

**INTERIM REPORT**  
**ON**  
**THE ACTIVITIES OF FIRST INVESTMENT BANK AD**  
**AS AT 31 DECEMBER 2008**  
**(on consolidated basis, unaudited),**

**pursuant to Art. 100o, Para. 4 (2) of the Initial Public Offering of Securities Act (IPOSA) and Art. 33 (1), items 2 and 6 and Art. 33(3) of Regulation No. 2 of the Financial Supervision Commission**

In 2008 First Investment Bank (FIBank, the Bank) continued its successful development, asserting its position as an innovative, stable and reliable institution on the banking market in Bulgaria and the Balkans.

Highlights in First Investment Bank's activities in 2008:

- At the beginning of January 2008 First Investment Bank established a Euro Medium Term Note Programme with ABN AMRO and Credit Suisse as exclusive Joint Arrangers. Under the Programme the Bank will be able to issue a sequence of debt instruments (including senior bonds and lower tier 2 issues) up to an amount of EUR 500 million.
- Since 28 January 2008 FIBank has been an indirect participant in SEPA (Single European Payment Area).
- On 30 January 2008 First Investment Bank AD published its Q3 2007 financial statements (unconsolidated).
- On 31 January 2008 First Investment Finance B.V., a subsidiary of FIBank, repaid at its due date a three-year Eurobond – EUR 200 mln. principal and EUR 15 mln. interest.
- In February 2008 First Investment Bank received the Best Customer Service Award at the 6<sup>th</sup> International Financial Expo *Banks-Investments-Markets* in Plovdiv. This prize was awarded for the first time and First Investment Bank. The longer working hours (seven days a week), the professionalism and excellent customer service were the rationale behind the decision of the award committee .
- On 15 February 2008 the Bank summoned the annual general meeting of its shareholders and presented the materials on the items in the agenda;

- On 29 February 2008 First Investment Bank AD published its consolidated financial statements for Q4 2007;
- On 7 March 2008 First Investment Bank presented its 2007 unconsolidated annual report and on 13 March 2008 – the consolidated annual report for 2007;
- On 31 March 2008 the regular annual meeting of First Investment Bank's shareholders was held. The General Meeting approved First Investment Bank's 2007 Management Report, financial statements of the Bank for 2007 and the independent auditor's report thereon and the 2007 report of the Investor Relations Director. The AGM voted to capitalize the entire net profit of First Investment Bank for 2007, amounting to BGN 50.4 mln., and to allocate it to the Bank's other general purpose reserves, leading to the increase of the capital base of the Bank. The General Meeting of Shareholders approved KPMG Bulgaria OOD as auditors of First Investment Bank for 2008 and released from responsibility the members of the Managing and Supervisory Boards of the Bank for their activities in 2007;  
On 1 April 2008 FIBank informed the Financial Supervision Commission of the decisions made by the annual general meeting of shareholders which was held on 31 March. The minutes of the AGM were submitted on April 4.
- FIBank's quarterly unconsolidated financial statements as at 31.03.2008 was submitted to the Financial Supervision Commission on 18 April 2008;
- On 13 May 2008 FIBank presented to the Financial Supervision Commission, the Bulgarian Stock Exchange and the Public information about its market shares during the first quarter of 2008, and on 16 May – its financial results as at 30 April 2008;
- On 21 May 2008 FIBank announced that Fitch Ratings changed First Investment Bank's Outlook to Stable from Positive, and on 22 May 2008 – that Moody's Investors Service placed on review for possible downgrade the Bank's ratings;
- On 22 May 2008 First Investment Bank was awarded the prestigious third place in the ranking of the Best Public Companies on the Bulgarian Stock Exchange made by the national daily newspaper *Dnevnik*;
- On 28 May 2008 an extraordinary general meeting of the shareholders of First Investment Bank was summoned for 14 July 2008, and the public notice was published in *Novinar* daily on 9 June 2008;
- On 30 May 2008 First Investment Bank submitted its consolidated financial statements as at 31 March 2008;

- First Investment Bank AD, via its subsidiary First Investment Finance B.V., received a syndicated loan amounting to EUR 65 mln. from 11 first-class international banks. The Financial Supervision Commission was notified by letter with incoming No. 10-05-7799/17.06.2008;
- An extraordinary General Meeting of Shareholders (GMS) of First Investment Bank AD was held on 14 July 2008 and the Financial Supervision Commission was informed of the decisions made on the same day. The General Meeting of Shareholders approved amendments to the scope of business of First Investment Bank AD in compliance with the requirements of the Law on Credit Institutions (LCI) and following the repealing of Art. 54 of the Law on Public Offering of Securities (LPOS) and the provisions regulating investment intermediation in the Law on Markets in Financial Instruments (LMFI).

The General Meeting of Shareholders also approved amendments to the By-Laws of First Investment Bank AD. These amendments reflected changes in the legal framework (repealed Art. 54 of LPOS and provisions on investment intermediaries in Art. 5, Paras. 2 and 3 of LMFI) and the increased capital of FIBank following the successful initial public offering in 2007.

The General Meeting of Shareholders decided that dividends shall not to be distributed to shareholders and no other deductions shall be made from the profit for 2008, so that the profit as at 30.6.2008 be capitalised pursuant to Art.3 (4) of Regulation No. 8 of the Bulgarian National Bank on the Capital Adequacy of Credit Institutions.

All decisions were approved unanimously by all shareholders present or represented at the meeting.

The minutes from the extraordinary General Meeting of Shareholders of First Investment Bank AD held on 14 July 2008 were submitted to the Financial Supervision Commission within the legal timeframe, on 17 July 2008.

- On 16 July 2008 First Investment Bank notified the Financial Supervision Commission and the public that it signed an agreement with the German bank KfW for a 5-year EUR 10 million credit line for financing small and medium-sized enterprises ;
- On 21 July 2008 the 2007 Report of First Investment Bank's Social Responsibility Fund was published;
- On 30 July 2008 First Investment Bank's financial statements (unconsolidated) as at 30 June 2008;

- On 01 August 2008 FIBank submitted its consolidated financial statements (audited) as at 30 June 2008;
- On 12 September 2008 FIBank presented to the Financial Supervision Commission and the public information of its financial results as at 31 July 2008;
- On 17 September 2008 FIBank submitted to the Financial Supervision Commission, the Bulgarian Stock Exchange and the public its unconsolidated financial statements as at 30 June 2008 with the independent auditor's report thereon;
- On 17 September 2008 FIBank informed the Financial Supervision Commission and the public that Moody's Investors Service confirmed the Bank's D Bank Financial Strength Rating (BFSR) and the Ba1 long-term local and foreign currency deposit ratings of First Investment Bank ("FIBank") AD. The rating agency also confirmed FIBank's senior unsecured ratings and subordinated debt ratings of Ba1 and Ba2, respectively.
- On 23 September 2008 FIBank informed the Financial Supervision Commission and the public that Fitch Ratings affirmed the Bank's ratings at Long-term Issuer Default (IDR) 'BB-' (BB minus), Short-term IDR 'B', Individual 'D', Support '5' and Support Rating Floor 'No Floor'. FIBank's outlook was changed to Negative from Stable;
- On 25 September 2008 First Investment Bank announced that as of 30.09.2008 its shares will be traded at the official equity market, segment B of the Bulgarian Stock Exchange - Sofia.
- On 17 October 2008 FIBank announced that the minority shareholder Balkan Holidays sold its share to two other minority shareholders - Rafaela Consultants Ltd. and Domenico Ventures Ltd.;
- On 30 October 2008 FIBank published its unconsolidated financial statement as at 30 September 2008, and on 1 December 2008 it published the consolidated financial statement for the same period.

*Review of FIBank's activities as at 31 December 2008 on consolidated basis*

- *Assets as at 31 December 2008*

As at 31.12.2008 the total assets of the bank were BGN 4,271 mln., i.e. BGN 70 mln. more than as at 31.12.2007. The decrease in assets resulting from the repayment of the 3-year 200 mln. Eurobond at the beginning of 2008 was fully compensated both by the

growth in deposits from households and individuals and by the new EUR 65 mln. syndicated loan agreed in June 2008.

Under strong competition FIBank's market shares remain stable and it maintains its competitive market position.

- *Loan portfolio and asset quality*

As at 31.12.2008 the balance-sheet amount of the loan portfolio was BGN 2,970 mln. compared to BGN 2,778 mln. as at 31.12.2007. The net increase is by BGN 192 mln.

- *Profit for 2008 on consolidated basis*

The Bank's net profit for 2008 reached BGN 49, 140 thousand. The growth of net fee and commission income is by BGN 12,454 thousand and the increase of net interest income is by BGN 14,900 thousand, which is evidence of good corporate governance in a challenging year for the financial sector.

- *Liquidity and funding*

The Bank continues to maintain very high liquidity and as at 31 December 2008 the Bank's liquidity ratio was 26.30%, as calculated pursuant to Regulation No. 11 of the Bulgarian National Bank on Liquidity Management and Supervision of Banks.

- *Capital resources*

As at 31 December 2008 FIBank's capital adequacy ratio was 13.18 % as a result of the capitalized profit for the first 6 months of 2008 and the prudent risk management. In calculating its capital adequacy ratio FIBank applies the Revised international capital framework (Basel II), as implemented in EU directives and Regulation No. 8 of the Bulgarian National Bank.

- *160 offices in Bulgaria and abroad.*

As at 31 December 2008 First Investment Bank had a total of 160 branches and offices in Bulgaria and abroad. In 2008 43 new offices were opened in Sofia and in the towns of Botevgrad, Razlog, Bankso, Stara Zagora, Plovdiv, Mezdra, Yambol, Veliko Tarnovo, Novi Pazar, Sozopol, Rousse, Dulovo, Razgrad, Bourgas, Gabrovo, Kazanlak, Devnya, Assenovgrad, Kardzhali, Dupnitsa, Blagoevgrad, Varna, Dobrich and Pazardjik.

The major objectives of First Investment Bank in 2009 will be to continue implementing the policy of maintaining high liquidity and capital adequacy and loan portfolio management with strict risk considerations with a view to the volatile international financial markets. At the same time the Bank will continue offering bank services and products in response to demand; will maintain the high quality of its customer service and will participate in programmes under the European Union funds.

**Appendix 1**

**INFORMATION AS AT 31.12.2008  
PROVIDED PURSUANT TO ART. 33, PARA. 1, ITEM 6  
OF REGULATION No. 2**

*on prospectuses for public offering of securities and admission to trading on a regulated market and on the disclosure of information by public companies and other securities issuers*

- a) information about changes in the accounting policy during the reporting period, reasons thereof and their impact on the issuer's financial results and equity;

*No events.*

- b) information about changes in the issuer's economic group, if applicable:

*No events.*

- c) information on the results from organizational changes within the issuer, such as transformation, selling of undertakings from the economic group, non-monetary contributions by the undertaking, renting out of property, long-term investments, suspension of operation:

*No events.*

- d) opinion of the management body about the likelihood of realization of the published forecasts on the results of the current financial year, taking account of the results of the current quarter, as well as information about the factors and circumstances which will influence the obtaining of the forecast results at least for the next quarter:

*Forecasts for 2008 have not been published.*

- e) data about the persons holding directly or indirectly at least 5 per cent of the votes in the general meeting at the end of the relevant quarter, and the changes in the votes held by the persons since the end of the preceding quarter:

	<i>Number of shares</i>	<i>%</i>
Mr. Tzeko Minev	31,830,000	28.94
Mr. Ivaylo Mutafchiev	31,830,000	28.94
Legnano Enterprise Limited, Cyprus	8,450,000	7.68
Domenico Ventures Limited, British Virgin Islands	10,695,000	9.72
Rafaela Consultants Limited, British Virgin Islands	10,695,000	9.72

- f) data about the shares owned by the issuer's management and supervisory bodies at the end of the relevant quarter, as well as changes that occurred since the end of the preceding quarter for each person:

<i>Managing Board members</i>	<i>As at 30 September 2008</i>		<i>As at 31 December 2008</i>	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
Evgeni Lukanov	111 888	0,1	No change	

Matthew Mateev	19 125	0,02	No change
Jordan Skortchev	19 125	0,02	No change
Maya Georgieva	11 388	0,01	No change
Maya Oyfalosh	2 350	0,00	No change
Radoslav Milenkov	2 841	0,00	No change
Ivan Ivanov	68 925	0,06	No change

Supervisory Board Members	As at 30 June 2008		As at 30 September 2008	
	Number of shares	%	Number of shares	%
Georgi Mutafchiev	9 454	0,01	No change	
Kaloyan Ninov	47 813	0,04	No change	
Todor Breshkov	41 107	0,03	No change	

- g) information on pending legal, administrative or arbitration procedures relating to liabilities or receivables amounting to at least 10 per cent of the issuer's equity; if the total amount of the issuer's liabilities or receivables on all initiated proceedings exceeds 10 per cent of its equity, information is to be presented for each procedure separately:

*None.*

- h) information about loans granted by the issuer or its subsidiary, providing of guarantees or assuming liabilities in whole to one entity or its subsidiary, including also related persons with indication of the nature of the relations between the issuer and the entity, the amount of unpaid principal, interest rate, deadline for repayment, amount of the assumed liability, term and conditions:

*First Investment Bank AD is a listed company whose main business is lending and other financing. In this sense during the period 1 January - 31 December 2008 there were no events beyond the Bank's usual activities.*

**Appendix 2**

**INFORMATION AS AT 31.12.2008  
PURSUANT TO ART. 33, PARA. 3  
OF REGULATION No. 2**

*on prospectuses for public offering of securities and admission to trading on a regulated market and on the disclosure of information by public companies and other securities issuers*

*1. Transactions between related parties concluded during the reporting period of the current financial year which have materially influenced the financial position or the results of the company's operation during that period:*

First Investment Bank AD performs transactions with related parties in the course of its ordinary banking operations at terms and conditions which would be usual in transactions with unrelated parties. These transactions do not impact the financial position or the results from the operation of First Investment Bank AD.

*2. Changes in transactions concluded with related parties disclosed in the annual report and having material impact on the financial condition or the results of the company's operations during the relevant reporting period of the current financial year.*

In 2008 there were no changes in the transactions with related parties which could have material impact on the financial condition or the results of First Investment Bank AD.

*(signed)*

Matthew Mateev  
Executive Director

*(signed)*

Evgeni Lukanov  
Executive Director