

MEASURES UNDERTAKEN BY FIBANK TO GUARANTEE THE FUNDS OR FINANCIAL INSTRUMENTS OF CUSTOMERS, AND OF THE INVESTOR COMPENSATION AND DEPOSIT GUARANTEE SCHEMES

Clients' dematerialized financial instruments are kept on their sub-accounts with the Register of First Investment Bank AD (the Bank) at the Central Depository AD or at a foreign depository institution, in an omnibus customer account opened in the name of Fibank. Government securities issued by the Ministry of Finance shall be entered in the register of the Bulgarian National Bank, in an omnibus customer account of Fibank. The Bank shall open and maintain accounts for financial instruments in the name of each customer in a register at the Bank. Thus, the financial instruments of Bank's clients shall be separated from the financial instruments held at the Bank's own expense. The Bank shall not be accountable to its creditors for the financial instruments and cash funds of its clients as well as for financial instruments based on depository receipts.

When selecting a depository, the Bank shall owe a duty of care and take the necessary actions to ensure the safe custody of the financial instruments of its customers, such as:

1. take into account the entity's experience and market reputation, as well as the legislative requirements or market practices relating to holding of the relevant financial instruments that may adversely affect the rights of the customers.

2. deposit financial instruments of customers only with entities in jurisdictions where such entities and the custody of financial instruments for the account of a third party are subject to special regulation and supervision.

3. not deposit financial instruments of customers with an entity in a third country that does not regulate the holding and custody of financial instruments for the account of a third party, unless one of the following conditions is met:

- 3.1. the nature of the financial instruments or the associated investment service requires that they be deposited with that entity in the third country concerned;

- 3.2. the financial instruments are held on behalf of a professional client and that client

requests in writing that the Bank deposits them with that entity in the third country concerned.

4. perform a periodic review and assessment of the entity and of the agreed terms with related to the custody of the financial instruments of customers.

Fund for Compensation of Investors in Financial Instruments

The Fund insures payment of compensation to the Bank's clients under the terms and conditions of the Public Offering of Securities Act (POSA), in the event when the Bank, in its capacity of investment intermediary is not capable of performing its obligations to its clients as a direct result of its financial standing.

Pursuant to the Public Offering of Securities Act, the client should receive compensation for the receivables resulting from the fact that the Bank is not capable of returning clients' assets in compliance with the legal and contractual terms and conditions.

The clients' assets within the meaning of the Public Offering of Securities Act represent cash funds, securities as well as other assets which the Bank holds, administers or manages at the client's expense with regard to the services under art. 6, para. 2 and 3 of the MFIA provided by the Bank, including interest, dividends and other similar payments, and excluding deposits under the meaning of the Bank Deposit Guarantee Act, which are covered by the Bulgarian Deposit Insurance Fund.

The amount receivable is defined as at the date of Resolution adopted under Art. 776, Para 1 of the Public Offering of Securities Act and according to the legal and contractual terms, including those related to set-off. The valuation of the client's assets is performed under the terms and conditions defined in an ordinance.

The Fund pays compensation to each client of an investment intermediary up to 90% of the receivable amount, but not exceeding the total amount of BGN 40 000.

The Fund does not pay compensation to:

1. members of the managing and supervisory body of the Bank, as well as of its procurators, if any;

2. persons who own directly or indirectly 5 or over 5 per cent of the votes in the general

meeting of the Bank or may control it, as well as persons, belonging to the same group to which the Bank also belongs, for which consolidated reports are prepared;

3. registered auditors having audited the Bank's annual financial statements;

4. the spouses, relatives in the direct line without limitations, in the collateral line up to the second degree inclusive and by affinity up to the second degree inclusive of the persons under item 1, 2 and 3;

5. investment intermediaries;

6. credit institutions;

7. insurers;

8. pension and social insurance funds;

9. collective investment schemes, national investment funds, alternative investment funds managed by alternative investment fund managers, and special purpose vehicles;

10. the government and government institutions;

11. the municipalities;

12. the Fund for Compensation of Investors, the Bulgarian Deposit Insurance Fund and the Guarantee Fund under art. 518 of the Insurance Code;

13. investors, who have availed themselves of circumstances, related to the investment intermediary and that led to worsening of its financial situation as well as to investors, who contributed to that situation;

14. other professional and institutional investors.

15. receivables related to transactions or actions representing "money laundering" within the meaning of Art. 2 of the Measures against Money Laundering Act, in the event that the person is convicted and the verdict is in force.

Bulgarian Deposit Insurance Fund

The Fund guarantees full reimbursement of one person's deposits in a bank, notwithstanding the deposits number and amount up to BGN 196 000.

'Deposit' shall mean a credit balance resulting from funds left in an account, or from temporary situations deriving from normal banking

transactions, which the Bank is obliged to pay under the applicable laws and contractual conditions, with the exception of a credit balance for which any of the following conditions is in place:

a) its existence can only be proven by a financial instrument within the meaning of Art. 4 of the Markets in Financial Instruments Act unless it is a savings product certified with a deposit certificate issued to a named person and existing as at 2 July 2014;

b) its principal is not repayable at par;

c) its principal is repayable at par only under a particular guarantee or agreement with a credit institution or a third party;

d) is not equity as defined in Art. 4, paragraph 1, p. 118 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) № 648/2012 (OJ, L 176/1 of June 27, 2013), hereinafter referred to as "Regulation (EU) No 575/2013", or debt securities issued by a bank, or liabilities resulting from promissory note or as a result of written consent of a payer bank to accept the order of an issuer of a bill of exchange.

The deposit amounts guaranteed by the Bank shall not be paid to:

1. other banks, when made in their name and for their account;

2. financial institutions under Art. 3 of the Credit Institutions Act;

3. insurers and reinsurers under Art. 12 of the Insurance Code;

4. pension insurance companies and funds for mandatory and voluntary pension insurance;

5. investment intermediaries;

6. collective investment schemes, national investment funds, alternative investment funds and special investment purpose vehicles;

7. budget organizations under § 1, p. 5 of the Supplementary Provisions of the Public Finance Act;

8. the Fund for Compensation of Investors, the Bulgarian Deposit Insurance Fund, and the Guarantee Fund under Art. 518 of the Insurance Code.

Additional information on the deposit compensation scheme is available on the website of the Bulgarian Deposit Insurance Fund: www.dif.bg, as well as in the Depositor Information Template prepared pursuant to the Bank Deposit Guarantee Act, an Annex to the General Terms and Conditions for opening and maintaining bank accounts and provision of payment services of the Bank, which are announced on the website of Fibank: www.fibank.bg and also available in the banking offices.

This Description of the measures undertaken by Fibank to guarantee the funds or financial instruments of customers, and of the investor compensation and deposit guarantee schemes represents an integral part of the General Terms and Conditions applicable to clients of First Investments Bank AD for investment services and activities with financial instruments.