Ratio of liquid assets to total borrowings from other clients	43.27%	40.14%

The following table provides an analysis of the financial assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment.

Maturity table as at 31 December 2024

in thousands of BGN	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	More than 2 years	Maturity not defined	Total
Assets							
Cash and balances with Central Banks	2,814,363	-	-	-	-	-	**2,814,363**
Financial assets at fair value through profit or loss	176,114	-	-	-	-	34,566	**210,680**
Financial assets at fair value through other comprehensive income	2,347,176	-	-	-	-	-	**2,347,176**
Financial assets at amortised cost	28,892	22,577	126,191	124,214	581,382	-	**883,256**
Loans and advances to banks and other financial institutions	330,800	-	-	7,014	27,203	-	**365,017**
Loans and advances to customers	575,147	255,604	1,010,923	869,165	5,831,893	-	**8,542,732**
Other trading assets	1,814	1,206	-	-	-	-	**3,020**
Total financial assets	**6,274,306**	**279,387**	**1,137,114**	**1,000,393**	**6,440,478**	**34,566**	**15,166,244**
Liabilities							
Due to banks	15,010	-	-	-	-	-	**15,010**
Due to other customers	9,639,257	986,056	2,372,894	698,877	262,016	-	**13,959,100**
Liabilities evidenced by paper	18,329	16,891	57,832	148,431	488,550	-	**730,033**
Financial liabilities at fair value through profit and loss	198	566	172	-	-	-	**936**
Subordinated term debt	-	-	-	3,944	15,466	-	**19,410**
Hybrid debt	-	-	-	-	-	258,908	**258,908**
Total financial liabilities	**9,672,794**	**1,003,513**	**2,430,898**	**851,252**	**766,032**	**258,908**	**14,983,397**
Net liquidity gap	**(3,398,488)**	**(724,126)**	**(1,293,784)**	**149,141**	**5,674,446**	**(224,342)**	**182,847**

The table shows investments at fair value through other comprehensive income with a maturity of up to 1 month in order to reflect the management's ability to sell them within a short-term period, if needed.

The Group does not recognize as liquidity risk the current undrawn amounts of loans extended because the management considers that, based on the agreed conditions, the Bank can at any time terminate the extension of funds to its borrowers in case it is expected that their credit risk will increase.

Loans and advances to customers reflect also financial lease receivables.

The investments in securities reported in portfolios of financial assets at fair value in profit or loss, financial assets at fair value in other comprehensive income and financial assets at amortised cost are mostly investments in government securities from first-class issuers which are highly liquid and with the most favourable capital treatment.

The Group manages its investments in debt securities in line with the current market expectations and dynamics. As at 31.12.2024 the modified portfolio duration is 2.23 years, while a year earlier it was 1.8 years.

Maturity table as at 31 December 2023

in thousands of BGN	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	More than 2 years	Maturity not defined	Total
Assets							
Cash and balances with Central Banks	2,462,073	-	-	-	-	-	**2,462,073**
Financial assets at fair value through profit or loss	222,599	-	-	-	-	24,931	**247,530**
Financial assets at fair value through other comprehensive income	1,194,959	-	-	-	-	-	**1,194,959**
Financial assets at amortised cost	143,387	260,712	267,993	162,624	605,862	-	**1,440,578**
Loans and advances to banks and other financial institutions	202,923	-	322	-	24,082	-	**227,327**
Loans and advances to customers	563,275	209,832	979,179	773,041	5,149,378	-	**7,674,705**
Other trading assets	1,111	654	-	-	-	-	**1,765**
Total financial assets	**4,790,327**	**471,198**	**1,247,494**	**935,665**	**5,779,322**	**24,931**	**13,248,937**
Liabilities							
Due to banks	8,387	-	-	-	-	-	**8,387**
Due to other customers	8,163,036	1,078,862	2,278,816	464,213	331,421	-	**12,316,348**
Liabilities evidenced by paper	8,566	2,182	27,584	104,579	304,403	-	**447,314**
Financial liabilities at fair value through profit and loss	967	596	666	936	-	-	**3,165**
Subordinated term debt	-	-	-	-	19,409	-	**19,409**
Hybrid debt	-	-	-	-	-	257,871	**257,871**
Total financial liabilities	**8,180,956**	**1,081,640**	**2,307,066**	**569,728**	**655,233**	**257,871**	**13,052,494**
Net liquidity gap	**(3,390,629)**	**(610,442)**	**(1,059,572)**	**365,937**	**5,124,089**	**(232,940)**	**196,443**

The following table provides a remaining maturities analysis of the financial assets and liabilities of the Group as at 31 December 2024 based on the contractual undiscounted cash flows.

in thousands of BGN	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	More than 2 years	Total
Financial assets						
Cash and balances with Central Banks	2,814,363	-	-	-	-	**2,814,363**
Financial assets at fair value through profit or loss	210,680	-	-	-	-	**210,680**
Financial assets at fair value through other comprehensive income	2,347,176	-	-	-	-	**2,347,176**
Financial assets at amortised cost	28,929	22,703	126,928	127,059	666,129	**971,748**
Loans and advances to banks and other financial institutions	330,800	-	-	7,014	27,203	**365,017**
Loans and advances to customers	569,728	256,326	1,010,986	907,372	6,730,977	**9,475,389**
Total financial assets	**6,301,676**	**279,029**	**1,137,914**	**1,041,445**	**7,424,309**	**16,184,373**
Financial liabilities						
Due to banks	15,010	-	-	-	-	**15,010**
Due to other customers	9,665,680	986,227	2,374,431	699,974	262,976	**13,989,288**
Liabilities evidenced by paper	18,368	17,023	59,612	160,158	598,628	**853,789**
Financial liabilities at fair value through profit and loss	198	566	172	-	-	**936**
Subordinated term debt	-	-	-	-	22,132	**22,132**
Hybrid debt	-	-	-	-	261,405	**261,405**
Total financial liabilities	**9,699,256**	**1,003,816**	**2,434,215**	**860,132**	**1,145,141**	**15,142,560**
Derivatives held for risk management						
Outgoing cash flow	54	-	-	-	-	**54**
Incoming cash flow	1,868	1,206	-	-	-	**3,074**
Cash flow from derivatives, net	**1,814**	**1,206**	**-**	**-**	**-**	**3,020**

The following table provides a remaining maturities analysis of the financial assets and liabilities of the Group as at 31 December 2023 based on the contractual undiscounted cash flows.

in thousands of BGN	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	More than 2 years	Total
Financial assets						
Cash and balances with Central Banks	2,462,073	-	-	-	-	**2,462,073**
Financial assets at fair value through profit or loss	247,530	-	-	-	-	**247,530**
Financial assets at fair value through other comprehensive income	1,194,959	-	-	-	-	**1,194,959**
Financial assets at amortised cost	143,419	260,826	268,377	165,297	680,087	**1,518,006**
Loans and advances to banks and other financial institutions	202,923	-	322	-	24,082	**227,327**
Loans and advances to customers	557,998	209,933	980,099	812,989	5,791,549	**8,352,568**
Total financial assets	**4,808,902**	**470,759**	**1,248,798**	**978,286**	**6,495,718**	**14,002,463**
Financial liabilities						
Due to banks	8,387	-	-	-	-	**8,387**
Due to other customers	8,163,178	1,079,050	2,280,271	464,941	332,633	**12,320,073**
Liabilities evidenced by paper	8,580	2,193	28,345	110,487	373,308	**522,913**
Financial liabilities at fair value through profit and loss	967	596	666	936	-	**3,165**
Subordinated term debt	-	-	-	770	22,132	**22,902**
Hybrid debt	-	-	-	82,597	261,405	**344,002**
Total financial liabilities	**8,181,112**	**1,081,839**	**2,309,282**	**659,731**	**989,478**	**13,221,442**
Derivatives held for risk management						
Outgoing cash flow	63	59	-	-	-	**122**
Incoming cash flow	1,174	713	-	-	-	**1,887**
Cash flow from derivatives, net	**1,111**	**654**	**-**	**-**	**-**	**1,765**

The expected cash flows of the Bank from some financial assets and liabilities are different from the cash flows as per the loan contract. The main differences are:

- There is an expectation that the deposits on demand and term deposits will remain stable and will increase.
- Retail mortgages have original maturity of 18 years on average, but the expected average effective maturity is 12 years as some clients take advantage of the early repayment possibility.

(ii) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts.

Interest rate risk in the banking book (IRRBB)

In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the Bulgarian Basic Interest Rate, the LIBOR and EURIBOR, although these indices tend to move in high correlation. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

In order to quantify the interest rate risk of its non-trading activities, the Group measures the impact of a change in the market rates both on net interest income and on the Bank's economic value defined as the difference between fair value of assets and fair value of liabilities.

The interest rate risk on the economic value of the Group following a standardised shock of +100bp/-100bp as at 31 December 2024 is BGN +9,047/-9,683 thousand.

The interest rate risk on the Group's net interest income one year forward following a standardised shock of +100bp/-100bp as at 31 December 2024 is BGN +15,591/-17,785 thousands.

Effect in BGN '000	**Net interest income**		**Equity**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
2024				
as at 31 December	15,591	(17,785)	9,047	(9,683)
Average for the period	17,144	(17,708)	6,771	(2,324)
Maximum for the period	19,825	(16,158)	15,686	3,736
Minimum for the period	15,591	(20,007)	909	(9,683)
2023				
as at 31 December	22,091	(22,640)	18,321	(6,573)

Credit Spread Risk in the Banking Book (CSRBB)

The risk arising from changes in market perception regarding the price of credit risk, the liquidity premium and other potential components of credit risk instruments that cause fluctuations in the price of credit risk, the liquidity premium and other potential components, which is not explained by IRRBB or by the expected credit / (jump to-) default risk. Only those instruments in the bank's book which are reported at fair value are subject to credit spread risk.

Similar to the interest rate risk arising from non-trading book activities, for credit spread risk the Group calculates the risk arising from potential changes in two aspects: how it affects net interest income and how it affects the Group's economic value.

The applicable stress test scenarios were calibrated with 99% confidence level compared to the historically observed changes. Shocks vary depending on the maturity of cash flows and the issuer's credit rating.

The effect on the Group's economic value as at 31 December 2024 amounted to BGN (33,963) thousand, and the effect on the net interest income amounted to BGN 6,889 thousand.

Effect in BGN '000	**Net interest income**	**Equity**
2024		
as at 31 December	6,889	(33,963)
Average for the period	6,135	(25,226)
Maximum for the period	6,889	(11,774)
Minimum for the period	4,910	(33,963)
2023		
as at 31 December	3,466	(7,540)

The following table indicates the effective interest rates at 31 December 2024 and the periods in which financial liabilities and assets reprice.

in thousands of BGN	Total	Floating rate instru-ments	Fixed rate instruments			
			Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	More than 1 year
Assets						
Cash and balances with Central Banks	**356,322**	199,939	156,383	-	-	-
Financial assets at fair value through profit or loss	**36,672**	-	36,672	-	-	-
Financial assets at fair value through other comprehensive income	**2,347,176**	-	2,347,176	-	-	-
Financial assets at amortised cost	**883,256**	-	28,892	22,578	126,191	705,595
Loans and advances to banks and other financial institutions	**98,114**	3,579	23,106	11,794	-	59635
Loans and advances to customers	**8,089,155**	7,535,710	3,395	27,556	108,543	413,951
Total interest-bearing assets	**11,810,695**	**7,739,228**	**2,595,624**	**61,928**	**234,734**	**1,179,181**
Liabilities						
Due to banks	**15,010**	2,817	12,193	-	-	-
Due to other customers	**14,092,182**	8,032,606	1,708,398	858,361	2,457,765	1,035,052
Liabilities evidenced by paper	**718,239**	256,720	17,814	16218	50,523	376,964
Subordinated term debt	**19,410**	-	-	-	-	19,410
Hybrid debt	**258,908**	-	-	-	-	258,908
Total interest-bearing liabilities	**15,103,749**	**8,292,143**	**1,738,405**	**874,579**	**2,508,288**	**1,690,334**

The following table indicates the effective interest rates at 31 December 2023 and the periods in which financial liabilities and assets reprice.

in thousands of BGN	Total	Floating rate instru-ments	Fixed rate instruments			
			Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	More than 1 year
Assets						
Cash and balances with Central Banks	**361,663**	224,780	136,883	-	-	-
Financial assets at fair value through profit or loss	**4,043**	-	4,043	-	-	-
Financial assets at fair value through other comprehensive income	**1,381,159**	-	1,381,159	-	-	-
Financial assets at amortised cost	**1,440,578**	-	143,387	260,712	267,993	768,486
Loans and advances to banks and other financial institutions	**98,249**	3,976	20,761	19,950	53,562	-
Loans and advances to customers	**7,165,990**	6,713,399	3,681	18,398	104,063	326,449
Total interest-bearing assets	**10,451,682**	**6,942,155**	**1,689,914**	**299,060**	**425,618**	**1,094,935**
Liabilities						
Due to banks	**8,387**	2,834	5,553	-	-	-
Due to other customers	**12,236,400**	6,440,440	1,608,456	937,831	2,376,201	873,472
Liabilities evidenced by paper	**431,046**	105,680	8,073	1848	25,707	289,738
Subordinated term debt	**19,410**	-	-	-	-	19,410
Hybrid debt	**257,871**	-	-	-	-	257,871
Total interest-bearing liabilities	**12,953,114**	**6,548,954**	**1,622,082**	**939,679**	**2,401,908**	**1,440,491**

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk in performing transactions in foreign currencies and foreign-currency denominated financial instruments.

As a result of the currency Board in place in Bulgaria, the Bulgarian currency is pegged to the Euro. As the currency in which the Bank presents it financial statements is the Bulgarian lev, the Group's financial statements are affected by movements in the exchange rates between the Bulgarian lev and currencies other than the Euro.

The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in profit or loss. These exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the presentation currency of the Group. These exposures were as follows:

in thousands of BGN	**2024**	**2023**
Monetary assets		
Euro	6,451,577	5,188,883
US dollar	615,782	627,281
Other	724,634	640,549
Gold	4,673	3,325
Monetary liabilities		
Euro	6,037,968	4,666,619
US dollar	616,395	621,652
Other	573,283	518,692
Gold	3,735	2,327
Net position		
Euro	413,609	522,264
US dollar	(613)	5,629
Other	151,351	121,857
Gold	938	998

In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Group manages foreign currency risk in line with policy that sets limits on currency positions and dealer limits.

(iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group is subject to credit risk through its lending activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The management of the credit risk exposures to borrowers is conducted through regular analysis of the borrowers' credit worthiness and the assignment of a rating grade. Exposure to credit risk is also managed in part by obtaining collateral and guarantees.

The table below sets out information about maximum exposure to credit risk:

in thousands of BGN	**Loans and advances to other customers**		**Loans and advances to banks and balances with central banks**		**Investment in debt securities**		**Off balance sheet commitments**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Carrying amount	8,542,732	7,674,705	2,814,059	2,356,468	3,392,820	2,842,380	-	-
Amount committed/ guaranteed	-	-	-	-	-	-	1,141,510	1,212,075

The Group's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. These exposures are as follows:

31 December 2024			in thousands of BGN
Class of exposure	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Carrying amount of loans and advances to customers**
Performing			
Collectively impaired	7,778,937	(77,362)	7,701,575
Non-performing			
Collectively impaired	214,418	(47,446)	166,972
Individually impaired	906,089	(231,904)	674,185
Total	**8,899,444**	**(356,712)**	**8,542,732**
31 December 2023			in thousands of BGN
Class of exposure	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Carrying amount of loans and advances to customers**
Performing			
Collectively impaired	7,051,103	(66,285)	6,984,818
Non-performing			
Collectively impaired	218,659	(63,424)	155,235
Individually impaired	791,270	(256,618)	534,652
Total	**8,061,032**	**(386,327)**	**7,674,705**

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

	31/12/2024		**31/12/2023**	
	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)	6,571,483	(14,175)	5,981,756	(10,872)
Exposures with significant increase of credit risk after the initial recognition (phase 2)	1,207,454	(63,187)	1,069,347	(52,547)
Non-performing (impaired) exposures (phase 3)	1,120,507	(279,350)	1,009,929	(337,069)
Total	**8,899,444**	**(356,712)**	**8,061,032**	**(400,488)**

Exposures classification into risk classes reflects the management's estimate regarding the loans recoverable amounts.

As at 31 December 2024 the gross amount of overdue loans and advances to customers measured as exposures 90+ days overdue is BGN 512,789 thousand (2023: 651,226 thousand)

In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credits and issue contingent liabilities (See Note 32).

Concentrations of credit risk (whether on or off-balance sheet) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The major concentrations of credit risk arise by location and type of customer in relation to the Bank's investments, loans and advances and off-balance sheet commitments.

Total economic sector credit risk concentrations in loans and advances to customers are presented in the table below:

in thousands of BGN	2024	2023
Trade	1,317,963	1,206,828
Industry	1,186,548	1,297,376
Services	875,569	674,200
Finance	64,657	152,650
Transport, logistics	160,682	184,227
Communications	75,377	79,671
Construction	514,642	468,264
Agriculture	213,045	232,695
Tourist services	519,943	433,824
Infrastructure	606,431	419,674
Private individuals	3,310,586	2,871,701
Other	54,001	39,922
Allowance for impairment	(356,712)	(386,327)
Total	**8,542,732**	**7,674,705**

The amounts reflected in the tables represent the maximum accounting loss that would be recognised at the statement of financial position date if counterparts failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed expected losses, which are included in the allowance for impairment.

The Group has extended loans to enterprises involved in different types of activities but within the same economic sector - industry. As such the exposures share a similar industry risk. There are three such groups of enterprises at 31 December 2024 with total exposures outstanding amounting to BGN 188,020 thousand (2013: BGN 137,625 thousand) - ferrous and non-ferrous metallurgy, BGN 60,818 thousand (2013: BGN 61,015 thousand) – mining industry and BGN 140,339 thousand (2013: BGN 130,036 thousand) - power engineering.

The Group has extended loans, confirmed letters of credit and granted guarantees to 4 individual clients or groups (2023: 5) with each individual exposure exceeding 10% of the capital base of the Group, based on the amortised cost of the respective loan facilities and after application of the required regulatory exemptions and techniques for reducing credit risk. The total amount of these exposures was BGN 1,061,664 thousand, i.e. 56.97% of tier 1 capital (2023: BGN 1,223,119 thousand which represented 79.57% of tier 1 capital).

No loans were extended by the branch in Cyprus in 2024, as in 2023, and in 2024 the loans extended by the bank in Albania amounted to BGN 653,254 thousand (2023: BGN 536,995 thousand) gross book value.

The Group's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The agreements specify monetary limits to the Bank's obligations.

Collateral held against different types of assets:

Type of credit exposure	Main type of collateral	Collateral coverage ratio	
		2024	2023
Repurchase agreements	Tradable securities	99%	99%
Loans and advances to banks	None		
Mortgage loans	Real estate	257%	254%
Consumer lending	Mortgage, warrant, financial and other collateral	15%	17%
Credit cards	None	-	-
Loans to companies	Mortgage, pledge of enterprise, pledge of long-term tangible assets, pledge of goods, pledge of other short-term tangible assets, financial and other collateral	898%	779%

The table below shows a breakdown of total gross loans and advances (gross balance sheet value) extended to customers by the Group by type of collateral to the amount of the collateral, excluding credit cards in the amount of BGN 134,166 thousand (2023: 134,753 thousand)

in BGN '000	2024	2023
Mortgage	1,994,213	1,913,193
Pledge of receivables	1,997,852	1,940,795
Pledge of commercial enterprise	6,302	6,715
Securities	23,337	27,639
Bank guarantees	3,750	3,750
Other guaranties	4,009,736	3,463,880
Pledge of goods	9,493	11,441
Pledge of machines	29,551	44,528
Money deposit	555,228	342,332
Stake in capital	15	-
Other collateral	416	-
Unsecured	135,385	172,006
Total	**8,765,278**	**7,926,279**

Other collateral includes insurance policies up to the amount of the insurance cover, future receivables, remuneration transfers, etc.

Residential mortgage lending

The table below represents credit exposures from housing and mortgage loans to household customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan to the value of the collateral. The gross amount excludes any impairment allowances. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

The table below represents a separation of the gross amount of housing mortgages granted to households according to the LTV ratio.

in BGN '000	2024	2023
Loan to value (LTV) ratio		
Less than 50%	478,393	365,172
51% to 70%	515,165	484,128
71% to 90%	554,611	473,199
91% to 100%	41,689	39,850
More than 100%	124,762	115,647
Total	**1,714,620**	**1,477,996**

Loans to corporate customers

Individually significant loans to corporate customers are subject to individual credit appraisal and impairment testing. The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan. However, collateral provides additional security and the Group requests corporate borrowers to provide it. The Group takes collateral in the form of a first charge over real estate, floating charges over all corporate assets, and other liens and guarantees.

The Group routinely analyses collateral for possible changes in value due to market conditions, legal framework or debtor's actions. Where such changes lead to a breach in the requirements for sufficiency of collateral, the Group requires provision of additional collateral within a certain timeframe.

As at 31 December 2024 the net carrying amount of individually impaired loans to corporate customers amounted to BGN 730,645 thousand (2023: BGN 588,321 thousand) and the value of collateral held against those loans amounts to BGN 701,934 thousand (2023: BGN 556,685 thousand).

The Group constantly monitors the risk of default on already given loans and if there is available data for potential or actual problems, the Group prepares an action plan and takes measures for managing the possible unwanted results, including restructuring of the loans

Renegotiated Loans

For the purposes of the disclosure in these financial statements "renegotiated loans" are defined as loans, which have been renegotiated as a result of a change in the interest rates, repayment schedule, upon a client request, and others.

in BGN '000	2024		2023	
Type of renegotiation	**Gross amount of loans and advances to customers**	**Allowance for impairment**	**Gross amount of loans and advances to customers**	**Allowance for impairment**
Loans to individuals	**205,088**	**3,711**	**225,938**	**4,767**
Change of maturity	118,040	3,018	120,245	4,001
Change of amount of instalment	498	4	2,209	18
Change of interest rate	47,076	29	63,334	11
Change due to customers request	25,471	28	27,301	28
Other reasons	14,003	632	12,849	709
Loans to corporate clients	**1,961,371**	**128,979**	**1,744,319**	**104,120**
Change of maturity	281,971	865	118,429	251
Change of amount of instalment	331,372	6,338	308,963	414
Change of interest rate	105,655	4,820	247,028	1,448
Change due to customers request	918,874	81,624	821,649	54,923
Other reasons	323,499	35,332	248,250	47,084
Total:	**2,166,459**	**132,690**	**1,970,257**	**108,887**

Structure and organization of credit risk management functions

Credit risk management as a comprehensive process is accomplished under the supervision of the Management Board of the Bank. The Supervisory Board exercises control over the activities of the Management Board on the credit risk management either directly or through the Risk Committee, which supports the Supervisory Board with the extensive supervision over the risk management function in the Bank, including over the formation of risk exposures.

There are collective bodies in the Bank the function of which is to support the activities of the Management Board on the credit risk management- Credit Council and Restructuring Committee. The Credit Council supports the adopted credit risk management and forms an opinion on loans as per its limits of competence. The Restructuring Committee is a specialized body for supervision of the loan exposures with indicators for deterioration. In addition to the collective bodies in the Bank, there are other independent specialized bodies - the Risk Analysis and Control Department and the Credit Risk Management, Monitoring and Provisioning Department, which fulfil the functions of identification, evaluation and management of the credit risk, including performing additional second control over the risk exposures. The realization, coordination and current control over the lending process is organized from the following departments: Banking of Large Enterprises, Banking of Medium-sized Enterprises, Banking of Small Enterprises, Retail Banking, and Loan Administration, while the problem assets management is performed by the Impaired Assets Department.

(iv) Government debt exposures

The Group closely manages the credit risk on government debt exposures and as a result the overall quality of the government debt portfolio is very high.

The table below shows the carrying amount of the government debt portfolio by country issuer.

in BGN '000

31 December 2024				
Country issuer	**at fair value through profit and loss**	**at fair value through other comprehensive income**	**at amortised cost**	**Total**
Bulgaria	6,162	184,397	430,178	620,737
Lithuania	-	28,080	41,092	69,172
Slovakia	-	-	1,981	1,981
USA	-	130,402	64	130,466
Romania	98	46,733	12,119	58,950
Italy	-	4,256	1,962	6,218
Spain	-	164,811	-	164,811
Portugal	-	-	20,088	20,088
Hungary	-	-	15,485	15,485
Croatia	-	7,006	-	7,006
European Union	-	254,215	593	254,808
Albania	-	73,523	171,945	245,468
Ireland	-	-	19,903	19,903
Saudi Arabia	-	6,146	9,925	16,071
Belgium	-	211,946	-	211,946
France	-	381,924	-	381,924
Germany	-	408,050	-	408,050
Great Britain	-	46,543	-	46,543
Finland	-	121,695	-	121,695
Austria	20,325	176,462	-	196,787
Israel	-	25,982	-	25,982
Slovenia	-	9,633	-	9,633
Malta	10,077	-	-	10,077
EFSF*	-	11,973	-	11,973
EMC*	-	26,112	-	26,112
Total	**36,662**	**2,319,889**	**725,335**	**3,081,886**

*European Financial Stability Facility

**European Stability Mechanism

in BGN '000

31 December 2023				
Country issuer	**at fair value through profit and loss**	**at fair value through other comprehensive income**	**at amortised cost**	**Total**
Bulgaria	3,948	127,450	414,874	546,272
Lithuania	-	-	41,772	41,772
Latvia	-	60	-	60
Slovakia	-	-	1,981	1,981
USA	-	137,777	79,428	217,205
Romania	95	41,478	12,161	53,734
Italy	-	38,405	1,962	40,367
Spain	-	18,981	48,371	67,352
Portugal	-	-	20,181	20,181
Hungary	-	-	15,457	15,457
Croatia	-	6,981	-	6,981
European Union	-	151,624	68,581	220,205
Albania	-	41,257	177,300	218,557
Ireland	-	-	19,955	19,955
Saudi Arabia	-	-	9,984	9,984
Belgium	-	48,582	95,907	144,489
France	-	115,044	155,510	270,554
Germany	-	281,065	144,938	426,003
Great Britain	-	33,503	22,455	55,958
Finland	-	38,280	-	38,280
Switzerland	-	-	12,761	12,761
Austria	-	48,789	-	48,789
Czechia	-	38,360	-	38,360
Israel	-	5,521	-	5,521
EFSF*	-	1,868	-	1,868
Total	**4,043**	**1,175,025**	**1,343,578**	**2,522,646**

*European Financial Stability Facility

Maturity table of government debt securities by country issuer as at 31 December 2024

in thousands of BGN

Country issuer	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Bulgaria	19,769	20,680	103,308	98,284	190,594	188,102	620,737
Lithuania	-	-	-	41,092	-	28,080	69,172
Slovakia	-	-	-	-	1,981	-	1,981
USA	24,520	50,529	37,192	-	-	18,225	130,466
Romania	-	-	-	41,933	5,532	11,485	58,950
Italy	-	-	-	-	-	6,218	6,218
Spain	-	48,674	96,370	19,767	-	-	164,811
Portugal	-	-	-	-	-	20,088	20,088
Hungary	-	-	-	-	-	15,485	15,485
Croatia	-	7,006	-	-	-	-	7,006
European Union	58,641	82,730	14,552	-	37,627	61,258	254,808
Albania	9,122	28,242	20,314	22,478	96,959	68,353	245,468
Ireland	-	-	-	-	-	19,903	19,903
Saudi Arabia	-	-	-	-	9,925	6,146	16,071
Belgium	-	38,910	135,203	-	-	37,833	211,946
France	39,116	116,752	193,210	-	-	32,846	381,924
Germany	9,769	126,707	271,574	-	-	-	408,050
Great Britain	11,755	-	34,788	-	-	-	46,543
Finland	-	-	121,695	-	-	-	121,695
Austria	48,792	-	106,753	20,916	20,326	-	196,787
Israel	-	-	-	20,263	5,719	-	25,982
Slovenia	-	-	-	-	-	9,633	9,633
Malta	-	-	-	-	-	10,077	10,077
EFSF*	-	-	-	1,910	-	10,063	11,973
EMC*	13,684	-	-	-	-	12,428	26,112
Total	**235,168**	**520,230**	**1,134,959**	**266,643**	**368,663**	**556,223**	**3,081,886**

Maturity table of government debt securities by country issuer as at 31 December 2023

in thousands of BGN

Country issuer	Up to 1 Month	From 1 to 3 Months	From 3 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Bulgaria	-	-	27,609	143,235	139,152	236,276	**546,272**
Lithuania	-	-	-	-	41,772	-	**41,772**
Latvia	-	-	60	-	-	-	**60**
Slovakia	-	-	-	-	1,981	-	**1,981**
USA	79,368	70,249	67,529	-	-	59	**217,205**
Romania	-	-	-	-	41,478	12,256	**53,734**
Italy	-	-	38,405	-	-	1,962	**40,367**
Spain	-	-	48,371	-	18,981	-	**67,352**
Portugal	-	-	-	-	-	20,181	**20,181**
Hungary	-	-	-	-	-	15,457	**15,457**
Croatia	-	-	-	6,981	-	-	**6,981**
European Union	-	77,729	141,882	-	-	594	**220,205**
Albania	12,491	17,911	18,615	42,570	71,650	55,320	**218,557**
Ireland	-	-	-	-	-	19,955	**19,955**
Saudi Arabia	-	-	-	-	9,984	-	**9,984**
Belgium	-	48,582	95,907	-	-	-	**144,489**
France	29,278	126,232	115,044	-	-	-	**270,554**
Germany	97,655	68,057	260,291	-	-	-	**426,003**
Great Britain	22,455	33,503	-	-	-	-	**55,958**
Finland	-	-	38,280	-	-	-	**38,280**
Switzerland	-	-	12,761	-	-	-	**12,761**
Austria	48,789	-	-	-	-	-	**48,789**
Czechia	-	-	38,360	-	-	-	**38,360**
Israel	-	-	-	-	5,521	-	**5,521**
EFSF	-	-	-	-	1,868	-	**1,868**
Total	**290,036**	**442,263**	**903,114**	**192,786**	**332,387**	**362,060**	**2,522,646**

C. Capital adequacy

Since 1 January 2014, the provisions of the CRD IV package have been in force. Through Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, CRD IV package transposes into European law the provisions of the new capital standards for banks – Basel III.

Regulatory capital

The equity capital of the Group for regulatory purposes consists of the following elements:

Common Equity Tier 1 capital

a) issued and paid up capital instruments (ordinary shares);

b) share premium from issuance of ordinary shares;

c) audited retained earnings;

d) accumulated other comprehensive income, including revaluation reserves;

e) other reserves;

Deductions from components of the Common Equity Tier 1 capital include intangible assets, as well as value adjustments due to the requirements for prudential assessments and other deductions. The increase of CET1 includes the adjustments related to the transitional treatment of the effect from the initial application of IFRS 9.

Additional Tier 1 capital

The instruments of Additional Tier 1 capital include hybrid debt (see note 29).

Tier 2 Capital

Tier 2 capital amortised in accordance with the requirements of Regulation 575 includes subordinated term debt in the amount of EUR 9,900 thousand (equivalent to BGN 19.363 thousand), issued in 2019 (EUR 2,000 thousand) and in 2020 (EUR 2,900 thousand) and 2022 (EUR 5,000 thousand) in the form of subordinated bonds issued by the subsidiary First Investment Bank - Albania Sh.a. (See Note 29).

Total own funds

In thousands of BGN	**2024**	**2023**
Common Equity Tier 1 capital		
Paid up capital instruments	149,085	149,085
(-) Indirect shareholding in Common Equity Tier 1 capital instruments	-	-
Premium reserves	250,017	250,017
Net interim profit for the nine-month period ending on September 30, 2024, as per the review conducted by the joint auditors.	78,716	
Other reserves	1,146,007	994,137
Accumulated other comprehensive income	28,943	12,785
Adjustments of Common Equity Tier 1 capital		
(-) Intangible assets	(26,362)	(24,881)
Transitional adjustments of Common Equity Tier 1 capital	1,086	-
(-) Other deductions	(17,983)	(32,648)
Common Equity Tier 1 capital	**1,609,509**	**1,348,495**
Additional Tier 1 capital instruments		
Hybrid debt	254,258	254,258
Tier 1 Capital	**1,863,767**	**1,602,753**
Tier 2 Capital instruments		
Subordinated term debt	13,600	15,521
Tier 2 Capital	**13,600**	**15,521**
Total own funds	**1,877,367**	**1,618,274**

The Group calculates the following ratios:

a) the Common Equity Tier 1 capital ratio is the Common Equity Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;

b) the Tier 1 capital ratio is the Tier 1 capital of the institution expressed as a percentage of the total risk exposure amount;

c) the total capital ratio is the own funds of the institution expressed as a percentage of the total risk exposure amount.

The total risk exposure is calculated as the total of the riskweighted assets for credit, market and operational risk.

The Group calculates the requirements for credit risk for its exposures in banking and trading portfolios based on the standardised approach. Exposures are taken into account using their balance sheet amount. Off-balance-sheet credit-related commitments are taken into account by applying different categories of conversion factors designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using different percentages depending on the class of exposure and its credit rating assessment. Various credit risk mitigation techniques are used, for example collateralised transactions and guarantees. Forwards and options based derivative instruments are weighted for counterparty credit risk.

The Group calculates also capital requirements for market risk for foreign currency and commodity instruments in trading book and banking book.

The Group calculates capital requirements for operational risk by application of the standardized approach. In this approach the Group distributes the net income from banking operations (called the relevant indicator) over the last three years for the respective business lines. Next, the distributed amount from the relevant indicator is multiplied by its corresponding percentage (beta factor) to obtain the annual capital requirement for each business line. The Group calculates the capital requirement for operational risk as the average value for the three-year period of the sum of the annual capital requirements for all business lines. The respective risk exposure is calculated by further multiplication of the capital requirement by 12.5.

The Group has complied with the regulatory capital requirements throughout the period.

Capital adequacy level is as follows:

in BGN '000	Balance sheet/notional amount		Risk exposures	
	2024	2023	2024	2023
Risk weighted exposures for credit risk				
Balance sheet assets				
Central governments or central banks	5,425,472	4,490,127	363,568	376,414
Multilateral development banks	16	15	-	-
International organizations	894	894	-	-
Institutions	617,940	478,282	198,243	171,541
Corporates	3,082,115	2,925,782	2,320,215	2,318,383
Retail	2,279,203	1,956,599	1,517,575	1,290,573
Secured by mortgages on immovable property	2,484,298	2,333,305	913,724	870,610
Exposures in default	835,952	683,192	808,756	735,783
High-risk exposures	11,807	-	17,710	-
Collective investments undertakings	10,458	9,494	10,458	9,494
Equity	48,994	42,352	57,118	50,476
Other items	1,918,388	1,717,878	1,552,147	1,387,561
Total	**16,715,537**	**14,637,920**	**7,759,514**	**7,210,835**
Off balance sheet items				
Institutions	-	-	6,996	47
Corporates	482,487	648,425	184,063	47,008
Retail	545,671	534,073	164,883	5,210
Secured by mortgages on immovable property	31,091	29,206	6,094	5,661
Exposures in default	66,808	-	52,007	-
High-risk exposures	14,358	-	10,769	-
Other items	-	-	103	102
Total	**1,140,415**	**1,211,704**	**424,915**	**58,028**
Derivatives				
Central governments or central banks	-	-	-	-
Institutions	162	114	81	57
Corporates	2,532	1,829	2,532	1,829
Other items	3,735	2,327	3,735	2,327
Total	**6,429**	**4,270**	**6,348**	**4,213**
Total risk-weighted exposures for credit risk			**8,190,777**	**7,273,076**
Total amount of exposures to market risk			**5,000**	**4,413**
Amount of exposures for deferred risk			**725,188**	**620,475**
Total amount of risk exposures			**8,920,965**	**7,897,964**

Capital adequacy ratios	Equity		Capital ratios %	
	2024	2023	2024	2023
Common Equity Tier 1 capital	**1,609,509**	**1,348,495**	**18.04%**	**17.07%**
Tier 1 Capital	**1,863,767**	**1,602,753**	**20.89%**	**20.29%**
Total own funds	**1,877,367**	**1,618,274**	**21.04%**	**20.49%**

D. Other risks - war in Ukraine

On 24 February 2022 Russia began large-scale military action against Ukraine. In response to the Russian actions against Ukraine, the EU member states and the USA imposed wide-ranging sanctions against Russia and Belarus, including but not limited to, large Russian banks, some other companies, members of the Russian parliament and some representatives of the Russian elite and their families, and also banned primary/secondary trade in government bonds and other select securities. Secondary effects, such as the increasing prices and the sufficiency of energy supply in Europe, as well as the economic impact of various scenarios, are difficult to forecast and may have significant effects on the EU economy. The crisis has the potential to exacerbate further the already tense situation with energy prices in Europe, which may lead to slowing of the economy and to higher losses, including higher impairment.

The disruptions caused by the war have both direct and indirect impacts on the economy of EU countries, leading to slower growth and higher inflation. The rapid increase in energy and food prices is fuelling global inflationary pressure and posing challenges to the monetary policy of central banks.

The risks to future development include the potential impacts on the business model of macroeconomic and global geopolitical insecurity related to the Russian actions against Ukraine. Customers' activities may also be affected by the higher prices of energy and the disruption of supply chains.

The Bank monitors the situation closely, and carries out additional stress tests under different scenarios. The Group's exposure to counterparties from Russia, Ukraine and Belarus is insignificant.

According to the Group's initial estimates, these events did not have direct significant impact on its operations. In addition, the Management does not expect that as a whole the crisis would have immediate significant impacts on the Group's operations.

4. Segment Reporting

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

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

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

The Group operates principally in Bulgaria, but also has operations in Cyprus and Albania.

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

in BGN '000	Bulgarian operations		Foreign operations		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Interest income	456,329	390,525	81,892	62,029	538,221	452,554
Interest expense	(54,596)	(34,831)	(16,959)	(10,962)	(71,555)	(45,793)
Net interest income	**401,733**	**355,694**	**64,933**	**51,067**	**466,666**	**406,761**
Fee and commission income	198,662	180,362	26,332	22,721	224,994	203,083
Fee and commission expense	(45,761)	(39,617)	(6,848)	(4,405)	(52,609)	(44,022)
Net fee and commission income	**152,901**	**140,745**	**19,484**	**18,316**	**172,385**	**159,061**
Net trading income	**24,541**	**21,404**	**3,851**	**3,641**	**28,392**	**25,045**
Administrative expenses	**(226,810)**	**(218,864)**	**(23,056)**	**(19,418)**	**(249,866)**	**(238,282)**
	31.12.2024	**31.12.2023**	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Assets	**15,015,408**	**13,196,480**	**1,840,202**	**1,667,753**	**16,855,610**	**14,864,233**
Liabilities	**13,387,528**	**11,740,400**	**1,737,933**	**1,550,451**	**15,125,461**	**13,290,851**

The table below shows assets and liabilities and income and expense by business segments as at 31 December 2024.

in thousands of BGN

Business	Assets	Liabilities	Net interest income	Net fee and commission income	Net trading income	Other net operating income
Large enterprises	2,685,770	2,640,249	87,585	46,589	-	50
Small and medium enterprises	2,363,482	1,842,754	132,111	46,223	-	1
Retail Banking	3,493,480	10,179,419	168,341	83,481	-	4,555
Treasury	6,623,513	22,659	105,202	(2,762)	28,392	(68,224)
Other	1,689,365	440,379	(26,573)	(1,146)	-	9,377
Total	**16,855,610**	**15,125,460**	**466,666**	**172,385**	**28,392**	**(54,241)**

The Bank discloses the following information pursuant the requirements of Art. 70(6) of the Law on Credit Institutions.

in BGN '000

Business	Bulgaria	other EU member states	third countries	Total
Turnover rate	524,463	37,882	50,857	**613,202**
Equivalent number of full-time employees	2,398	17	277	**2,692**
Profit before tax	109,399	31,341	22,849	**163,589**
Accrued taxes on the financial result of the activity	(11,252)	(3,822)	(3,231)	**(18,305)**
Return on assets (ROA)	0.7%	3.9%	1.7%	**0.9%**
Government subsidies received	257	-	-	**257**

The information given in the column on third countries includes the subsidiary First Investment Bank - Albania Sh.a. which is covered in Note 36(C)

The information on other EU members states includes the branch in Cyprus..

5. Financial assets and liabilities

Accounting classification and fair values

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

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

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

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

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

For all other financial instruments, the Group determines fair values using other valuation techniques.

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

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

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

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

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

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

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

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

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

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

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

in BGN '000

31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	50,387	160,209	85	**210,681**
Financial assets at fair value through other comprehensive income	2,254,082	93,094	-	**2,347,176**
Derivatives held for risk management	1,732	1,288	-	**3,020**
Total	**2,306,201**	**254,591**	85	**2,560,877**
Financial liabilities at fair value through profit and loss	-	936	-	**936**

in BGN '000

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	15,897	231,548	85	247,530
Financial assets at fair value through other comprehensive income	1,134,130	60,829	-	1,194,959
Derivatives held for risk management	1,079	686	-	1,765
Total	**1,151,106**	**293,063**	85	**1,444,254**
Financial liabilities at fair value through profit and loss	-	3,165	-	**3,165**

The investments in securities reported in portfolios of financial assets at fair value in profit or loss, financial assets at fair value in other comprehensive income and financial assets at amortised cost are mostly investments in government securities from first-class issuers which are highly liquid and with the most favourable capital treatment.

The Group manages its investments in debt securities in line with the current market expectations and dynamics. As at 31.12.2024 the modified portfolio duration is 2.23 years, while a year earlier it was 1.8 years.

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

31 December 2024	Level 1	Level 2	Level 3	Total fair values	Total balance sheet value
Assets					
Cash and balances with Central Banks	-	2,814,363	-	2,814,363	2,814,363
Financial assets at amortised cost	830,239	-	-	830,239	883,256
Loans and advances to banks and other financial institutions	-	365,017	-	365,017	365,017
Loans and advances to customers	-	841,155	7,699,878	8,541,033	8,542,732
Total	**830,239**	**4,020,535**	**7,699,878**	**12,550,652**	**12,605,368**
Liabilities					
Due to banks	-	15,010	-	15,010	15,010
Due to other customers	-	9,639,346	4,234,303	13,873,649	13,959,100
Liabilities evidenced by paper	-	723,560	-	723,560	730,033
Subordinated term debt	-	19,410	-	19,410	19,410
Hybrid debt	-	258,908	-	258,908	258,908
Total	**-**	**10,656,234**	**4,234,303**	**14,890,537**	**14,982,461**

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total balance sheet value**
Assets					
Cash and balances with Central Banks	-	2,462,073	-	2,462,073	2,462,073
Financial assets at amortised cost	1,346,488	-	-	1,346,488	1,440,578
Loans and advances to banks and other financial institutions	-	227,327	-	227,327	227,327
Loans and advances to customers	-	689,887	7,016,804	7,706,691	7,674,705
Total	**1,346,488**	**3,379,287**	**7,016,804**	**11,742,579**	**11,804,683**
Liabilities					
Due to banks	-	8,387	-	8,387	8,387
Due to other customers	-	8,163,036	4,137,434	12,300,470	12,316,348
Liabilities evidenced by paper	-	443,214	-	443,214	447,314
Subordinated term debt	-	19,410	-	19,410	19,410
Hybrid debt	-	257,871	-	257,871	257,871
Total	**-**	**8,891,918**	**4,137,434**	**13,029,352**	**13,049,330**

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as product and borrower type, maturity, currency, collateral type.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

6. Net interest income

in BGN '000	2024	2023
Interest income		
Accounts with and placements to banks and financial institutions	12,276	5,362
Large enterprise	105,833	93,158
Small and medium enterprises	133,578	103,098
Micro enterprise	16,283	14,207
Households	175,480	155,013
Debt instruments	94,771	81,716
	538,221	**452,554**
Interest expense		
Deposits from banks	(73)	(245)
Deposits from other customers	(17,477)	(9,633)
Liabilities evidenced by paper	(27,004)	(7,326)
Subordinated term debt	(765)	(766)
Hybrid debt	(24,899)	(25,753)
Interest on assets cost	(558)	(574)
Interest expense on financial liabilities recognized in profit or loss	(14)	(36)
Lease agreements and other	(765)	(1,460)
	(71,555)	**(45,793)**
Net interest income	**466,666**	**406,761**

For 2024 he recognized interest income from individually impaired financial assets (loans to customers) amounted to BGN 50, 730 thousand (2023: BGN 29,534 thousand).

7. Net fee and commission income

in thousands of BGN	2024	2023
Fee and commission income		
Letters of credit and guarantees	3,669	3,687
Payment operations	34,949	32,103
Customer accounts	43,645	44,066
Card services	68,174	57,454
Other	74,557	65,773
	224,994	**203,083**
Fee and commission expense		
Letters of credit and guarantees	(537)	(986)
Payment systems	(5,300)	(4,949)
Card services	(36,649)	(28,122)
Other	(10,123)	(9,965)
	(52,609)	**(44,022)**
Net fee and commission income	**172,385**	**159,061**

8. Net trading income

in thousands of BGN	2024	2023
Net trading income arises from:		
- Debt instruments	68	41
- Equities	1,806	1,087
- Foreign exchange rate fluctuations	26,518	23,917
Net trading income	**28,392**	**25,045**

9. Other net operating income

In thousands of BGN	2024	2023
Other net operating income arising from:		
Net income from transactions and revaluation of gold and precious metals	1,972	1,279
Rental income	7,405	6,937
- Debt instruments	(72,654)	(44,491)
- Equities	4,430	5,649
- income from management of assigned receivables	4,444	3,282
- Gain on administration of loans acquired through business combination	162	363
Other net operating income	**(54,241)**	**(26,981)**

10. Administrative expenses

in BGN ‘000	2024	2023
General and administrative expenses comprise:		
- Personnel cost	109,637	98,247
Amortization of equipment and tangible fixed assets	18,098	14,297
Tangible assets		
Rights of use assets	33,182	37,711
- Advertising	10,046	11,411
-Telecommunication, software and other computer maintenance	18,757	16,128
- Other expenses for external services	**60,146**	**60,488**
Administrative expenses	**249,866**	**238,282**

Personnel costs include salaries, social and health security contributions under the provisions of the local legislation. At 31 December 2024 the total number of employees was 2,692 (31 December 2023: 2,953).

The amounts accrued in 2024 for services provided by the registered auditors for independent financial audit amounted to BGN 900 thousand. The amounts accrued in 2023 for services provided by the registered auditors for independent financial audit amount to BGN 836 thousand. In 2024 the amounts for other services unrelated to audit provided by the registered auditors amounted to BGN 34 thousand. (2023: BGN 46 thousand).

11. Allowance for impairment

in BGN '000	2024	2023
Write-downs		
Loans and advances to customers	(211,775)	(246,611)
Investments in non-consolidated subsidiaries	-	-
(v) Capital instruments at fair value through other comprehensive income	(43)	(35)
Off balance sheet commitments	(963)	(229)
Reversal of write-downs		
Loans and advances to customers	12,679	101,328
(v) Capital instruments at fair value through other comprehensive income	63	34
Off balance sheet commitments	240	1,034
Impairment, net	**(199,799)**	**(144,479)**

The expense for impairment in 2024 and 2023 is due to additional allowances resulting from the development of credit risk in a period of challenging economic environment and the conservative approach applied by the Group in recognising the risk of loss for certain individually impaired exposures.

12. Other income/(expenses), net

	2024	2023
Profit from the sale and write-off of assets acquired as collateral	13,370	5,031
Revaluation of investment property	6,019	-
Income/(expense) from sale of investment property	4,757	1,622
Dividend income	2,637	2,348
Cost of guarantee schemes	(26,819)	(25,888)
Insurance income	10,952	9,954
(Expense) for insurance services	(6,893)	(5,486)
(Expense)/reversal of expense for provisions for pending court cases	626	(595)
Other income/(expenses), net	(4,597)	9,651
Total	**52**	**(3,363)**

13. Income tax expense

	2024	2023
Current taxes	(17,006)	(19,554)
Deferred taxes (See Note 21)	(1,299)	77
Income tax expense	**(18,305)**	**(19,477)**

Reconciliation between tax expense and the accounting profit is as follows:

in thousands of BGN	2024	2023
Accounting profit before taxation	**163,589**	**177,762**
Corporate tax at applicable tax rate (10% for 2024 and 10% for 2023)	16,359	17,776
Effect from tax rates of foreign subsidiaries and branches	1,635	1,255
Tax effect of permanent tax differences	311	446
Other	-	-
Income tax expense	**18,305**	**19,477**
Effective tax rate	11.19%	10.96%

14. Earnings per share

	2024	2023
Net profit attributable to shareholders (in thousands of BGN)	144,791	157,573
Average weighted number of ordinary shares held (in thousands)	149,085	149,085
Earnings per share (BGN)	**0.97**	**1.06**

The basic earnings per share, calculated in accordance with IAS 33, are based on the profit attributable to ordinary equity holders of the Bank. In 2024, as in the previous year, no convertible or option rights on the Bank's common shares were issued. The diluted earnings per share, therefore, correspond to the basic earnings per share.

15. Cash and balances with Central Banks

in thousands of BGN	2024	2023
Cash on hand		
- in BGN	249,827	242,308
- in foreign currency	115,494	90,624
Balances with Central Banks	2,222,970	1,925,009
Current accounts and amounts with local banks	-	-
Current accounts and amounts with foreign banks	226,072	204,132
Total	**2,814,363**	**2,462,073**

16. Investments in securities

In thousands of BGN	2024	2023
Bonds and notes issued by:		
Bulgarian Government		
- denominated in BGN	482,511	429,879
- denominated in foreign currencies	138,225	116,394
Foreign governments	2,461,152	1,976,374
Corporates	205,588	280,619
Banks	105,344	39,114
Other issuers – equity instruments	48,293	40,687
Total	**3,441,113**	**2,883,067**
Of which financial assets:		
at fair value through other comprehensive income	2,347,176	1,194,959
at amortised cost	883,256	1,440,578
at fair value through profit and loss	210,681	247,530
Total	**3,441,113**	**2,883,067**

The investments in securities reported in portfolios of financial assets at fair value in profit or loss, financial assets at fair value in other comprehensive income and financial assets at amortised cost are mostly investments in government securities from first-class issuers which are highly liquid and with the most favourable capital treatment.

The Group manages its investments in debt securities in line with the current market expectations and dynamics. As at 31.12.2024 the modified portfolio duration is 2.23 years, while a year earlier it was 1.8 years.

At the end of 2024, as at the end of 2023, no securities were subject to repurchase agreements.

17. Loans and advances to banks and other financial institutions

(a) Analysis by type

In BGN '000	2024	2023
Placements with banks	133,357	87,945
Other	231,660	139,382
Total	**365,017**	**227,327**

(b) Geographical analysis

in thousands of BGN	2024	2023
Domestic banks and financial institutions	83,772	118,737
Foreign banks and other financial institutions	281,245	108,590
Total	**365,017**	**227,327**

18. Loans and advances to customers

31/12/2024

in thousands of BGN	Gross value	Allowance for impairment	Amortised cost
Large enterprise	2,750,975	(65,205)	2,685,770
Small and medium enterprises	2,591,528	(228,046)	2,363,482
Micro enterprise	307,446	(10,238)	297,208
Retail Banking			
- Consumer loans	1,400,709	(38,680)	1,362,029
- Mortgage loans	1,714,620	(7,245)	1,707,375
- Credit cards	134,166	(7,298)	126,868
Total	**8,899,444**	**(356,712)**	**8,542,732**

31/12/2023

in BGN '000	Gross value	Allowance for impairment	Amortised cost
Large enterprise	2,558,273	(105,111)	2,453,162
Small and medium enterprises	2,425,291	(211,459)	2,213,832
Micro enterprise	272,992	(4,844)	268,148
Retail Banking			
- Consumer loans	1,191,727	(41,076)	1,150,651
- Mortgage loans	1,477,996	(10,522)	1,467,474
- Credit cards	134,753	(13,315)	121,438
Total	**8,061,032**	**(386,327)**	**7,674,705**

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

Movement in impairment allowances

in BGN '000

Balance as at 01 January 2024	**386,327**
Additional allowances	211,775
Amounts released	(12,679)
Write-offs	(230,731)
Recovered against impairment	-
Other	2,020
Balance as at 31 December 2024	**356,712**

19. Property and equipment

in thousands of BGN	Land and Buildings	Fixtures and fittings	Motor vehicles	Assets under Construction	Leasehold Improvements	Total
Cost						
As at 1 January 2023	**29,325**	**145,521**	**6,808**	**38,714**	**66,328**	**286,696**
Additions	-	1,088	115	27,113	241	28,557
Effect of consolidation of significant subsidiary AMC Imoti EOOD	-	808	51	26	560	1,445
Exchange rate differences	(5,135)	(235)	-	(48)	-	(5,418)
Write-offs	(591)	(11,385)	(133)	(4)	(10,463)	(22,576)
Transfers	49	14,881	940	(48,039)	20,131	(12,038)
As at 31 December 2023	**23,648**	**150,678**	**7,781**	**17,762**	**76,797**	**276,666**
Additions	182,261	1,356	53	35,444	133	219,247
Other adjustments -non-consolidated companies remaining below the substantiality threshold - AMC Imoti	-3,082	-776	-87	-133	-	(4,078)
Exchange rate differences	-	581	36	15	375	1,007
Write-offs	-	(9,097)	(351)	(13)	(1,712)	(11,173)
Transfers	-	14,814	2,732	(1,691)	(21,771)	(5,916)
As at 31 December 2024	**202,827**	**157,556**	**10,164**	**51,384**	**53,822**	**475,753**
Amortisation						
As at 01 January 2023	**7,861**	**120,054**	**6,428**	**-**	**43,977**	**178,320**
Exchange rate differences	-	605	21	-	205	831
Accrued during the year	940	7,090	150	-	1,748	9,928
Reclassified to investment property	(801)	(140)	-	-	-	(941)
For write offs	(331)	(11,384)	(133)	-	(10,463)	(22,311)
As at 31 December 2023	**7,669**	**116,225**	**6,466**	**-**	**35,467**	**165,827**
Other adjustments -non-consolidated companies remaining below the substantiality threshold - AMC Imoti	-	(520)	(82)	-	-	(602)
Exchange rate differences	-	416	15	-	140	571
Accrued during the year	750	9,290	556	-	2,353	12,949
For write offs	-	(9,039)	(351)	-	(2,262)	(11,652)
As at 31 December 2024	**8,419**	**116,372**	**6,604**	**-**	**35,698**	**167,093**
Carrying amount						
As at 01 January 2023	**21,464**	**25,467**	**380**	**38,714**	**22,351**	**108,376**
As at 31 December 2023	**15,979**	**34,453**	**1,315**	**17,762**	**41,330**	**110,839**
As at 31 December 2024	**194,408**	**41,184**	**3,560**	**51,384**	**18,124**	**308,660**

In October 2024 the Bank purchased the Sofia Tech Park office building where its Head Office is located. The Bank had been renting the building since 2022.

The fair value of assets constituting land and buildings was determined by independent property assessors holding recognised professional qualification and recent experience in assessing property with similar location and category. The Group's policy requires that independent assessors determine the fair value sufficiently frequently so as to ensure that the balance sheet value does not differ significantly from the fair value at the end of the reporting period. As at 31 December 2024 the fair value of land

and buildings was not significantly different from their balance sheet value as at that date. The fair value of land and buildings is categorised as Level 3 fair value on the basis of incoming data on the assessment methodology used.

Assessment methodology	**Significant unobservable inputs**	**Connection between key unobservable inputs and fair value**
1. Discounted cash flows: this valuation model takes into account the present value of cash flows generated by property, taking into account the expected growth of rental prices, the period required for cancellation, the level of occupancy, premiums such as periods in which no rent is paid and other expenses which are not paid by tenants. The expected net cash flows are discounted using discount rates adjusted for risk. Among other factors, when determining the discount rate, the quality of the building and its location are taken into account (first-rate or second-rate), as well as the creditworthiness of the tenant and the duration of the loan agreement.	1. Expected market growth of rent (4.5-6.8%, weighted average 5.6%). 2. Period for cancellation (3 months on average after each rental agreement). 3. Occupancy (90-95%, weighted average 92.5%). 4. Periods when no rent is paid (1 year for new rental agreement). 5. Risk adjusted discount rate (4-9%, weighted average 6.5%).	The fair value will increase (decrease) where: • the expected market growth of rent is higher (lower); • periods for cancellation are shorter (longer); • Occupancy is higher (lower); • the periods when no rent is paid are shorter (longer); or • the risk adjusted discount rate is lower (higher).
2. Market approach/Comparative approach. This method is based on the comparison of the property being evaluated to other similar properties which have been sold recently or which are available for sale. Using this method, the value of a given property is determined in direct comparison to other similar properties which have been sold in a period of time close to the time when the valuation is made. Based on detailed research, review and analysis of data from the property market, the value is formed and it is the most accurate indicator of market value. This method consists of using information about actual transactions in the real estate market in the last six months. Successful application of this method is only possible where a trustworthy database is available as regards actual transactions with properties similar to the property being valued. Information from real estate sites, local press and other such refers to future investment intentions of the seller and cannot be deemed a trustworthy source of information. When using such sites, the offer price for each analogous property is discounted at the valuator's discretion, but by no less than 5%.	1. Expected market growth of property (5-8%, weighted average 6.5%). 2. Time required to effect the sale (4 months on average after the offer is placed). 3. Transaction success rate (90-96%, weighted average 95%). 4. Location (1.0-1.05, weighted average 1.025). 5. Property status (1.0-1.1, weighted average 1.05).	The fair value will increase (decrease) where: • the expected market growth of property is higher (lower); • the period of time required for the sale is shorter (longer); • there is a change in the technical condition of the property

20. Intangible assets

in BGN '000	Software and licences	Goodwill	Total
Cost			
As at 1 January 2023	**54,111**	**433**	**54,544**
Additions	933	-	933
Exchange rate differences	265	-	265
Write-offs	-	-	-
Transfers	12,038	-	12,038
As at 31 December 2023	**67,347**	**433**	**67,780**
Additions	1,167	-	1,167
Exchange rate differences	225	-	225
Write-offs	-	-	-
Transfers	5,366	-	5,366
As at 31 December 2024	**74,105**	**433**	**74,538**
Amortisation			
As at 01 January 2023	**37,933**	-	**37,933**
Exchange rate differences	161	-	161
Accrued during the year	4,368	-	4,368
For write offs	-	-	-
As at 31 December 2023	**42,462**	**-**	**42,462**
Exchange rate differences	130	-	130
Accrued during the year	5,149	-	5,149
For write offs	-	-	-
As at 31 December 2024	**47,741**	**-**	**47,741**
Carrying amount			
As at 01 January 2023	**16,178**	**433**	**16,611**
As at 31 December 2023	**24,885**	**433**	**25,318**
As at 31 December 2024	**26,364**	**433**	**26,797**

21. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 10% for Bulgaria and of 15% for Albania.

The deferred tax as at 31 December 2024 refers to the following items of the statement of financial position:

In thousands of BGN	Assets	Liabilities	Net assets	Net liabilities
Property, equipment and intangibles	(60)	3,840	-	3,780
Investment Property	-	24,822	-	24,822
Tax loss	-	-	-	-
Other	(2,500)	3,083	-	583
Net tax (assets)/liabilities	**(2,560)**	**31,745**	**-**	**29,185**

The deferred tax as at 31 December 2023 refers to the following items of the statement of financial position:

In thousands of BGN	Assets	Liabilities	Net assets	Net liabilities
Property, equipment and intangibles	(73)	3,144	(73)	3,144
Investment Property	-	24,368	-	24,368
Tax loss	-	-	-	-
Other	(6,373)	3,067	(3,397)	91
Net tax (assets)/liabilities	**(6,446)**	**30,579**	**(3,470)**	**27,603**

The movements of temporary differences in 2024 are recognised as follows:

in thousands of BGN	31 December 2023		Recognised during the period (in profit) or loss	Recognised during the period in equity	Other movements	31 December 2024	
	Net assets	Net liabilities				Net assets	Net liabilities
Property, equipment and intangibles	(73)	3,144	713	-	(4)	-	3,780
Investment Property	-	24,368	454	-	-	-	24,822
Tax loss	-	-	-	-	-	-	-
Other	(3,397)	91	133	287	3,469	-	583
Net tax (assets)/liabilities	**(3,470)**	**27,603**	**1,300**	**287**	**3,465**	**-**	**29,185**

22. Repossessed assets

in thousands of BGN	2024	2023
Land	213,924	250,781
Buildings	148,746	153,009
Machines, plant and vehicles	9,928	9,746
Fixtures and fittings	816	829
Total	**373,414**	**414,365**

Repossessed assets acquired as collateral are measured at the lower of cost and net realisable value. The net realizable value of the lands and buildings is approximately equal to their fair value. The assessment methodology for land and buildings is given in note 19.

23. Investment Property

in thousands of BGN

Balance as at 01/01/2024	**756,767**
Additions	10,174
Transferred from repossessed assets	39
Revaluation of investment property to the fair value recognised at transfer	6,019
Write-offs upon sale	(6,768)
Balance as at 31/12/2024	**766,231**

24. Rights of use assets

in thousands of BGN

As at 01 January 2024	**172,967**
Additions	537
Amortisation	(33,224)
Effect of modification to lease terms and expectations on lease term	(25,531)
Other adjustments -non-consolidated companies remaining below the substantiality threshold - AMC Imoti	(33,336)
Exchange rate differences	1,064
As at 31 December 2024	**82,477**
Lease liabilities	
As at 01 January 2024	**171,743**
Additions	537
Lease payments	(30,439)
Effect of modification to lease terms and expectations on lease term	(25,531)
Other adjustments -non-consolidated companies remaining below the substantiality threshold - AMC Imoti	(33,676)
Exchange rate differences	(2,307)
As at 31 December 2024	**80,328**

Right-of-use assets recognised by the Group rare the branches and offices in various towns in Bulgaria and Cyprus. Upon completing the initial recognition, the Group analysed and took into account information on the expected duration of the period in which the Group will be using the assets. In 2024 some of these expectations changed and as a result the Group reviewed its initial assessment and recognized an decrease in the right-of-use assets in the amount of BGN (25,531) thousand, and in lease liabilities in the amount of BGN (25,531) thousand.

In October 2024 the Bank purchased the Sofia Tech Park office building where its Head Office is located. The Bank had been renting the building since 2022.

In the assessment of right-of-use assets and lease liabilities, the Group took into consideration the current level of financing costs in case it plans to finance the purchase of the assets in question, and included this assumption both in the initial, and in the subsequent valuation of right-of-use assets and of lease liabilities.

The table below analyses lease liabilities according to the expected residual term of rental agreements:

BGN '000	**Maturity analysis of lease liabilities**		
	To 1 year	**More than 1 year**	**Total**
As at 01 January 2024	33,703	138,040	171,743
As at 31 December 2024	18,136	62,192	80,328

25. Other assets

in thousands of BGN	**2024**	**2023**
Deferred expense	16,925	13,693
Gold	4,673	3,325
Investments in non-consolidated subsidiaries	8,344	8,344
Other assets	101,813	105,979
Total	**131,755**	**131,341**

26. Due to banks

in thousands of BGN	2024	2023
Term deposits	**12,193**	-
Payable on demand	2,817	8,387
Total	**15,010**	**8,387**

27. Due to other customers

in thousands of BGN	2024	2023
Retail customers		
- current accounts	4,343,903	3,590,881
- term and savings deposits	4,981,382	4,846,950
Businesses and public institutions		
- current accounts	4,038,624	3,287,352
- term deposits	595,191	591,165
Total	**13,959,100**	**12,316,348**

28. Liabilities evidenced by paper

in thousands of BGN	2024	2023
Liabilities under repurchase agreements	7,649	7,680
Financing from financial institutions	19,998	34,574
Liabilities related to a structured investment product	-	1,167
Obligations under loan agreements	702,386	403,893
Total	**730,033**	**447,314**

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

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2024
European Investment Fund – JEREMIE 2	0% - 4.68%	30/09/2025	519
Bulgarian Development Bank AD - program for promotion of SMEs and micro	0% - 4.85%	15/03/2027	8,414
Bulgarian Development Bank AD - program for indirect financing of SMEs	0% - 5.68%	30/11/2028	2,455
Fund Manager of financial instruments in Bulgaria - microcredit program with shared risk	0% - 2.96%	31/12/2033	7,834
Fund Manager of financial instruments in Bulgaria - rural financing program	0% - 2.96%	31/12/2031	776
Total			**19,998**

Lender	Interest rate	Maturity	Amortised cost as at 31 December 2023
European Investment Fund – JEREMIE 2	0% - 4.68%	30/09/2025	877
Bulgarian Development Bank AD - program for promotion of SMEs and micro	0% - 4.85%	15/03/2027	11,260
Bulgarian Development Bank AD - program for indirect financing of SMEs	0% - 5.68%	30/11/2028	3,071
Fund Manager of financial instruments in Bulgaria - microcredit program with shared risk	0% - 2.96%	31/12/2033	10,048
Fund Manager of financial instruments in Bulgaria - rural financing program	0% - 2.96%	31/12/2031	9,318
Total			**34,574**

29. Hybrid and subordinated debt

in BGN ‘000	Principal amount	Amortised cost as at 31 December 2024
Hybrid debt with principal EUR 60 mio	117,350	123,839
Hybrid debt with principal EUR 30 mio	58,675	58,829
Hybrid debt with principal EUR 30 mio	58,675	56,637
Hybrid debt with principal EUR 10 mio	19,558	19,603
Total	**254,258**	**258,908**

In thousands of BGN	Principal amount	Amortised cost as at 31 December 2023
Hybrid debt with principal EUR 60 mio	117,350	123,821
Hybrid debt with principal EUR 30 mio	58,675	58,829
Hybrid debt with principal EUR 30 mio	58,675	55,618
Hybrid debt with principal EUR 10 mio	19,558	19,603
Total	**254,258**	**257,871**

In December 2021, the Bank attracted by issuing first and second tranche of the issue ISIN code XS2419929422 Hybrid Debt Issue total EUR 27,133

In April 2022, the Bank attracted by issuing third tranche of the issue ISIN code XS2419929422 Hybrid Debt Issue for EUR 2,867

In August 2022, the Bank attracted by issuing first tranche of the issue ISIN code XS2488805461 Hybrid Debt Issue for EUR 10,000

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

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

On 22 December 2022, the Group (through its subsidiary bank in Albania) issued subordinated term debt. The maturity date of the subordinated term debt is 25 April 2026, and it is denominated in Euro with total amount of EUR 2,000 thousand. The subordinated term debt instrument fully complies with the requirements of Regulation 575/2013 for inclusion in the tier 2 capital. The subordinated term debt matures on 22 December 2029; it is denominated in Euro and its total amount is EUR 5,000 thousand.

in BGN '000	Amortised cost as at 31 December 2024	Amortised cost as at 31 December 2023
Subordinated term debt with principal of EUR 2 million	3,943	3,943
Subordinated term debt with principal of EUR 2.9 million	5,679	5,679
Subordinated term debt with principal of EUR 5 million	9,788	9,788
Total	**19,410**	**19,410**

The three subordinated term debt fully comply with the requirements of Regulation 575/2013 and are included in the additional tier 2 capital.

30. Other liabilities

in BGN '000	2024	2023
Liabilities to personnel	1,515	1,586
Liabilities under insurance contracts	2,183	1,864
Provisions for pending court cases	409	1,034
Impairment on off balance sheet commitments	1,094	371
Other payables	25,388	31,767
Total	**30,589**	**36,622**

The provisions for pending court cases were calculated on the basis of the Bank's expectations (using internal and external experts) regarding the outcome of these court cases.

31. Capital and reserves

(a) Number and face value of registered shares as at 31 December 2024

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

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

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

With relation to this issue, the Bank's premium reserve increased by BGN 153,017 thousand, net of the issue costs, reaching a total amount of BGN 250,017 thousand (31 December 2019: BGN 97,000 thousand).

(b) Shareholders

The table below shows those shareholders of the Bank holding shares as at 31 December 2024 together with the number and percentage of total issued shares.

	Number of shares	% of issued share capital
Mr. Ivailo Dimitrov Mutafchiev	46,750,000	31.36
Mr. Tzeko Todorov Minev	46,750,000	31.36
Bulgarian Bank for Development AD	27,350,000	18.35
Valea Foundation	11,734,800	7.87
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	11.06
Total	**149,084,800**	**100.00**

(c) Statutory reserve

Statutory reserves include amounts set aside for purposes regulated by local legislation. According to Bulgarian legislation the Bank is oblidged to set aside at least 1/10 of its annual profit as statutory reserve until the total amount of reserves reaches 1/10 of the Bank's share capital.

In 2024, as in the previous year, the Bank did not distribute dividends.

32. Commitments and contingent liabilities

Contingent liabilities

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to two years.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for contingent liabilities represent the maximum accounting loss that would be recognised in the statement of financial position if counterparts failed completely to perform as contracted and any collateral or security proved to be of no value.

in BGN '000	2024	2023
Bank guarantees	263,910	162,553
Unused credit lines	850,937	1,016,084
Letters of credit	26,663	33,438
Total	**1,141,510**	**1,212,075**
Impairment on off balance sheet commitments	1,094	371

These commitments and contingent liabilities have off balance-sheet credit risk and only organization fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Most of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

As at the date of the report there are no other significant contingent liabilities and commitments requiring additional disclosure.

33. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances with less than 90 days original maturity:

in thousands of BGN	2024	2023
Cash and balances with Central Banks	2,814,363	2,462,073
Loans and advances to banks and financial institutions with original maturity less than 3 months	325,312	197,396
Total	**3,139,675**	**2,659,469**

34. Average balances

The average carrying amounts of financial assets and liabilities are set out in the table below. The amounts are calculated by using a simple average of monthly balances for all instruments.

in thousands of BGN	2024	2023
FINANCIAL ASSETS		
Cash and balances with Central Banks	2,343,461	1,909,774
Investments in securities	3,338,453	2,960,020
Loans and advances to banks and other financial institutions	278,671	181,589
Loans and advances to customers	8,069,751	7,162,739
FINANCIAL LIABILITIES		
Due to banks	8,577	8,458
Due to other customers	12,906,400	11,609,373
Liabilities evidenced by paper	591,046	202,462
Subordinated term debt	19,486	18,744
Hybrid debt	262,057	261,073

35. Related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party on making financial or operational decisions, or both parties are under common control.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and other transactions. These transactions were carried out on commercial terms and at market rates. The volume of these transactions and outstanding balances at the end of respective periods are as follows:

Type of related party	**Parties that control or manage the Group**		**Enterprises under common control**	
in BGN '000	**2024**	**2023**	**2024**	**2023**
Loans				
Loans outstanding at beginning of the period	1,553	2,944	71,359	78,316
Loans issued/(repaid) during the period	137	(1,391)	(70,704)	(6,957)
Loans outstanding at end of the period	**1,690**	**1,553**	**655**	**71,359**
Deposits and loans received:				
At beginning of the period	16,144	14,195	23,310	15,418
Received/(paid) during the period	43,397	1,949	17,260	7,892
At the end of the period	**59,541**	**16,144**	**40,570**	**23,310**
Deposits placed	-	-		
Deposits at beginning of the period	-	-	47,693	49,050
Deposits placed/(matured) during the year	-	-	11,942	(1,357)
Deposits at end of the period	-	-	**59,635**	**47,693**
Other receivables	-	-		
At beginning of the period	-	-	420	341
Received/(paid) during the period	-	-	1	79
At the end of the period	-	-	**421**	420
Other borrowings				
At beginning of the period	-	-	150	50
Received/(paid) during the period	-	-	(153)	100
At the end of the period	-	-	**(3)**	150
Off-balance sheet commitments				
At beginning of the period	2,100	1,023	3,516	2,004
Issued/(expired) during the period	(460)	1,077	(2,841)	1,512
At the end of the period	**1,640**	**2,100**	**675**	**3,516**
Calculation on leasing obligations				
At beginning of the period	-	-	2,669	2,684
Issued/(expired) during the period	-	-	(2,669)	(15)
At the end of the period	-	-	**-**	2,669

Type of related party	**Parties that control or manage the Group**		**Enterprises under common control**	
in BGN '000	**2024**	**2023**	**2024**	**2023**
Interest income	33	31	4,757	4,193
Interest expense	(3)	(7)	-	(1,512)
Fee and commission income	38	30	1,860	771
Fee and commission expense	(7)	(7)	(7)	(6)
Reintegrated impairment	-	-	267	10

The key management personnel received remuneration of BGN 14,987 thousand for 2024 (2023: BGN 11,288 thousand).

36. Subsidiaries

(a) First Investment Finance B.V.

In April 2003 the Bank created a special purpose entity, incorporated in the Netherlands, First Investment Finance B.V. The company is owned by the Bank. The purpose for creating the entity is to accomplish a narrow and well-defined objective of receiving loans from foreign financial institutions and attracting investors by issuing bonds and other financial instruments guaranteed by the Bank. The entity's issued and paid up share capital is EUR 18 thousand divided into 180 issued and paid up shares, each with nominal value of EUR 100. The Group consolidates its investment in the enterprise.

After completion of winding-up proceedings (between 19.09.2023 and 27.12.2023), on 27.12.2023 the company was deregistered.

(b) Finclub AD (formerly known as Diners Club Bulgaria AD)

In May 2005 the Bank acquired 80% of the share capital of Diners Club Bulgaria AD. The company was incorporated in 1996 as a franchise and processing agent of Diners Club International. As at 31 December 2024 the share capital of the company is BGN 910 thousand, and the Bank's shareholding is 96.51%.

At the General Meeting of Shareholders of Diners Club Bulgaria AD held on 09.02.2024 a resolution was made to terminate the operation of Diners Club Bulgaria AD as a payment institution, respectively - to terminate the company's activities for representation of Diners Club International. Following a procedure pursuant to the Law on Payment Services and Payment Systems, the Governing Council of the Bulgarian National Bank, with its Resolution No. 58 of 15.02.2024, approved the proposed plan for terminating the company's operations, and for withdrawal of its license as of 15.04.2024. On 25.11.2024 the General Meeting of Shareholders decided to terminate the operations of Finclub AD, declare it in liquidation, respectively – for starting a liquidation procedure pursuant to Art. 266 and subsequent of the Commerce Act, with a 6-month term for liquidation.

The company is not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as it is considered immaterial to the financial position, financial result and the cash flow of the Group for the year. The assessment for consolidation of the subsidiary is reconsidered at each reporting date.

(c) First Investment Bank – Albania Sh.a.

In April 2006 the Bank acquired 99.9998% of the capital of First Investment Bank - Albania Sh.a. upon its incorporation. On 27 June 2007 First Investment Bank – Albania was granted a full banking licence by the Bank of Albania, and on 1 September 2007 it effectively took over the activities of the former branch FIB – Tirana, assuming all rights and obligations, assets and liabilities.

As at 31 December 2024 the share capital of First Investment Bank – Albania Sh.a. was EUR 11,975 thousand, fully paid up, and the Bank's shareholding is 100%. The Group consolidates its investment in the enterprise.

(d) Debita OOD

Acting jointly the Bank and First Financial Brokerage House OOD (FFBH) set up two new companies Debita OOD and Realtor OOD, which were entered in the Commercial Registry in January 2010. The capital of the two companies is BGN 150,000 each, distributed in shares with value of BGN 100 each, as follows: Realtor OOD - 70%, i.e. 1.050 shares for the Bank and 30%, i.e. 450 shares for FFBH OOD.

The company was established as a servicing company within the meaning of Article 18 of the Law on Special Investment Purpose Companies, currently a company within the meaning of Article 27 of the Law on Special Purpose Investment Companies and Securitisation Companies. The main lines of business for Debita OOD include acquisition, servicing, management and disposal of receivables and the related consultancy services. By decision of the general meeting of associates held on 05.09.2024 the operations of Debita OOD were terminated and winding-up proceedings were initiated, to be completed within six months.

The company is not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as it is considered immaterial to the financial position, financial result and the cash flow of the Group for the year. The assessment for consolidation of the subsidiary is reconsidered at each reporting date.

(e) Fi Health Insurance AD

In the second half of 2010 the Bank acquired a majority stake capital of Health Insurance Fund FI Health AD (formerly Health Insurance Fund Prime Health AD), a company engaged in voluntary health insurance as well as acquisition, management and sale of investments in other companies. With a decision of the Financial Supervision Commission issued in June 2013 the company has been granted a license to operate as an insurer. The name was changed to FI Health Insurance AD and the principal activity is insurance – Disease and Accident. In June 2018 the company expanded its license with one more insurance class - "Various financial loss". As at 31 December 2024 the share capital of the company is BGN 5,000 thousand, and the Bank's shareholding is 59.10%. The Group consolidates its investment in the enterprise.

(f) Creative Investment EOOD and Lega Solutions EOOD

During the first half of 2013 the Bank established as the sole shareholder the companies Creative Investment EOOD and Lega Solutions EOOD. Each company has the minimum required capital of BGN 2 and their principal activities include manufacturing and trade in goods and services in Bulgaria and abroad (Creative Investment EOOD), acquisition, management and sale of assets, information processing, financial consultations (Lega Solutions EOOD), etc.

The subsidiaries Creative Investment EOOD and Lega Solutions EOOD are not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as they are considered immaterial to the financial position, financial result and the cash flow of the Group for the year. The assessment for consolidation of the subsidiaries is reconsidered at each reporting date.

(g) AMC Imoti EOOD

AMC Imoti EOOD was registered in September 2010 and was acquired by the Bank in 2013 through the purchase of MKB Unionbank EAD as its subsidiary. The scope of operations of the company includes activities related to acquisition of property rights and their subsequent transfer, as well as research and evaluation of real estate, property management, consulting and other services. As at 31 December 2024 the capital of the company was BGN 500 thousand, and the Bank was the sole owner. The company is not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as it is considered immaterial to the financial position, financial result and the cash flow of the Group for the year. The assessment for consolidation of the subsidiary is reconsidered at each reporting date.

(h) MyFin EAD

At its meeting held on 21 March 2019 the Group's Managing Board decided to establish the sole-shareholder company MyFin EAD to be operating as an issuer of electronic money within the meaning of Article 34, Para. 2(2) of the Payment Services and Payment Systems Act. The Group's Managing Board decision was approved by the Supervisory Board on 27 March 2019. On 19 April 2019 the Group paid up the company's capital, amounting to BGN 1,000 thousand, as per the decisions of the competent bodies. The company holds a license to operate as an electronic money institution, and also has the right to carry out the activities listed in the payment services license, as stated in the company's scope of operation by Resolution No. 71 of 27.02.2020 issued by the BNB Governor, under No. BNB-26660/02.03.2020. After the company obtained its license, it was listed in the Commercial Register and Register of Non-Profit Legal Entities on 25.03.2020 under listing No. 20200325093135

The company's own capital was increased from BGN 1,000 thousand to BGN 2,000 thousand through the issue and subscription by the Bank as the sole shareholder of 1,000,000 new ordinary registered dematerialised voting shares, each with a nominal value of BGN 1 (one), for a total value of BGN 1,000,000 (one million). The resolution for the capital increase was made by the Management Board at its meeting held on 17.06.2021, and then approved by the Bank's Supervisory Board on 30.06.2021. The company's company increase was listed in the Commercial Register and Register of Non-Profit Legal Entities on 02.09.2021 under listing No. 20210902164014.

The company is not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as it is considered immaterial to the financial position, financial result and the cash flow of the Group for the year. The assessment for consolidation of the subsidiary is reconsidered at each reporting date.

(i) Incasso Guarant EOOD

Incasso Guarant EOOD was established by Management Board resolution of 09.08.2022 approved by the Supervisory Board on 24.08.2022, and listed in the Commercial Register and Register of Non-for-Profit Legal Entities on 09.09.2022; its field of operation will be: private security services, personal (professional) security services for individuals, security of valuable shipments and cargo, security of railway transport, security of property of both individuals and legal entities, of buildings, premises and business facilities, security with the help of signal-notifying equipment (subject to licensing), development, design and construction of high-tech systems for security and video surveillance, as well as any commercial activity not prohibited by law. As of December 31, 2024, the company's capital is 100,000 BGN, and the Bank is its sole owner.

The company is not included in the consolidated financial statements of the Group for the year ended 31 December 2024, as it is considered immaterial to the financial position, financial result and the cash flow of the Group for the year.

The assessment for consolidation of the subsidiary is reconsidered at each reporting date.

37. Post balance sheet events

No adjusting and significant non-adjusting events have occurred after the end of the reporting period, other than those disclosed below:

- Having obtained preliminary approval from the Bulgarian National Bank pursuant to Article 11, Para. 3 of the Law on Credit Institutions, on 26.02.2025 the Bank's Supervisory Board appointed as Management Board members Anton Antonov Petrov and Vladimir Plamenov Ikonomov. This change in the composition of the Management Board was registered in the Commercial Register and Register of Non-for-Profit Legal Entities with the Recordation Agency on 12.03.2025.

Empowered by experience, we face the future with clarity and purpose

Meeting the 2024 goals

<table>
<tr><th>N</th><th>Goals</th><th>Fulfilled</th></tr>
<tr><td>1</td><td>A UNIVERSAL BULGARIAN BANK, LEADING IN KEY SEGMENTS
Set a priority on the development of retail and SME banking segments.
Offer new and creative products, providing convenience and security to customers.
Upgrade cross selling and transactional business models</td><td>In 2024, the retail, micro, and SME loan portfolios registered an increase, their combined share reaching 69.1% of the total loan portfolio of the Group (2023: 68.2%), This was mainly driven by retail and small enterprise loans which grew by 16% and 5% respectively during the period.
Fibank retained its leading position among banks in the country: fifth in deposits, fifth in corporate loans, fifth in consumer loans, and fifth in mortgage loans.
New credit products were developed - an online consumer goods credit for the purchase of goods in online shops of Fibank's partner retailers, as well as an agri-credit "Support" for financing farmers.
New deposit products were offered - "Opportunity", "Tradition" deposit with different terms and options for opening in the office or online.
Implemented a new platform - Customer 360, providing a comprehensive customer profile, facilitating customer service and increasing sales efficiency.
For more information see sections "Business review" and "Highilights 2024"</td></tr>
<tr><td>2</td><td>HIGH QUALITY CUSTOMER SERVICE
Maintain highest quality of customer service by developing motivational programs and training for employees.
Speed up customer service by improving IT systems and applying customer oriented approaches.
Develop personalized services and loyalty programs.</td><td>The deposit base of the Group grew to BGN 13,959,100 thousand at the end of the period (2023: BGN 12,316,348 thousand), and the total loan portfolio to BGN 8,542,732 thousand (2023: BGN 7,674,705 thousand).
Recognition for the achievements during the period were the awards received - "The Trust of Customers" at the traditional awards "Banker of the Year", for "Successful Digital Transformation" at the annual awards organized by the Association "Bank of the Year", and Celent Model Bank - for innovation in the introduction of generative artificial intelligence.
A new Mastercard Platinum First Lady international credit card was launched, with a range of travel benefits and bonus programmes.
Fibank executed instant credit transfers in euro via the TIPS (Target Instant Payment Settlement) service.
For more information see sections "Business review" and "Awards 2024"</td></tr>
</table>

3	FOCUS ON DIGITIZATION AND INNOVATION • Implement technological innovations and digitize the branch network. • Develop digital services, mobile applications and e-banking. • Optimize IT and business processes and automate activity in line with innovation in banking..	• Remote onboarding - remote establishment of relations with business customers, enabling registration in the electronic banking "My Fibank". • Fibank Digital Zone - creation of an innovative digital zone in the Bank's offices, including a self-service area, mobile workstations and the opportunity for virtual meetings, digital training and video consultations with customers. • Individuals can sign contracts and submit orders for transactions with financial instruments via the "My Fibank" mobile application. • A new API integration service was launched, allowing businesses to connect their accounting or other systems via an application programming interface directly to the Bank's systems in order to perform different types of transactions. • Added functionalities for business customers in e-banking, including loan application and requests for teller transactions. *For more information see sections "Business review", "Distribution channels" and "Awards 2024".*
4	STABLE AND SUSTAINABLE BUSINESS MODEL • Ensure sound levels of own funds and eligible liabilities (MREL). • Effective management of liquidity and funding risk. • Maintain optimal asset structure and reduce loan portfolio risk..	• At the end of 2024, the Group reported increased capital ratios as follows: common equity Tier 1 (CET1) ratio 18.04%, Tier 1 capital ratio 20.89% and total capital adequacy ratio 21.04%, well above the minimum regulatory requirements. • Fibank maintained high liquidity, with liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) on a consolidated basis of 267.56% and 157.71% respectively at the end of the period. • Other borrowed funds increased to BGN 730,033 thousand (2023: BGN 447,314 thousand), mainly as a result of obligations under loan agreements which the Bank actively raised during the period in order to meet the MREL requirements. • Non-performing loans ratio (NPL ratio) decreased to 9.6%, while non-performing exposures ratio (NPE ratio) to 7.4% of gross loans and advances pursuant to FINREP reporting framework. • Balance sheet equity of the Group increased by 10.0% to BGN 1,730,149 thousand (2023: BGN 1,573,382 thousand), as a result of an increase in other reserves and retained earnings. *For more information see sections "Financial review" and "Risk management"..*
5	RESPONSIBLE BANKING FOR A SUSTAINABLE FUTURE • Offer products and finance projects that are consistent with green transition and sustainable development. • Implement environmentally efficient internal processes. • Support socially significant projects and initiatives.	• Offering of consumer loans continued: Green Energy for Households and Green Transport for Households, intended for financing solar systems and purchase of electric vehicles. • The Bank consistently shifts to renewable electricity suppliers for covering 100% of its needs of electricity in the country. • In 2024, the total value of funds donated by Fibank for various social initiatives and sponsorships exceeded BGN 450 thousand. A number of initiatives were realized in the sphere of education, culture and sports, incl. Week for early child financial literacy, support for the Federation for children, deprived of parantial care, for the Bulgarian Rhythmic Gymnastics Federation, including by creating a charitable calendar with a focus on supporting young talented sports players. *For more information see section "Sustainability report".*

6	SHAREHOLDER RETURN AND COST OPTIMIZATION • Achieve a high return on equity. • Maintain optimal cost-to-income ratio. • Invest in profitable securities and diversify income.	• The reported return on equity (after tax) on a consolidated basis for 2024 was 9.13%, above the long-term target of 8%. • For 2024, the cost/income ratio on a consolidated basis decreased to 40.74% (2023: 42.25%), in line with the target level of below 50% set in the Development Strategy. • Total operating income of the Group increased to BGN 613,202 thousand (2023: BGN 563,886 thousand). Growth was reported in all main income sources, especially in net interest income. • The investment securities portfolio of the Group amounted to BGN 3,441,113 thousand (2023: BGN 2,883,067 thousand) at year-end, managed according to market conditions with the aim of generating profitability while maintaining a balanced risk-return ratio. Net interest income from debt instruments increased to BGN 94,771 thousand (2023: BGN 81,716 thousand), serving as an additional income source. *For more information see sections "Financial review" and "Risk management".*

Subsequent events

- An Extraordinary General Meeting of Shareholders of First Investment Bank AD was held on 14 February 2025 to elect a registered auditor to carry out the statutory sustainability assurance engagement by expressing an audit opinion on the 2024 Sustainability Report and to adopt changes to the Audit Committee's statute, including the assumption of functions in respect of the sustainability assurance engagement, monitoring the sustainability reporting processes, and recommending the selection and remuneration of the auditor on sustainability.
- On 26 February 2025, a decision was taken by the Supervisory Board of First Investment Bank for the election of new members of the Managing Board – Mr. Anton Petrov and Mr. Vladimir Ikonomov, who are long-term employees, taking various managerial positions within the Bank, with extensive professional experience in the banking and financial sector and with high professional qualifications. The circumstance for change in the composition of the Managing Board was registered in the Commercial register and register of non-profit legal entities to the Entry Agency on 12.03.2025. In this regard, changes were made to the line responsibilities of the members of the Managing Board of the Bank.

For more information see the Consolidated Financial Statements for the year ending 31 December 2024.

Development priorities

Universal bulgarian bank, leading in key segments

- Priority focus on the development of retail and SME segments.
- Offering new and creative products, providing customers with convenience and security.
- Upgrading the cross-selling and transactional business models.

High quality customer service

- Maintaining highest quality of customer service by developing motivational programs and training for employees.
- Speed in customer service by improving IT systems and applying customer-oriented approaches.
- Development of personalized services and loyalty programs.

Focus on digitization and innovation

- Implementation of technological innovations and branch digitalisation.
- Development of digital services, mobile applications and e-banking.
- Optimization of IT and business processes in line with innovation in banking and automation of activities.

Stable and sustainable business model

- Ensure sound capital position and MREL.
- Effective management of liquidity and financing risks.
- Maintain optimal asset structure and reduce loan portfolio risk.

Responsible banking for sustainable future

- Offer products and finance projects aimed at sustainability and supporting the green idea.
- Implement environmentally friendly internal processes.
- Support responsible projects and initiatives with social impact.

Return for shareholders and cost optimisation

- Achieve high return on equity.
- Maintain maximum efficient cost-to-income ratio.
- Invest in profitable securities and revenue diversification.

Other information

Members of the supervisory board

Evgeni Lukanov - Chairman of the Supervisory Board

Mr. Lukanov joined First Investment Bank AD in 1998 as Deputy Director, and later as Director and General Manager of the Tirana Branch, Albania. From 2001 to 2003 he was Director of the Bank's Vitosha Branch (Sofia).

Mr. Lukanov has occupied a number of senior positions with First Investment Bank AD. From 2003 to 2007 he was Director of the Risk Management Department and Member of the Managing Board. From 2004 to 2012 - Executive Director and Member of the Managing Board of First Investment Bank AD.

During his years of work in First Investment Bank AD, Mr. Lukanov has been Chairman of the Credit Council and the Liquidity Council of the Bank. He has been in charge of the following departments: Risk Management, Impaired Assets and Provisioning, Loan Administration, Specialized Monitoring and Control, Retail Banking, Methodology, and Liquidity.

Mr. Lukanov has also been member of the Managing Board of First Investment Bank – Albania Sh.a.

At the beginning of February 2012, Mr. Lukanov was elected as Chairman of the Supervisory Board of First Investment Bank AD. For the period 2012-2019 he was Chairman of the Risk Committee to the Supervisory Board of the Bank and since May 2019 was elected as Chairman of the Remuneration Committee to the Supervisory Board of the Bank.

Mr. Lukanov holds a Master's Degree in Economics from the University of National and World Economy, Sofia. Prior to joining First Investment Bank AD, Mr. Evgeni Lukanov worked as currency broker with First Financial Brokerage House OOD.

Besides his position on the Supervisory Board of the Bank, Mr. Lukanov is also Chairman of the Board of Directors of Fi Health Insurance AD.

Maya Georgieva - Deputy Chair of the Supervisory Board

Prior to joining First Investment Bank, Ms. Maya Georgieva worked with the Bulgarian National Bank for 19 years where she gained considerable experience in international banking relationships and payments, banking statistics and firm crediting. Her last appointment with BNB was as Head of the Balance of Payments Division.

Ms. Maya Georgieva joined First Investment Bank AD in 1995 as Director of the International Department. From 1998 to 2012 she served as Executive Director of First Investment Bank and Member of the Managing Board. During her years of work in the Bank she has been responsible of the following departments: International Payments, Letters of Credit and Guarantees, SME Lending, Human Capital Management, Administrative Department, Sales Department, Retail Banking, Marketing, Advertising and PR, Branch Network, Private Banking and the Vault.

Alongside her responsibilities at the Bank, Ms. Georgieva has also occupied a number of other senior executive positions. From 2003 to 2011 she chaired the Supervisory Board of CaSys International - a Northern Macedonia-based card processing company servicing card payments in Bulgaria, Northern Macedonia and Albania.

From 2009 to 2011 she was Chair of the Board of Directors of Diners Club Bulgaria AD - a franchise company of Diners Club International, owned by First Investment Bank. In this capacity, she inspired the launch of a number of products, including the first female-oriented credit card. From 2006 to 2011 she was also member of the Managing Board of First Investment Bank - Albania Sh.a., a subsidiary of First Investment Bank.

In the beginning of February 2012, Ms. Georgieva was elected as Deputy Chair of the Supervisory Board of First Investment Bank AD and Chair of the Presiding Committee to the Supervisory Board of First Investment Bank AD.

Ms. Georgieva holds a Masters Degree in Macroeconomics from the University of National and World Economy in Sofia and has post-graduate specializations in International Payments and Balance of Payments with the International Monetary Fund and Banking from Specialized postgraduate course of BNB joint with the Bulgarian Union of Science and Technology.

She was granted several times with the “Banker of the Year” award of the Bulgarian financial weekly “Banker” - in 2001 and 2011, as well as in 2018 for overall contribution to the development of the banking system.

Radka Mineva - Member of the Supervisory Board

Prior to joining First Investment Bank AD, Ms. Mineva worked as a capital markets dealer at the Bulgarian National Bank where she gained considerable experience in banking. During the time spent with the Central Bank, she specialized at the Frankfurt Stock Exchange and the London Stock Exchange as a capital markets dealer.

Ms. Mineva started her career with the foreign trade enterprise Main Engineering Office, where she worked for 9 years; she also spent three years as an expert at RVM Trading Company.

Since 2000, Ms. Mineva has been a Member of the Supervisory Board of First Investment Bank AD. Since May 2019, she was elected as Member of the Presiding Committee to the Supervisory Board of First Investment Bank.

She is a graduate of the University of National and World Economy in Sofia, with a degree in Trade and Tourism.

Besides her position on the Supervisory Board of the Bank, Ms. Mineva is Manager of Balkan Holidays Services EOOD - a company with activities in the sphere of tourism, transportation, hotel business, tour operation, and tour agency services. Ms. Mineva is also Manager of Balkan Holidays Partners OOD - a company engaged in international and domestic tourism services, foreign economic transactions, and financial management. Ms. Mineva owns more than 25% of the capital of Balkan Holidays Partners OOD. She is also Member of the Managing Board of the non-profit organization “National Board of Turism” and of the non-profit organization “Union of investors in tourism”.

Jordan Skortchev - Member of the Supervisory Board

Before joining First Investment Bank AD, Mr. Jordan Skortchev worked for two years with the Central and Latin America Department of the foreign trade organization Intercommerce, followed by five years with First Private Bank, Sofia as an FX Dealer and Head of the Dealing Division.

Mr. Skortchev joined First Investment Bank in 1996 as Chief Dealer, FX Markets. From 2001 to 2012 Mr. Skortchev was Member of the Managing Board and Executive Director of the Bank. During his years of work in the Bank, Mr. Skortchev has been responsible for the following departments: Card Payments, Operations, Gold and Numismatics, Internet Banking, Dealing, Security and Office Network-Sofia.

Alongside his responsibilities at the Bank, Mr. Skortchev has also occupied other senior executive positions. Mr. Skortchev has been Chairman of the Supervisory Board of UNIBank AD, Republic of Northern Macedonia, member of the Supervisory Board of CaSys International, Republic of Macedonia, member of the Board of Directors of Diners Club Bulgaria AD, member of the Board of Directors of Bankservice AD, member of the Board of Directors of Medical center FiHealth AD, and Manager of FiHealth OOD.

In the beginning of February 2012, Mr. Skortchev was elected as a Member of the Supervisory Board of the Bank. For the period 2012-2019, he was Chairman of the Remuneration Committee to the Supervisory Board of First Investment Bank AD. Since May 2019, Mr. Skortchev was elected as Chairman of the Nomination Committee to the Supervisory Board of First Investment Bank AD.

Mr. Skortchev holds a Masters Degree in International Economic Relations from the Higher Institute of Economics (now the University of National and World Economy) in Sofia. He has specialized in banking in Luxembourg, in swap deals at Euromoney, and in futures and options at the Chicago Stock Exchange.

Mr. Skortchev holds more than 10% of the capital of Investment intermediary Delta Stock AD and of Funds4Traders OOD.

Jyrki Koskelo – Member of the Supervisory Board

Mr. Jyrki Koskelo was elected as member of the Supervisory Board of First Investment Bank AD in June 2015. In his capacity as an independent member Mr. Koskelo supports the Supervisory Board in setting up the business objectives and the strategy of the Bank, the corporate culture and values, as well as in overseeing good corporate governance practices and effective risk management. Since the end of 2019, he has been Chairman of the Risk Committee to the Supervisory Board of First Investment

Bank AD. Mr. Koskelo has long-term experience in banking and global financial markets, as well as wide professional practice in different geographical regions.

Mr. Koskelo worked in the International Finance Corporation (IFC - a member of the World Bank Group) for 24 years, from 1987 to late 2011. The first 13 years he worked as an Investment Officer covering the Central and Eastern Europe and Africa regions. In 2000, he was appointed as Director Work-out Loans and in 2004 he became Director Global Financial Markets. In 2007, he was appointed as Vice President (reporting to the CEO) and a member of the IFC's Management Committee. Mr. Koskelo led the formulation and implementation of the IFC's investment strategy, policies, and practices across industries and regions, including in Central and Eastern Europe, Latin America and Africa. His major legacies include IFC's entry to Global Trade Finance Programs, decentralization of the organization with significant staffing across emerging markets, IFC's leading role in private sector side of Vienna Initiative to support Central Europe banks after Lehman Crisis and establishment of IFC's Asset Management subsidiary's first $3 billion fund for capitalization of weak banks in poor countries.

Prior to joining the IFC, he spent close to 10 years in senior management positions in the private sector in the Middle East and in USA.

Mr. Koskelo currently holds senior positions in European and African organizations and institutions including: Member of the Board of Directors of Gulf Marine Services PLC (GMS International), UK and Member of the Board of Directors of Serengeti Energy Ltd, Mauritius.

During the period 2012 – up to 2023 Mr. Koskelo acted in multiple Supervisory Board and advisory positions including in the Africa Development Corporation, Germany; African Banking Corporation, Botswana; RSwitch, Rwanda; EXPO Bank, Latvia, AtlasMara Co-Nvest LLC, UK, Al Jaber Group, UAE, EXPO Bank, Czech Republic and AATIF (a KfW & EU sponsored Africa Agriculture and Trade Investment Fund), Luxemburg.

Mr. Koskelo holds a Master of Science (M.Sc.) degree in Civil Engineering from the Technical University of Helsinki, Finland and a Master of Business Administration (MBA) in International Finance from the Massachusetts Institute of Technology (MIT), Sloan School of Management in Boston, USA.

Members of the managing board

Nikola Bakalov – Chief Executive Officer (CEO) and Chairman of the Managing Board

Mr. Nikola Bakalov has extensive experience in the banking and insurance sector in Bulgaria, combined with proven professional and managerial skills. From December 2000 to September 2011, he worked at First Investment Bank AD, taking increasing responsibilities from Card Services Specialist to Director of the Card Payments Department, which position he held for almost 6 years. During this period he was also elected as member of the executive committees of Mastercard Bulgaria and VISA Bulgaria.

In the period December 2011 - August 2012, Mr. Bakalov was member of the Managing Board of Allianz Bank Bulgaria AD, where he served as Executive Director, and subsequently as Chief Executive Officer.

From 2013 to August 2020, Mr. Bakalov was Executive Director of FiHealth Insurance AD, where he expanded significantly the activity of the company and transformed it in a leading company in the sphere of health insurance.

At the beginning of 2020, he was elected as Chief Retail Banking Officer (CRBO), Member of the Managing Board and Executive Director of First Investment Bank AD, responsible for the retail banking business lines within the Bank.

Since April 2020 Mr. Bakalov has been elected as Chief Executive Officer (CEO) and Chairman of the Managing Board of First Investment Bank AD.

Responsibilities in the Bank – Compliance function, Legal Department, Corporate Communications Department, Marketing and Advertising Department, Human Capital Management Department, Administrative Department, Problem Assets Department, Asset Management Department, Information Technologies Department, Sustainable Development Department, Protocol and Secretariat Department and Specialised Unit Project Management.

Mr. Bakalov holds a Master's degree in International Economic Relations from the University of National and World Economy in Sofia, and has additional specializations in card payments, finance retail services and corporate governance.

Apart from his position at the Bank, Mr. Bakalov is Deputy chairman of the Board of Directors of FiHealth Insurance AD, Member of the Board of Directors of BORICA AD, Member of the Management Board of Association of Banks in Bulgaria, Manager of International Banking Institute EOOD and Member of the Trustees Council of the University of National and World Economy (UNWE).

Svetozar Popov – Chief Risk Officer (CRO), Member of the Managing Board and Executive Director

Mr. Svetozar Popov joined First Investment Bank AD in 2004 as part of the Risk Management Department, and was shortly thereafter promoted to Head of the Credit Risk Division. From 2006 to 2008 he was Deputy Director of Risk Management, during which period he also chaired the Bank's Credit Council. From 2016 to 2017, Mr. Popov held the office of Chief Compliance Officer (CCO), and in May 2017 he was appointed as Chief Risk Officer (CRO), Member of the Management Board and Executive Director of First Investment Bank AD.

From 2008 to 2015, Mr. Popov was member of the Managing Board and Executive Director of UNIBank AD, Northern Macedonia, where he gained significant management experience and was responsible for the areas of risk management, credit administration, and finance. Prior to joining First Investment Bank AD, Mr. Popov worked at Raiffeisenbank (Bulgaria) EAD as an SME loan officer.

Mr. Popov holds a Masters degree in Finance from the University of National and World Economy in Sofia, and has obtained additional qualifications in the field of financial analysis from the European Bank for Reconstruction and Development (EBRD) and other internationally recognized institutions, as well as practical experience in foreign banks.

In the Bank he is responsible for the Risk Management Department, the Loan Administration Department, Security Department and Information Security Department.

Besides his position in the Bank, Mr. Popov is a Chairman of the Supervisory Board of UNIBank, Republic of Northern Macedonia, Chairman of the Board of Directors of MyFin EAD and a Manager of Debita OOD – in liquidation.

Ralitsa Bogoeva – Chief Retail Banking Officer (CRBO), Member of the Managing Board and Executive Director

Ms. Ralitsa Bogoeva has been Chief Retail Banking Officer, Member of the Managing Board and Executive Director of First Investment Bank AD since May 2020. She has extensive professional experience in various fields of banking.

Ms. Ralitsa Bogoeva joined the team of First Investment Bank AD in 2002 as a Retail Loan Officer and a year later was promoted to Deputy Director of the Retail Banking Department, a position she held for eight years. From 2011 to 2018 she was Director, Internal Audit of Fibank. From June 2018 to 2020, Ms. Bogoeva held the position of Chief IT and Operations Officer at the Bank. During her professional career, Ms. Bogoeva has managed various projects in the fields of finance, the development and administration of products for individuals and businesses, as well as innovative projects in the field of information technology and digitalization of banking.

Ms. Bogoeva has a Master's degree in Accounting and Control from the University of National and World Economy in Sofia, as well as a number of additional qualifications in the areas of banking, international auditing standards, planning and project management.

Responsibilities in the Bank – Retail Banking Department, Private Banking Department, Digital Banking Department, Card Payments Department, Branch Network Department, Organisation and Control of Customer Service Department, Gold and Commemorative Coins Department, the Vault.

In addition to her position in the Bank, Ms. Bogoeva is a member of the Board of Directors of FinClub AD – in liquidation, a member of the Board of Directors of MyFin EAD and a member of the Supervisory Board of UNIBanka AD, Northern Macedonia. She owns 25% of the capital of Raya Homes OOD.

Ianko Karakolev – Chief Financial Officer (CFO) and Member of the Managing Board

Mr. Ianko Karakolev was elected Chief Financial Officer (CFO) and Member of the Managing Board of First Investment Bank AD in June 2020. He is a longtime financial analyst and staff member of First Investment Bank AD.

Mr. Karakolev joined the Bank's team in 1999 as an accountant-controller in the Financial and Accounting Department and soon became Director of the Internet Branch. In the period 2002-2007 he was promoted from Head of the Financial Statements, Analyzes and Budgeting unit to Deputy Chief Accountant. After that, until 2011, he held the position of Deputy Director of the Finance and Accounting Department. From 2011 to 2014 he was Chief Financial Officer and Director of the Finance and Accounting Department, and in the period 2014-2020 was Director of the Finance Department. During his professional career, Mr. Karakolev has participated in the management of many innovative projects contributing to the implementation of international standards and the development of banking, as well as in corporate actions such as the acquisition of MKB Unionbank and its subsequent merger with First Investment Bank AD.

Prior to joining the team of First Investment Bank AD, Mr. Karakolev worked at Bulgarian Commercial and Industrial Bank AD as an accountant. He holds a Master's degree in Finance from the University of National and World Economy in Sofia and has professional certificates and qualifications in the fields of international financial and accounting standards, the European regulatory framework on banking and reporting, management and business planning.

Responsibilities in the Bank – Finance Department, Accounting Department, Treasury Department, Investor Relations Department, Financial Institutions and Corresponding Banking Department and Intensive Loan Management Department.

In addition to his position in the Bank, Mr. Karakolev is a member of the Steering Council of First Investment Bank - Albania Sh.a. and member of the Supervisory Board of UNIBanka AD, Northern Macedonia.

List of abbreviations

AD	Joint Stock Company
ALCO	Asset, liability and Liquidity management Council
AML	Anti Money Laundering
ATM	Automated Teller Machine
BAF	Bulgarian Athletics Federation
Bank/Fibank	First Investment Bank AD
BEIA	Bulgarian Export Insurance Agency
BISERA	Bank integrated system for electronic payments
BISERA 7-EUR	System for servicing customer transfers in euros
BNB	Bulgarian National Bank
BOC	Bulgarian Olympic Committee
BORICA	Banking organization for payments using cards
BRGF	Bulgarian Rhythmic Gymnastics Federation
BPM	Business Process Management
BRRD II	Bank Recovery and Resolution Directive II (Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC)
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CCBO	Chief Corporate Banking Officer
CFO	Chief Financial Officer
CGS	Continuous Gross Settlement
CO2	Carbon footprint
CRBO	Chief Retail Banking Officer
CRO	Chief Risk Officer
CSRBB	Credit Spread Risk in the Banking Book
DvP	Delivery versus Payment
DPO	Data Protection Officer
EAD	Exposure at Default
EAD	Sole-owned joint stock company
EBA	European Banking Authority
EEA	European Economic Area
EC	European Commission
ECB	European Central Bank
EOOD	Sole-owned limited liability company
EP	European Parliament
ERM	Exchange Rate Mechanism
ESG	Environmental, Social, Governance

ESMA	European Securities and Markets Authority
EU	European Union
FDI	Foreign Direct Investments
FSC	Financial Supervision Commission
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GVA	Gross value added
HIC	Health insurance company
HHI	Herfindahl-Hirschman Index
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IFC	International Finance Corporation
IRRBB	Interest Rate Risk in the Banking Book
IT	Information Technology
ITP	Internal-transfer prices
LCR	Liquidity Coverage Ratio
LIFO	Law on independent financial audit
LGD	Loss Given Default
LPOSA	Law on public offering of securities
LR	Leverage Ratio
LRE	Leverage Risk Exposure
MB	Managing Board
MiFIR	Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012)
MREL	Minimum requirements for own funds and eligible liabilities
MRR	Minimum Required Reserved
NATO	North Atlantic Treaty Organization
NFC	Near Field Communication
NPE	Non-performing exposures
NPL	Non-performing loans
NSFR	Net Stable Funding Ratio
OECD	Organization for Economic Cooperation and Development
OOD	Limitied liability company
OSII	Other Systemically Important Institution
PAMP	Produits Artistiques de M-taux Pr-cieux
PD	Probability of Default
PRIIPS	Packaged Retail Investment and Insurance Products (Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products)
RCSA	Risk Control Self Assessment

RINGS	Real-time Interbank Gross Settlement System
ROA	Return-on-assets
ROE	Return-on-equity
SB	Supervisory Board
SCA	Strong Customer Authentication
SEPA	Single Euro Payments Area
SME	Small and medium-sized enterprises
SP	Sole proprietor
SPPI	Solely Payments of Principal and Interest
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
TCR	Total Capital Ratio
TPPs	Third party providers
TREA	Total Risk Exposure Amount
UAB	Union of Artists in Bulgaria
UN	United Nations
VaR	Value-at-Risk

List of branch network

Head office

Sofia 1784, 111P, Tsarigradsko shose Blvd.
Phone: 02/817 1100, fax: 02/817 1101
SWIFT CODE: FINVBGSF
REUTERS DEALING CODE: BFIB
e-mail: fib@fibank.bg, www.fibank.bg
Contact centre: 0800 11 011

Branches in Sofia

Aleksandar Stamboliyski
Sofia 1301, 20, Aleksandar Stamboliyski Blvd.
phone: (+359 2) 817 1493

Bulgaria
Sofia 1404, 81G Bulgaria Blvd.
phone: (+359 2) 800 2501, fax: (+359 2) 800 2500

Business Park Sofia
Sofia 1712, 1, Business Park Sofia St.
phone: (+359 2) 800 2535

Dragalevtsi
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20A, Krushova gradina St.
phone: (+359 2) 800 2601

Evropa
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Generali
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phone: (+359 2) 800 2939

Krasna Polyana
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The present Consolidated Activity report for 2024 was approved by the Managing Board of First Investment Bank AD in accordance with the Bank's internal regulations at a meeting dated 28 April 2025.

Nikola Bakalov

Chief Executive Officer,
Chairman of the Managing Board

Svetozar Popov

Executive Director,
Chief Risk Officer,
Member of the Managing Board

Ralitsa Bogoeva

Executive Director,
Chief Retail Banking Officer,
Member of the Managing Board

Ianko Karakolev

Chief Financial Officer,
Member of the Managing Board

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