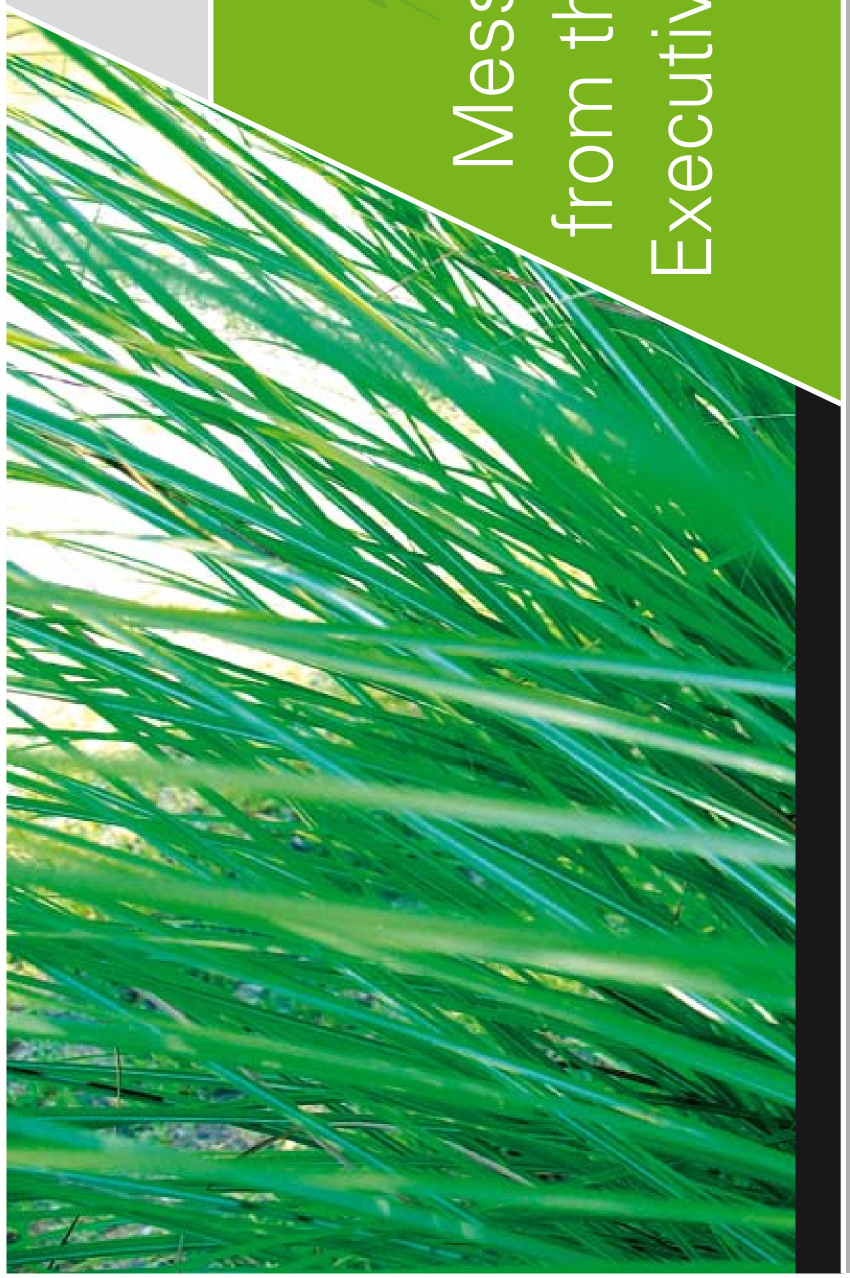
Half Year Report 2006

FIRST INVESTMENT BANK

Message from the Chief Executive Director



2005 was a successful year for First Investment Bank AD (FIBank). Happily the trend has continued into the first half of 2006. The major achievement has been a more than 19% increase in profit year-on-year whilst working within the credit expansion guidelines of the Bulgarian National Bank, up from BGN 10.079 million to BGN 12.033 million.

Primarily the first six months of this year are characterised by solid financial performance and the maintenance of market share in the light of tough competition and limited growth of the loan portfolio. FIBank continued to enhance its international credentials, through the issue of a further Euros 21 million of perpetual hybrid debt. The transaction was lead by Dresdner Kleinwort Wasserstein in London and the proceeds have been used to strengthen FIBank's regulatory capital base.

During a period of strong competition, FIBank's market share remained relatively flat at between 7% and 8% of total banking assets. Likewise, the market share of loans and deposits remained unchanged since the end of 2005 at approximately 7% and 5% respectively.

Year-on-year the bank's assets have grown by 17% from BGN 2.228 billion to BGN 2.610 billion. The bank continues to rank sixth in Bulgaria in terms of total assets. The bank is in sound financial condition as underpinned by a number of key ratios:

- Profit has risen from BGN 10.079 million to BGN 12.033 million, an increase of more than 19%
- Capital Adequacy is up from 14.12% to 17.86%
- Fee income as a percentage of total income from banking operations has risen from 21.9% to 29.3% and in absolute terms has increased by more than 70% from BGN 10.166 million to BGN 17.311 million
- Deposits from non-financial institutions are up from BGN 949 million to BGN 1.253 billion, a rise of 32%
- The cost-to-income ratio was down from 63.9% to 62.6%, a positive trend since my more negative comments of twelve months ago.

The bank continues to develop as a universal banking institution and in certain areas has established a leadership role within the country:

- FIBank is the second major provider of automated teller machines (ATMs) in Bulgaria with a network of 491 ATM locations. The bank has more than 420,000 payment cards in issue, including the largest number of international MasterCards and VISA Cards
- FIBank undertakes more than 12% of Bulgaria's international trade finance transactions
- FIBank's share of the corporate lending market is 8.9%.

FIbank's shareholders' funds employed during the first six months of 2006 were BGN 142 million and will remain so for the duration of 2006, save for any issuance of new share capital. On this basis, FIBank achieved an annualised return-on-equity of 17.8% compared to 17.7% for the first six months of 2005.

The bank is also investing in its future. The installation of a new information technology system has already been underway for more than one year and implementation will commence in the fourth quarter of 2006. More advanced computerisation should enable the bank both to enhance its customer service and to stay at the cutting-edge of product innovation.

The Managing Board of FIBank enters the second half of 2006 with vigour and confidence. The bank is ready to meet the challenges that lie ahead and to continue as a leading institution in the Bulgarian and wider Balkan banking markets. Customers and staff alike can be proud of FIBank and of its achievements!

Jonathan H M Harfield
Chief Executive Director
First Investment Bank
Sofia, 18th August 2006

FIRST INVESTMENT BANK

Macroeconomic Overview

The main trends characterising the Bulgarian economy in the past few years – a robust macroeconomic environment, thriving economic growth, moderate inflation and rising employment – were all evident in the first half of 2006. These developments were underpinned by the consistent policies of Bulgaria's governments and the broad political consensus on pursuing a sound fiscal policy.

Improved collection combined with an improving economic environment were key contributors to a successful budgetary policy. This was furthered by the reform of the tax administration and the launch, at the start of 2006, of the National Revenues Agency, which united the collection of all taxes and social security payments, and by growing personal incomes and corporate profits.

The upswing in Gross Domestic Product (GDP), labour productivity and employment increased confidence in the Bulgarian economy as a whole, as evidenced by the upgraded sovereign ratings assigned by the world's leading rating agencies. Bulgaria's long-term foreign currency liabilities were rated BBB by Standard&Poor's, Fitch and the Japanese Credit Rating Agency. Moody's upgraded its rating to Baa3 in early 2006.

In the first half of 2006 exports surged by 30.0%, outpacing imports at 26.8%, but the trade deficit continued to grow. By end-June the current account deficit reached EUR 1.82 billion (7.6% of forecast GDP) compared to EUR 1.07 billion (5.0% of GDP) a year earlier. The considerable import of energy resources and investment commodities in this period is expected to encourage future export growth. The trade deficit of EUR 2.17 billion is financed primarily through foreign direct investments (FDI), current transfers and external borrowing. The overall balance for the period was therefore positive (EUR 690 million). To help moderate the current account deficit the government has committed to a budget surplus of 3% of GDP for the current year.

Strong investment growth over the past years has brought about a surge in private external debt. In the first half of 2006 it grew by EUR 2.34 billion to EUR 11.7 billion (48.9% of GDP). It is expected that such investment loans will enhance business processes and the quality and competitiveness of Bulgarian products and will thus eventually boost exports. Over the same period public and government-guaranteed debt fell by EUR 571 million to EUR 4.58 billion, or 19.1% of forecast GDP. The prepayment of debts to the International Monetary Fund and the World Bank contributed to this. Bulgaria now meets one of the Maastricht convergence criteria (public debt-to-GDP ratio of less than 60%).

In H1 inflation rose to 8.1%. High oil prices were an important factor.

The sectors contributing most to the growth in labour productivity and incomes included trade, the manufacturing of furniture, the apparel industry, mining and the processing industry. The financial sector continued to outstrip the real economy and led economic development. The central bank introduced measures intended to slow the growth in domestic credit. Under this regime loan portfolios increased by 7.76% in H1 to EUR 10.13 billion, or 42.2% of forecast GDP.

Bulgaria is committed to harmonising Bulgarian legislation with that of the EU in the fields of economics and finance and the free movement of capital. The implementation of national strategies for the prevention and counteraction of corruption and money laundering, along with effective tools for the monitoring and evaluation of progress remain critical challenges in the years ahead, as do improvements in healthcare and education.

Institutions at all levels, supported by civil society and the people of Bulgaria, are striving to implement the recommendations of the European Commission so that Bulgaria can join the EU as a worthy member on 1st January 2007.

Banking Sector

The transition to new International Bank Account Numbers (IBANs) was smooth for both the banks and payment systems in Bulgaria. Over 12 million bank accounts were assigned new IBANs. Now each account number is unique and easily recognizable both in Bulgaria and abroad. This was an important prerequisite to the integration of Bulgaria in the Single Euro Payment Area (SEPA), which should substantially ease payments within the EU.

Bulgaria was one of the first countries to require the use of IBANs for domestic payments. The use of new payment documents consistent with the credit transfer and direct debit orders used in the EU started concurrently.

During the period the Consumer Credit Act was adopted. The Act comes into force in September 2006. It guarantees individual customers the right of information about the terms and conditions of consumer loans. The Act lays down the calculation of the annual percentage rate charged on consumer credits and requires that it must be disclosed to customers. The disclosures that creditors must make to individual customers from the inception of the loan to the final repayment are substantially broadened. The Act also provides consumer protection against misleading advertisements. This had previously been covered by a voluntary inter-bank agreement, FIBank being among the first to join.

At the end of March 2006 a new ordinance on the control of the quality of notes and coins in circulation came into force. It adopted the requirements and

standards of the European Central Bank regarding the handling and circulation of banknotes and coins, as well as requirements relating to the equipment used for their manufacture. Procedures for the replacement of damaged notes and coins and for the retention of forged money were also introduced.

As a continuation of the harmonisation of Bulgaria's legislation with the body of EU regulations and directives, in the first half of 2006 some important laws were prepared – the Credit Institutions Act, the Additional Supervision of Financial Conglomerates Act, and the Financial Collateral Arrangements Act. A new Capital Adequacy Ordinance is being drafted which will implement the new Basel capital accord (Basel II) for Bulgarian banks.

Measures intended to moderate the growth in banks' loan portfolios resulted in a slow-down in credit growth. As at the end of June the increase was 22.4% year-on-year. In early 2006 the criteria for the determination of the risk-weight of mortgage loans were changed.

Non-bank lending continued to gain momentum. In the first quarter of 2006 the claims of leasing companies arising from capital leases grew by 16.0% (BGN 193.6 million) compared to end-2005, reaching BGN 1.4 billion. Leases of machines and equipment contributed most (an increase of BGN 88.8 million), followed by transport and commercial vehicles (BGN 62.0 million) and cars (BGN 49.1 million). Most of these leases (81.2% of capital leases) have maturities ranging from 1 to 5 years. Those with a maturity of over 5 years account for 7.7%.

Transparency in the managing of credit risks in the banking industry was furthered. The range of loans reported by banks to the central credit register was broadened by including loans due to third parties but administered and serviced through a reporting bank.

In H1 the total assets of the banking sector stood at BGN 36 billion, representing a BGN 3.1 billion (9.5%) growth year-to-date. An important source of finance for this increase were deposits from individuals and corporate customers which amounted to BGN 23.5 billion, an increase of 14.8% (BGN 3.0 billion) compared to end-2005. The proportion of deposits in Bulgarian Leva declined 2.7 percentage points to 48%, while the share of deposits in Euro grew by 5.7pps, an increase of BGN 2.3 billion from 31 December 2005.

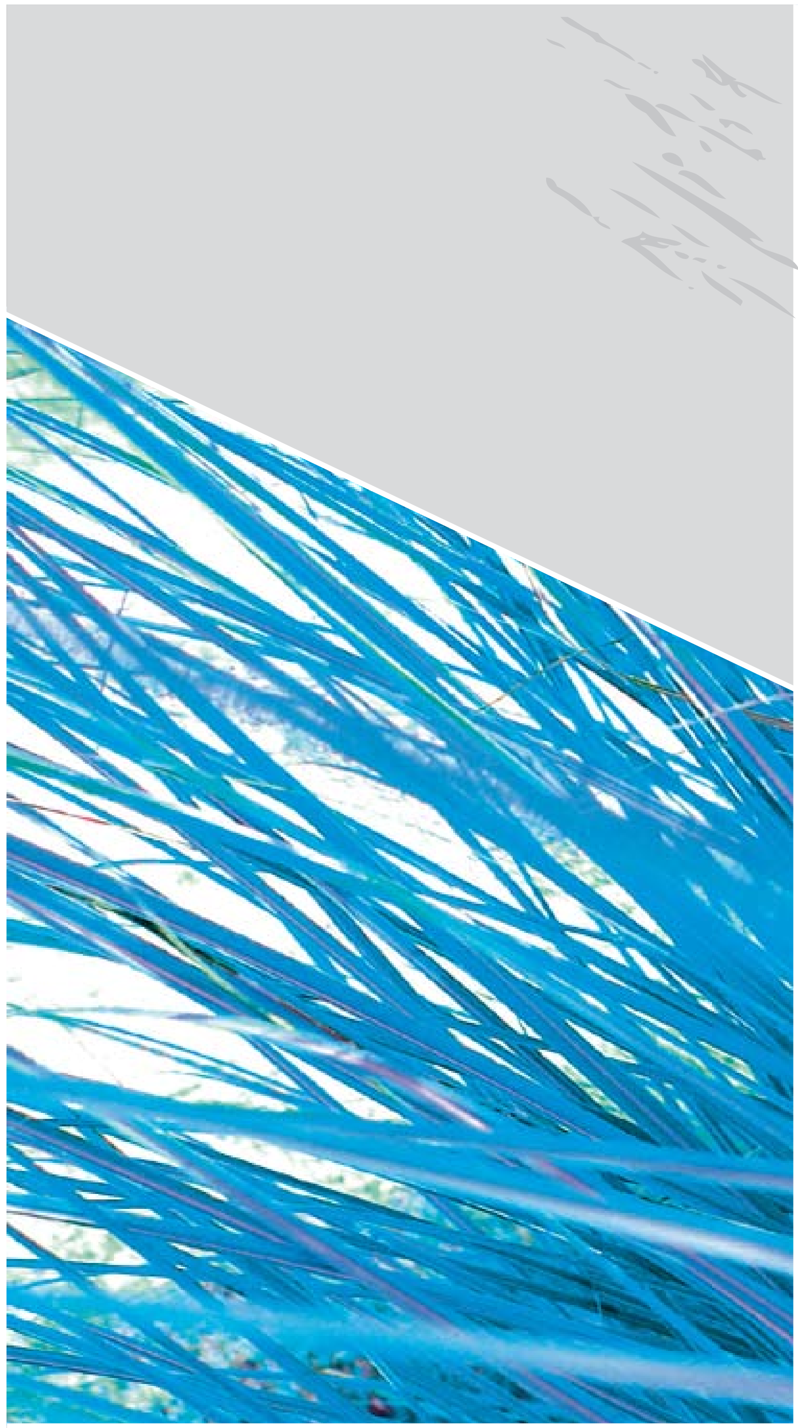
The banks' loan portfolios (loans to NFI after allowances) amounted to BGN 19.1 billion representing 53.2% of total assets. The year-to-date growth of loan portfolios was 7.8%, a consequence of the restrictive measures introduced by the BNB. The quality of the loan book was preserved. Non-performing loans accounted for 1.75% of total loans.

Corporate loans continued to dominate the banks' loan portfolios (64.2% of all loans), followed by consumer credits (22.5%) and residential mortgage loans (13.0%). For the six months ending 30 June 2006 the growth in consumer loans and residential mortgages was nearly twice the increase in corporate lending.

Turning to the currency composition of loan portfolios, the share of credits in Bulgarian Leva increased (to 54.8%) against a slight decline of loans in Euro (to 42.6%) and in US dollars.

Despite intense competition in H1 the net profit of commercial banks amounted to BGN 342 million, up 23.2% from the corresponding period in 2005.

Banks in Bulgaria are ready to face the challenges of the country's EU membership. The harmonised regulatory environment, innovations in the banking sector and the development of money and capital markets are all contributing to this end. Sound management and a thorough knowledge of the market and our customers ensure that Bulgarian banks will meet the challenges of the liberalised marketplace. Bulgaria's accession to the EU will be a stepping stone to new opportunities.



Bank Activities

In the past six months First Investment Bank (FIBank) continued its proactive development resulting in an increase in total assets and a growth in business volumes and the number of customers. The key financial indicators were maintained or improved.

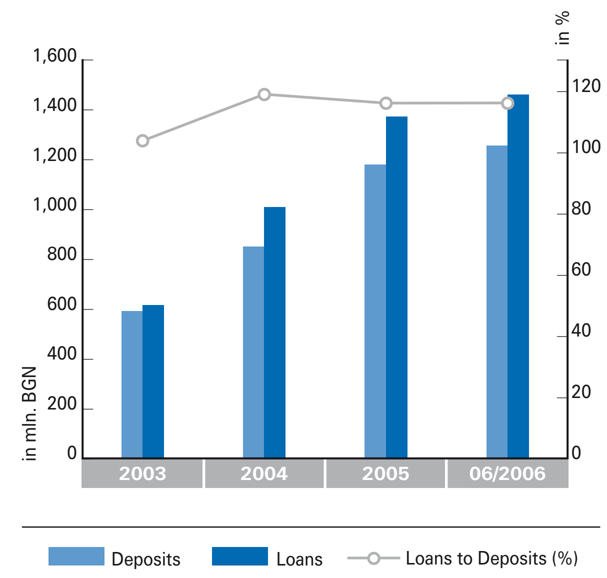
MAIN RATIOS (%)	30.06.2006	31.12.2005	30.06.2005
Capital adequacy	17.86	15.88	14.12
Liquidity	35.49	35.50	32.16
Loan loss allowances / Loan portfolio before allowances	2.79	2.47	2.29
Net interest income / Total income from banking operations (Income diversity ratio)	65.21	64.78	58.33
Return on capital (after tax)	17.78	17.63	17.70
Return on assets (after tax)	1.01	1.03	1.02
Cost/Income ratio	62.58	63.16	63.85

Financial Results

As at 30 June 2006 FIBank's after-tax profit increased by nearly BGN 2 million, reaching BGN 12 million. Net interest income surged BGN 11.4 million (42.1%) year-on-year and contributed most to this, followed by net fee and commission income which rose by BGN 7.1 million (70.3%). Total income from banking operations grew by over BGN 12.6 million (27.1%).

The ratio of net interest income to non-interest income remains as planned at 65:35%. Growth in the strategically important fee and commission income was largely due to international payments and documentary operations. First Investment Bank is a leading bank in international transactions, having the expertise of an experienced team to underpin its success.

On the expenditure side net impairment losses rose by BGN 2.9 million (85.2%), an expected consequence of the overall growth of the loan book and restrictive regulatory changes. In particular Ordinance No.9 of the Bulgarian National Bank stipulated increased loan loss percentages, a ban on reclassifications into lower risk groups for a period of six months after the exposure had met other reclassification criteria, and the introduction of differentiated loan loss percentages for substandard exposures to individuals.



General and administrative expenses for the first six months of 2006 amounted to BGN 37 million, but their growth rate (24.6%) was lower compared to total income from banking operations. Consequently Cost/Income ratio improved to 62.58%. The Bank aims to reduce this to 60% by end of 2006.

Balance Sheet

Despite strong competition in the marketplace, First Investment Bank remains one of the country's leading financial institutions.

Total assets increased by BGN 88.9 million compared to the end of 2005 and amounted to BGN 2,610 million. This places the Bank as Bulgaria's sixth largest. Loans and advances to Non-Financial Institutions (NFI) showed the biggest increase – by BGN 81.2 million (6.07%) to BGN 1,419 million. An important driver of the growth of the loan book were the new loan products for corporate customers, including small-and-medium-sized enterprises (SMEs) and microenterprises. New products included "Overdraft without Collateral"; "Jewel Loan" (a specialised loan for the purchase of precious metals from FIBank); and the International Business Credit Card (a convenient product for corporate customers allowing them to issue a number of business credit cards to its key employees).

Retail Banking reviewed and updated all of its products in view of the changing needs and creditworthiness of its existing and prospective customers. A new specialised credit for foreigners has been introduced.

BGN, thousand

Type of loan	30.06.2006	%	31.12. 2005	%	30.06.2005	%
Mortgage loans to individuals	172,854	11.85	136,727	9.97	105,059	8.45
Consumer loans to individuals	187,392	12.85	144,868	10.57	126,620	10.19
Microlending	16,644	1.14	9,383	0.68	–	–
SMEs	134,607	9.23	94,742	6.91	66,602	5.36
Corporate lending	946,911	64.93	985,170	71.86	944,623	76.00
TOTAL (before allowances)	**1,458,408**	**100**	**1,370,890**	**100**	**1,242,904**	**100**

The gradual diversification of the loan portfolio away from a corporate orientation continues, with a growing proportion of loans to individuals, entrepreneurs, microenterprises and SMEs.

Compared to end-2005 there was a notable increase in financial assets held for trading (180.8%) although their share of total assets was small (BGN 20 million), and of Investments available for Sale (15.2%) accounting for BGN 498 million of FIBank's total assets. The securities portfolio is invested predominantly in Treasury notes and bonds. The growth of these portfolios supports the optimal liquidity management of the Bank.

On the liability side the trend towards a growth in customer deposits continued. As at the end of June these increased by 6.42% year-to-date to BGN 1,253 million. During the reporting period FIBank offered a diversity of deposit products, including "6x6" (a growing interest deposit account), "Golden Years" (a deposit account for retired persons), "Hop-O'-My-Thumb" (a children's deposit account), "Strategy" (a multicurrency deposit account), the "Record" deposit account, as well as standard deposit accounts.

The number of accounts held by individuals increased by over 39,000 in H1, and those of corporate customers by over 1,500. The share of accounts in Euro increased against a corresponding decline in the share of US dollar deposits, a pattern observed over the last few years. FIBank was among the first to offer accounts to private enforcement agents and insurance brokers and agents. These are required by the Insurance Code and the Private Enforcement Agents Act.

For the reporting period the amount of perpetual subordinated bonds increased by over BGN 45 million. This contributed to the expansion of the overall capital base of the bank.

As noted in previous reports, FIBank strives to maintain an optimal branch network and is limiting the number of new outlets. In the first half of 2006 the bank opened 4 new outlets (in Sofia, Varna, Pleven, and Borovets mountain resort). Its branch network now consists of 21 branches and 72 offices at key locations across Bulgaria, 2 branches abroad (in Cyprus and in Albania), and one office (in Durres, Albania). In 2006 FIBank e 2006 it had issued over 420,000 cards, of which over 24,800 were credit cards (VISA and MasterCard). The Bank operates 491 ATMs, 2,100 POS terminals and has sold nearly 6,000 Diners Club cards.

The Bank and all of its employees are committed to completing new information systems projects, which will allow FIBank to offer even faster, more reliable and convenient services. True to its mission, FIBank aspires to be one of the finest banks in Bulgaria and in the region, recognised as a rapidly growing, innovative, customer-oriented company delivering outstanding products and services, as well contributing to society.

Managing Board

Jonathan Henry Martyn Harfield
Chief Executive Director, Chairman of the Managing Board

Matthew Alexandrov Mateev
Deputy Chief Executive Director

Maya Lubenova Georgieva
Executive Director

Jordan Velichkov Skorchev
Executive Director

Evgeni Krastev Lukanov
Executive Director, Risk Management Director

Ivan Stefanov Ivanov
Regional Director for Northeast Bulgaria

Maya Ivanova Oyfalosh
Corporate Banking Director

Radoslav Todorov Milenkov
Chief Financial Officer

Supervisory Board

Georgi Dimitrov Mutafchiev – Chairman of the Supervisory Board

Todor Ludmilov Breshkov – Member of the Supervisory Board

Stefan Pinter – Member of the Supervisory Board

Radka Vesselinova Mineva – Member of the Supervisory Board

David Cameron Mathew – Member of the Supervisory Board

The business address of all Supervisory Board members is: 37, Dragan Tsankov Blvd., 1797 Sofia, Bulgaria

Consolidated Financial Statements as at 30 June 2006 with Independent Auditor's Report thereon

Consolidated income statement for the six months ended 30 June 2006

In thousands of BGN

	Note	Six months ended 30 June 2006	Six months ended 30 June 2005
Interest and similar income		91,545	73,011
Interest expense and similar charges		(53,031)	(45,913)
Net interest income	4	**38,514**	**27,098**
Fee and commission income		19,964	12,525
Fee and commission expense		(2,653)	(2,359)
Net fee and commission income	5	**17,311**	**10,166**
Net trading income	6	**3,232**	**9,193**
TOTAL INCOME FROM BANKING OPERATIONS		**59,057**	**46,457**
General administrative expenses	7	(36,958)	(29,664)
Impairment losses	8	(6,306)	(3,405)
Other expenses, net		(1,536)	(1,495)
PROFIT BEFORE TAX		**14,257**	**11,893**
Income tax expense	9	**(2,280)**	**(1,814)**
GROUP PROFIT AFTER TAX		**11,977**	**10,079**
Minority interests		56	-
NET PROFIT		**12,033**	**10,079**

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 19 to 53.

Consolidated balance sheet as at 30 June 2006

In thousands of BGN

	Note	30 June 2006	31 December 2005
ASSETS			
Cash and balances with Central Banks	10	467,528	534,847
Financial assets held for trading	11	20,081	7,151
Available for sale investments	12	498,166	432,337
Financial assets held to maturity	13	78,622	97,972
Loans and advances to banks and other financial institutions	14	35,947	39,393
Loans and advances to customers	15	1,419,303	1,338,091
Property and equipment	16	72,377	61,481
Intangible assets	17	765	589
Other assets	19	17,352	9,403
TOTAL ASSETS		**2,610,141**	**2,521,264**
LIABILITIES AND CAPITAL			
Due to banks and other financial institutions	20	50,101	41,964
Due to other customers	21	1,253,327	1,177,693
Liabilities evidenced by paper	22	1,000,584	1,045,002
Subordinated term debt	23	59,223	63,765
Perpetual debt	24	98,935	54,074
Deferred tax liability	18	1,697	1,520
Other liabilities	25	4,447	7,344
TOTAL LIABILITIES		**2,468,314**	**2,391,362**
Issued share capital	27	64,726	64,726
Share premium	27	1,304	1,304
Statutory reserve	27	39,861	22,709
Revaluation reserve on available for sale investments	27	(189)	(137)
Retained earnings	27	36,146	41,265
SHAREHOLDERS' EQUITY		**141,848**	**129,867**
Minority interests	27	(21)	35
TOTAL GROUP EQUITY		**141,827**	**129,902**
TOTAL LIABILITIES AND GROUP EQUITY		**2,610,141**	**2,521,264**
Contingent liabilities	28	658,539	452,028

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 19 to 53.

Consolidated statement of cash flows for the six months ended 30 June 2006

In thousands of BGN

	Six months ended 30 June 2006	Six months ended 30 June 2005
Net cash flow from operating activities		
Net profit	12,033	10,079
Adjustments for non-cash items		
Impairment losses	6,306	3,405
Depreciation and amortisation	4,316	3,515
Change in deferred tax liability	177	147
Net change in revaluation reserve on available for sale investments	(52)	(9)
Net change in minority interests	(56)	-
	22,724	**17,137**
Change in operating assets		
(Increase)/decrease in financial instruments held for trading	(12,930)	168,893
(Increase) in available for sale investments	(65,829)	(364,158)
(Increase)/decrease in loans and advances to banks	(9,919)	34,706
(Increase) in loans to customers	(87,518)	(235,317)
(Increase) in other assets	(7,949)	(4,626)
	(184,145)	**(400,502)**
Change in operating liabilities		
Increase in deposits from banks	8,137	17,799
Increase in amounts owed to other depositors	75,634	99,079
Net increase/(decrease) in other liabilities	(1,020)	2,024
	82,751	**118,902**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(78,670)**	**(264,463)**
Cash flow from investing activities		
Purchase of tangible fixed assets	(15,139)	(10,728)
Purchase of intangible fixed assets	(249)	(2)
(Acquisition)/decrease of investments	19,350	(99,261)
NET CASH FLOW FROM INVESTING ACTIVITIES	**3,962**	**(109,991)**
Financing activities		
Increase/(decrease) in borrowings	(4,099)	447,958
NET CASH FLOW FROM FINANCING ACTIVITIES	**(4,099)**	**447,958**
Tax paid	(1,877)	(2,677)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(80,684)**	**70,827**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**574,049**	**357,064**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (See Note 29)	**493,365**	**427,891**

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 19 to 53.

Consolidated statement of shareholders' equity for the six months ended 30 June 2006

In thousands of BGN

	Note	Share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Statutory reserve	Minority interests	Total
Balance as at 01 January 2005	**27**	**64,726**	**1,304**	**27,389**	**-**	**15,449**	**-**	**108,868**
Transfer to statutory reserves	-	-	-	(7,260)	-	7,260	-	-
Minority interest upon business combination	-	-	-	-	-	-	115	115
Revaluation reserve on available for sale investments	-	-	-	-	(137)	-	3	(134)
Net profit for the year ended 31 December 2005	-	-	-	21,136	-	-	(83)	21,053
Balance as at 31 December 2005	**27**	**64,726**	**1,304**	**41,265**	**(137)**	**22,709**	**35**	**129,902**
Transfer to statutory reserves	-	-	-	(17,152)	-	17,152	-	-
Revaluation reserve on available for sale investments	-	-	-	-	(52)	-	-	(52)
Net profit for the six months ended 30 June 2006	-	-	-	12,033	-	-	(56)	11,977
Balance as at 30 June 2006	**27**	**64,726**	**1,304**	**36,146**	**(189)**	**39,861**	**(21)**	**141,827**

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 19 to 53.

The financial statements have been approved by the Managing Board on 9 August 2006 and signed on its behalf by:

Jonathan Harfield
Chief Executive Director

Matthew Mateev
Deputy Chief Executive Director

Maya Georgieva
Executive Director

Jordan Skorchev
Executive Director

Evgeni Lukanov
Executive Director

Radoslav Milenkov
Chief Financial Officer

1. Basis of preparation

(a) Statute

First Investment Bank AD (the Bank) is incorporated in the Republic of Bulgaria and has its registered office in Sofia, at 10, Stefan Karadzha St.

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 the Bulgarian legislation.

(b) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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 Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2 (q).

(c) Basis of preparation

The financial statements are presented in Bulgarian Leva (BGN) rounded to the nearest thousand.

The financial statements are prepared on a fair value basis for derivative financial instruments, financial assets and liabilities held for trading, and available-for-sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost convention and restated for the effects of hyperinflation where necessary. Prior to 1998 the Bulgarian economy experienced severe hyperinflation and the Bank's 1997 financial statements have been restated in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies. Those financial statements have been restated for the changes in the general purchasing power of the Bulgarian Lev, and as a result, are stated in terms of the measuring unit current at 31 December 1997.

Such hyperinflationary adjustments have been made using the index of consumer goods calculated and published by the Institute of Bulgarian National Statistics (the Index).

In 1998 inflation slowed down and the economy ceased to be hyperinflationary. As a result, the Bank has treated the amounts expressed in the measuring unit current at the end of 1997 as a basis for the carrying amounts in its financial statements.

2. Significant accounting policies

(a) Income recognition

Interest income and expense is recognised in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income and expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fee and commission income arises on financial services provided by the Bank and is recognised when the corresponding service is provided.

Net trading income includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities held for trading.

(b) Basis of consolidation of subsidiaries

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Special purpose entities are consolidated when the substance of the relationship between the Bank and the special purpose entity indicates that the special purpose entity is controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements of each of the Bank'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 Bank's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on non-monetary items are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

(d) Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Bank to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(v) Disclosure of fair value

According to IAS 32 the Bank discloses fair value information on assets or liabilities for which published market information is readily available and where the fair value is materially different from their recorded amounts.

The fair value of cash and cash equivalents, deposits, loans and other current receivables and liabilities is approximately equal to the book value given, because of their short-term maturity.

For transaction with loans, there is no sufficient market experience, stability and liquidity and therefore their fair value cannot be reliably determined. According to the management, given the existing circumstances, the fair value of loans is not significantly different from the reported carrying amounts.

Purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on the date of the actual delivery of the assets. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss.

However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with the central bank and short-term highly liquid investments with maturity of three months or less when purchased.

(f) Investments

Investments that the Bank holds for the purpose of short-term profit taking are classified as trading instruments. Debt investments that the Bank has the intent and ability to hold to maturity are classified as held-to-maturity assets. Other investments are classified as available-for-sale assets.

(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 balance sheet and are measured in accordance with the accounting policy for assets held for trading or available-for-sale as appropriate. 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 Bank 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 balance sheet 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 of the investments are reported as liabilities to either banks or customers.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest.

(h) Borrowings

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 the income statement over the period of the borrowings using the effective yield method.

If the Bank purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank 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

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Loans and advances

The recoverable amount of loans and advances and purchased loans is calculated as the present value of the expected future cash flows, discounted at the instrument's original effective interest rate. Short-term balances are not discounted.

Loans and advances are presented net of specific and general allowances for impairment. Specific allowances are made against the carrying amount of loans and advances that are identified as being impaired based on regular reviews of outstanding balances to reduce these loans and advances to their recoverable amounts. General allowances are maintained to reduce the carrying amount of portfolios of similar loans and advances to their estimated recoverable amounts at the balance sheet date. The expected cash flows for portfolios of similar assets are estimated based on previous experience and considering the credit rating of the underlying customers and late payments of interest or penalties. Increases in the allowance account are recognised in the income statement. When a loan is identified to be not recoverable, all the necessary legal procedures have been completed, and the final loss has been determined, the loan is written off directly.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write-down or allowance is reversed through the income statement.

(ii) Financial assets remeasured to fair value directly through equity

The recoverable amount of an equity instrument is its fair value. The recoverable amount of debt instruments and purchased loans remeasured to fair value is calculated as the present value of expected future cash flows discounted at the current market rate of interest.

Where an asset remeasured to fair value directly through equity is impaired, and a write down of the asset was previously recognised directly in equity, the write down is transferred to the income statement and recognised as part of the impairment loss. Where an asset measured to fair value directly through equity is impaired, and an increase in the fair value of the asset was previously recognised in equity, the increase in fair value of the asset recognised in equity is reversed to the extent the asset is impaired. Any additional impairment loss is recognised in the income statement.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

(k) Property, plant and equipment

Items of property, plant and equipment are stated in the balance sheet at their acquisition cost less accumulated depreciation restated for the effects of hyperinflation.

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 following are approximations of the annual rates used:

Assets	%
Buildings	3 – 4
Equipment	15 – 20
Fixtures and fittings	15 – 20
Vehicles	15 – 20

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 Bank, 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	%
Licences	15 – 20
Computer software	20

(m) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

(n) Acceptances

An acceptance is created when the Bank agrees to pay, at a stipulated future date, a draft drawn on it for a specified amount. The Bank'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 Bank 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.

(o) Financial guarantee contracts

Amendment to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 4 Insurance Contracts – Financial Guarantee Contracts (effective from 1 January 2006) requires guarantees that are not insurance contracts to be measured at fair value upon initial recognition. Subsequently such contacts are measured at a higher of:

– the amounts determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

– the amounts initially recognized, less, when appropriate, cumulative amortization recognized under IAS 18 Revenue.

(p) 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 balance sheet 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 the income statement, except to the extent that it relates to items previously charged or credited directly to 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.

(q) Critical accounting estimates and judgements in applying accounting policies

The Bank 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.

(i) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes

The Bank 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 Bank 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.

(r) Standards, Interpretations and amendments to published Standards that are not yet effective and are relevant to the Bank's activities

IFRS 7 Financial Instruments: Disclosures (effective from 1 January 2007). This Standard will require increased disclosure in respect of the Group's financial instruments. It supersedes IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions and is applicable to all entities that prepare financial statements in accordance with IFRSs. The Bank considers that the significant additional disclosures required will relate to its financial risk management objectives, policies and processes.

Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007). As a complimentary amendment arising from IFRS 7 (see above), the Standard will require significantly more disclosures regarding the capital structure of the Group.

3. Segment Reporting

Segment information is presented in respect of the Bank's geographical segments. The primary format, geographical segments, is based on the Bank's management and internal reporting structure.

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 Bank 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 based on the location of the Bank branch that generated the revenue. Segment assets are allocated based on the geographical location of the assets.

In thousands of BGN	Bulgarian operations		Foreign operations		Total	
	30 June 2006	30 June 2005	30 June 2006	30 June 2005	30 June 2006	30 June 2005
Interest and similar income	87,791	69,499	3,754	3,512	91,545	73,011
Interest expense and similar charges	(52,529)	(45,474)	(502)	(439)	(53,031)	(45,913)
Net interest income	**35,262**	**24,025**	**3,252**	**3,073**	**38,514**	**27,098**
Fee and commission income	19,715	12,282	249	243	19,964	12,525
Fee and commission expense	(2,643)	(2,350)	(10)	(9)	(2,653)	(2,359)
Net fee and commission income	**17,072**	**9,932**	**239**	**234**	**17,311**	**10,166**
Net trading income	**3,243**	**9,148**	**(11)**	**45**	**3,232**	**9,193**
General administrative expenses	(35,708)	(28,646)	(1,250)	(1,018)	(36,958)	(29,664)
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Segment Assets	**2,531,566**	**2,435,589**	**78,575**	**85,675**	**2,610,141**	**2,521,264**
Segment Liabilities	**2,398,352**	**2,318,613**	**69,962**	**72,749**	**2,468,314**	**2,391,362**

4. Net interest income

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
Interest and similar income		
Interest and similar income arises from:		
– Loans and advances to banks and other financial institutions	1,768	3,194
– Loans to individuals and households	16,177	10,765
– Loans to corporate clients	56,426	52,042
– Loans to SME	6,726	2,502
– Microlending	838	20
– Debt instruments	9,610	4,488
	91,545	**73,011**
Interest expense and similar charges		
Interest expense and similar charges arise from:		
– Deposits from banks and other financial institutions	(965)	(379)
– Deposits from other customers	(14,747)	(12,505)
– Liabilities evidenced by paper	(28,475)	(29,996)
– Subordinated term debt	(4,227)	(3,033)
– Perpetual debt	(4,617)	
	(53,031)	**(45,913)**
Net interest income	**38,514**	**27,098**

5. Net fee and commission income

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
Fee and commission income		
Letters of credit and guarantees	4,569	3,869
Payments transactions	2,654	2,003
Customer accounts	2,819	2,384
Cards business	5,025	2,847
Other	4,897	1,422
	19,964	**12,525**
Fee and commission expense		
Letters of credit and guarantees	(278)	(827)
Deposits to banks and other financial institutions	(384)	(301)
Cards business	(1,916)	(1,167)
Other	(75)	(64)
	(2,653)	**(2,359)**
Net fee and commission income	**17,311**	**10,166**

6. Net trading income

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
Net trading income arises from:		
– Debt instruments and related derivatives	568	5,977
– Foreign exchange rate fluctuations	2,664	3,216
Net trading income	**3,232**	**9,193**

7. General administrative expenses

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
General and administrative expenses comprise:		
– Personnel cost	9,759	7,184
– Depreciation and amortisation	4,316	3,515
– Advertising	3,941	3,810
– Building rent expense	3,994	2,387
– Telecommunication, software and other computer maintenance	2,809	2,227
– Unclaimable VAT	2,374	2,425
– Administration, marketing and other costs	9,765	8,116
General administrative expenses	**36,958**	**29,664**

Personnel costs include salaries, social and health security contributions under the provisions of the local legislation. At 30 June 2006, the total number of employees is 1,445 (30 June 2005: 1,101). Training costs for the six months ended 30 June 2006 amount to BGN 59 thousand (six months ended 30 June 2005: BGN 49 thousand).

8. Impairment losses

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
Write-downs		
Loans and advances to customers	(19,252)	(7,987)
Reversal of write-downs		
Loans and advances to customers	12,946	4,582
Net impairment losses	**(6,306)**	**(3,405)**

9. Income tax expense

In thousands of BGN	Six months ended 30 June 2006	Six months ended 30 June 2005
Current taxes	(2,103)	(1,667)
Deferred taxes (See Note 18)	(177)	(147)
Income tax expense	**(2,280)**	**(1,814)**

10. Cash and balances with Central Banks

In thousands of BGN	30 June 2006	31 December 2005
Cash on hand		
– In Bulgarian Leva	50,898	49,062
– In foreign currencies	30,937	24,694
Balances with Central Banks	167,383	146,542
Current accounts and amounts with local banks	721	1,023
Current accounts and amounts with foreign banks	217,589	313,526
	467,528	**534,847**

11. Financial assets held for trading

In thousands of BGN	30 June 2006	31 December 2005
Debt and other fixed income instruments		
Bonds and notes issued by:		
Bulgarian Government		
– denominated in Bulgarian Leva	–	2,917
– denominated in foreign currencies	1,029	1,118
Foreign governments	15,310	–
Other issuers	3,742	3,116
	20,081	**7,151**

Income from debt and other fixed-income instruments is recognised in interest and similar income. Gains and losses arising from changes in fair value of trading instruments are recognised in net trading income.

12. Available for sale investments

In thousands of BGN	30 June 2006	31 December 2005
Debt and other fixed income instruments		
Bonds and notes issued by:		
Bulgarian Government		
– denominated in Bulgarian Leva	86,014	72,459
– denominated in foreign currencies	10,738	9,104
Foreign governments		
– short term	262,204	233,437
– long term	61,446	33,318
Foreign banks	76,833	72,841
Other issuers	931	11,178
	498,166	**432,337**

13. Financial assets held to maturity

Long-term securities held to maturity represent debt investments that the Bank has the intent and ability to hold to maturity.

In thousands of BGN	30 June 2006	31 December 2005
Securities held to maturity issued by:		
Bulgarian government	6,264	6,523
Foreign governments	34,731	52,838
Foreign banks	37,627	38,611
	78,622	**97,972**

14. Loans and advances to banks and other financial institutions

(a) Analysis by type

In thousands of BGN	30 June 2006	31 December 2005
Placements with banks	21,768	35,955
Receivables under repurchase agreements (see Note 26)	9,931	–
Other	4,248	3,438
Total	**35,947**	**39,393**

(b) Geographical analysis

In thousands of BGN	30 June 2006	31 December 2005
Domestic banks and other financial institutions	27,866	8,059
Foreign banks	8,081	31,334
Total	**35,947**	**39,393**

15. Loans and advances to customers

In thousands of BGN	30 June 2006	31 December 2005
Retail customers		
– Consumer loans	187,392	144,868
– Mortgage loans	172,854	136,727
Small and medium enterprises	134,607	94,742
Microlending	16,644	9,383
Corporate customers		
– Public sector customers	46,670	22,108
– Private sector customers	900,241	963,062
Less allowance for impairment	(39,105)	(32,799)
	1,419,303	**1,338,091**

Specific allowances for impairment in the amount of BGN 25,687 thousand (2005: BGN 24,043 thousand) have been made in respect of loans with total gross carrying value of BGN 74,239 thousand (2005: 92,629 thousand). General allowances for portfolios of similar loans amount to BGN 13,418 thousand (2005: BGN 8,756 thousand).

(a) Movement in impairment allowances

In thousands of BGN	
Balance at 01 January 2006	**32,799**
Additional allowances	19,252
Amounts released	(12,946)
Balance at 30 June 2006	**39,105**

All impaired loans have been written down to their recoverable amounts.

16. Property and equipment

In thousands of BGN	Land and Buildings	Fixtures and fittings	Motor Vehicles	Assets under construction	Leasehold improvements	Total
Cost						
At 1 January 2006	9,055	43,985	4,002	26,643	7,214	90,899
Additions	–	263	–	15,125	–	15,388
Disposals	–	(1,137)	(121)	–	–	(1,258)
Transfers	–	4,508	848	(17,316)	11,711	(249)
At 30 June 2006	**9,055**	**47,619**	**4,729**	**24,452**	**18,925**	**104,780**
Depreciation						
At 1 January 2006	2,539	22,327	1,920	–	2,632	29,418
Charge for the period	143	2,811	398	–	891	4,243
On disposals	–	(1,137)	(121)	–	–	(1,258)
At 30 June 2006	**2,682**	**24,001**	**2,197**	–	**3,523**	**32,403**
Net book value						
At 30 June 2006	**6,373**	**23,618**	**2,532**	**24,452**	**15,402**	**72,377**
At 1 January 2006	**6,516**	**21,658**	**2,082**	**26,643**	**4,582**	**61,481**

17. Intangible assets

In thousands of BGN	Software and licences	Goodwill	Total
Cost			
At 1 January 2006	2,048	97	2,145
Additions	–	–	–
Disposals	–	–	–
Transfers	249	–	249
At 30 June 2006	**2,297**	**97**	**2,394**
Amortisation			
At 1 January 2006	1,556	–	1,556
Charge for the period	73	–	73
On disposals	–	–	–
At 30 June 2006	**1,629**	**–**	**1,629**
Net book value			
At 30 June 2006	**668**	**97**	**765**
At 1 January 2006	**492**	**97**	**589**

18. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15%.

Deferred income tax balances are attributable to the following items:

In thousands of BGN	Assets		Liabilities		Net	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005
Property, equipment and intangibles	–	–	1,808	1,631	1,808	1,631
Other items	(111)	(111)	–	–	(111)	(111)
Net tax (assets)/liabilities	**(111)**	**(111)**	**1,808**	**1,631**	**1,697**	**1,520**

Movements in temporary differences during the year are recognised in income statement.

19. Other assets

In thousands of BGN	30 June 2006	31 December 2005
Deferred expense	5,822	2,482
Other assets	11,530	6,921
	17,352	**9,403**

20. Due to banks and other financial institutions

In thousands of BGN	30 June 2006	31 December 2005
Term deposits	41,041	34,828
Payable on demand	9,060	7,136
	50,101	**41,964**

21. Due to other customers

In thousands of BGN	30 June 2006	31 December 2005
Retail customers		
– payable on demand	300,057	269,191
– term deposits	555,137	461,811
Corporate customers		
– payable on demand	309,852	270,333
– term deposits	88,281	176,358
Total	**1,253,327**	**1,177,693**

22. Liabilities evidenced by paper

In thousands of BGN	30 June 2006	31 December 2005
Bonds and notes issued	523,809	534,517
Acceptances under letters of credit	2,466	8,919
Liabilities under repurchase agreements (see Note 26)	148,331	207,377
Syndicated loans	244,896	244,225
Other term liabilities	81,082	49,964
	1,000,584	**1,045,002**

Other term liabilities comprise mainly financing obtained from financial institutions through extension of loan facilities.

Bonds and notes issued comprise of the following:

In thousands of BGN	30 June 2006	31 December 2005
Long term bonds payable		
EUR 6,000,000 8.5% due 2008	11,576	12,000
EUR 40,000,000 8% due 2006	82,710	79,438
EUR 200,000,000 7.5% due 2008	399,879	413,429
Total bonds payable	494,165	504,867
Mortgage bonds		
EUR 5,000,000 7% due 2008	9,823	9,830
EUR 10,000,000 7% due 2009	19,821	19,820
Total mortgage bonds	**29,644**	**29,650**
Total bonds and notes issued	**523,809**	**534,517**

Long and short term bonds are payable to third parties in the years listed above. The short term and long term bonds payable have been issued by First Investment Finance B.V., The Netherlands, guaranteed by the Bank and are listed on the Luxemburg stock exchange. The mortgage bonds have been listed on the Bulgarian stock exchange.

23. Subordinated term debt

As at 30 June 2006 the Bank has entered into nine separate subordinated Loan Agreements with five different lenders. All these subordinated Loan Agreements are governed by English Law and the funds raised outside the Republic of Bulgaria.

Subordinated liabilities can be analysed as follows:

Lender	Principle amount	Final maturity	Amortised cost as at 30 June 2006
Growth Management Limited	1,956	10 years	2,516
Growth Management Limited	5,867	10 years	7,161
Hillside Apex Fund Limited	9,779	8 years	13,628
Hillside Apex Fund Limited	1,956	9 years	2,630
Growth Management Limited	3,912	10 years	4,516
Hillside Apex Fund Limited	9,779	10 years	11,202
Global Emerging Markets Bond Fund Inc.	1,956	10 years	2,193
Standard Bank	9,779	10 years	10,984
Hypo-Alpe-Adria Bank	3,912	10 years	4,393
			59,223

Interest is capitalised annually and is payable at maturity. The treatment of these liabilities for capital adequacy purposes is in accordance with the requirements of local legislation. Any prepayment of subordinated debt prior to its final maturity is subject to written approval from the Bulgarian National Bank.

24. Perpetual debt

In thousands of BGN	Principle amount	Amortised cost as at 30 June 2006
Step-up Guaranteed Perpetual Subordinated Bonds EUR 27 mio	52,807	57,448
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	41,487
	93,880	**98,935**

The issue of the EUR 27,000,000 Step-Up Subordinated Bonds by First Investment Finance B.V., a limited liability company registered under the laws of the Netherlands and 100% owned by First Investment Bank AD was fully guaranteed by the Bank. The terms and conditions of the Subordinated Bonds fully comply with capital adequacy Regulation 8 issued by BNB. The Bulgarian National Bank issued Permission for the inclusion of the proceeds from the hybrid instrument in the supplementary capital reserves on 10 September 2005.

The issue of the EUR 21,000,000 Step-Up Subordinated Bonds by First Investment Finance B.V. was fully guaranteed by the Bank. The terms and conditions of the Subordinated Bonds fully comply with capital adequacy Regulation 8 issued by BNB. The Bulgarian National Bank issued Permission for the inclusion of the proceeds from the hybrid instrument in the supplementary capital reserves on 19 May 2006.

25. Other liabilities

In thousands of BGN	30 June 2006	31 December 2005
Liabilities to personnel	333	635
Current tax liability	679	2,275
Other payables	3,435	4,434
	4,447	**7,344**

26. Repurchase and resale agreements

The Bank raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price plus interest at a predetermined rate. Repurchase agreements are commonly used as a tool for short-term financing of interest-bearing assets, depending on the prevailing interest rates. At 30 June 2006 assets sold under repurchase agreements were as follows:

In thousands of BGN	Fair value of underlying assets	Carrying amount of corresponding liabilities
Bulgarian government securities	2,108	2,176
Other government securities	146,145	146,155
	148,253	**148,331**

At 31 December 2005 assets sold under repurchase agreements were as follows:

In thousands of BGN	Fair value of underlying assets	Carrying amount of corresponding liabilities
Bulgarian government securities	1,802	1,798
Other government securities	207,564	205,579
	209,366	**207,377**

The Bank also purchases financial instrument under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same or similar instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds of customers. At 30 June 2005 assests purcased subject to agreements to resell them are as follows:

In thousands of BGN	Fair value of underlying assets	Carrying amount of corresponding liabilities
Albanian government securities	48	48
Corporate bonds	9,883	9,883
	9,931	**9,931**

At 31 December 2005 there were no outstanding reverse repurchase agreements and therefore no comparatives have been provided.

27. Capital and reserves

(a) Number and face value of registered shares as at 30 June 2006

At 30 June 2006 the authorised share capital comprised of 1,000,000 ordinary shares of BGN 10 par value each. All the shares have been fully paid-up. The paid in share capital in the Balance sheet has been restated in terms of the measuring unit current as at 31 December 1997 (See Note 1(c)).

(b) Shareholders

The table below shows those shareholders holding shares as at 30 June 2006 together with the number and percentage of total issued shares

	Number of shares	%
Mr Tz. Minev (Founding Shareholder)	318,300	31.83
Mr I. Mutafchiev (Founding Shareholder)	318,300	31.83
FFBH	138,900	13.89
Hillside Apex Fund Limited	100,000	10.00
Growth Management Limited	100,000	10.00
Legnano Enterprises, Cyprus	24,500	2.45
Total	**1,000,000**	100.00

On 16 December 2005, Growth Management Limited ("Growth"), 47-49 La Motte Street, St. Helier, Jersey JE4 8XR, Channel Islands, an open-ended investment fund incorporated in Jersey, Channel Islands, acquired from the European Bank for Reconstruction and Development, 100,000 shares of First Investment Bank AD, representing 10% of the share capital of the Bank. Prior to its completion, the transaction received the written permission of the Bulgarian National Bank.

Growth was launched as an open-ended investment fund in May 1998 and has been operating since that time. The Fund Manager, Administrator and Registrar of Growth is Standard Bank Fund Managers Jersey Limited, which is regulated by the Jersey Financial Services Commission. Ernst & Young LLP, Jersey act as auditors to Growth.

The Investment Adviser to Growth is, and has been since Growth's launch in May 1998, GML International Limited, London ("GML"), a privately-owned investment banking firm authorised and regulated by the UK Financial Services Authority. GML was incorporated in 1983, and provides a broad range of investment banking services focused primarily on Central and Eastern Europe, Central Asia, Turkey, Africa and the Middle East. From its headquarters in London, GML maintains Representative Offices in Almaty, Genoa, Istanbul, Kyiv and Moscow.

Also, on 16 December 2005, Hillside Apex Fund Limited ("Hillside"), Clifton House, 75 Fort Street, Grand Cayman, Cayman Islands, a limited liability company incorporated in the Cayman Islands (registration number CR-83363) acquired from European Bank for Reconstruction and Development, 100,000 shares of First Investment Bank AD, representing 10 per cent of the share capital of the Bank. Prior to its completion, the transaction received the written permission of the Bulgarian National Bank.

Hillside was incorporated on 20 July 1998 as the trading subsidiary of the Hillside Apex Fund, a separate portfolio of Thames River Global Funds Limited. Thames River Global Funds Limited is an open-ended, multi-class exempted company incorporated with limited liability in the Cayman Islands. Hillside is 100 per cent owned by Thames River Global Funds Limited.

The Manager of the Thames River Global Funds Limited and its subsidiaries is Thames River Capital Holdings Limited. Thames River Capital Holdings Limited has appointed Thames River Capital LLP as investment adviser to the Thames River Global Funds Limited and its subsidiaries.

Thames River Capital LLP is authorised and regulated by the Financial Services Authority in the United Kingdom. Thames River Capital LLP had approximately US$7.2 billion of assets under management as at 30 November 2005.

The Administrator of Thames River Global Funds Limited and its subsidiaries is Northern Trust Fund Administration Services (Ireland) Limited, which is regulated in Ireland by the Irish Financial Services Regulatory Authority. PricewaterhouseCoopers, Cayman Islands act as auditors to Thames River Global Funds Limited and its subsidiaries.

Founded in March 1991, FFBH was the first Bulgarian private brokerage institution, licensed to deal in equities and foreign exchange, and was the first operator authorised to auction Bulgarian Treasury bills. FFBH deals in the primary and secondary markets for fixed-income securities and stocks and is also a shareholder in the Bulgarian Stock Exchange. In addition FFBH provides corporate financing advice for finance and investments, privatisation, corporate structurings, leveraged buy-outs and initial public offerings. FFBH is an original shareholder of the Bank and currently holds 13.89% of the total share capital.

Among the remaining shareholders Mr Tzeko Minev and Mr Ivaylo Mutafchiev each hold a 31.83% stake in the total share of the Bank. This shareholding gives the Founding Shareholders, acting together, effective control of the Bank at a shareholders' meeting.

Legnano Enterprises (a holding company incorporated in Cyprus) holds 2.45% of the total share capital of the Bank.

(c) Statutory reserve

Statutory reserves comprise amounts appropriated for purposes defined by the local legislation. Under local legislation, the Bank is required to set aside one fifth of its profit in a statutory reserve until it reaches 1.25 % of the banks' total assets and off-balance-sheet liabilities.

28. Commitments and contingent liabilities

(a) Memorandum items

The Bank 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 guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparts failed completely to perform as contracted.

In thousands of BGN	30 June 2006	31 December 2005
Bank guarantees		
– in BGN	112,574	101,052
– in foreign currency	84,290	54,439
Total guarantees	**196,864**	**155,491**
Unused credit lines	150,207	140,474
Promissory notes	28,424	39,602
Letters of credit in foreign currency	283,044	116,461
	658,539	**452,028**

These commitments and contingent liabilities have off balance-sheet credit risk because only organization fees and accruals for probable losses are recognised in the balance sheet until the commitments are fulfilled or expire. Many 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.

At 30 June 2006 the extent of collateral held for guarantees and letters of credit is 100 percent.

29. 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	30 June 2006	30 June 2005
Cash and balances with Central Banks	467,528	381,686
Loans and advances to banks and other financial institutions with original maturity less than 90 days	25,837	46,205
	493,365	**427,891**

30. 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	Six months ended 30 June 2006	Six months ended 30 June 2005
FINANCIAL ASSETS		
Cash and balances with Central Banks	369,016	303,037
Financial assets held for trading	16,160	293,358
Available for sale investments	472,974	61,134
Financial assets held to maturity	84,669	95,995
Loans and advances to banks and other financial institutions	24,784	59,976
Loans and advances to customers	1,379,104	1,175,240
FINANCIAL LIABILITIES		
Due to banks and other financial institutions	55,433	35,705
Due to other customers	1,188,346	921,405
Liabilities evidenced by paper	897,304	919,701
Subordinated term debt	63,171	47,943
Perpetual debt	83,308	–

31. Risk management disclosures

A. Trading activities

The Bank maintains active trading positions in a limited number of derivatives, mainly short-term forward contracts and non-derivative financial instruments. Most of the Bank's trading activities are customer driven. In anticipation of customer demand, the Bank 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 Bank to provide customers with money market products at competitive prices. As trading strategies depend on both market-making and proprietary positions, given the relationships between instruments and markets, those are managed in concert to maximise net trading income.

The Bank manages its trading activities by type of risk involved and on the basis of the categories of trading instruments held.

(i) Credit risk

The risk that counterparts to financial instruments might default on their obligations is monitored on an ongoing basis. In monitoring credit risk exposures related to trading instruments, consideration is given to instruments with a positive fair value and to the volatility of the fair value of trading instruments.

(ii) Market risk

All marked-to-market instruments are subject to market risk, the risk that future changes in market conditions may make an instrument less valuable or more onerous. The instruments are recognised at fair value based on quoted bid prices, and all changes in market conditions directly affect net trading income (through trading instruments) or equity value (through available for sale instruments). However, in a developing capital market, the prices with which transactions are realised can be different from quoted prices. While management has used available market information in estimating fair value, the market information may not be fully reflective of the value that could be realised under the current circumstances.

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments. The quantitative measurement of market risk is performed by applying VaR (Value at Risk) approach. The Value at Risk estimates the maximum overnight loss that could occur due to adverse changes in market conditions if the marked-to-market positions remain unchanged for a time interval of one day. The confidence level used is 95% meaning that there is no more than 5% probability that a portfolio will incur a loss in one day greater than its VaR. Future price fluctuations are estimated on the basis of historical price changes of risk factors, exponentially weighted, over the preceding 250 trading days. Covariance adjustments are made only within risk categories but not between risk categories.

The Value at Risk is calculated and monitored on a daily basis as part of the Bank's ongoing risk management. The following table summarises the range of VaR for all marked-to-market positions that was experienced during the first half of 2006:

In thousands of BGN	30 June 2006	2006 average	2006 low	2006 high	31 December 2005
VaR	425	370	264	496	356

B. Non-trading activities

Below is a discussion of the various risks the Bank is exposed to as a result of its non-trading activities and the approach taken to manage those risks.

(i) Liquidity risk

Liquidity risk arises in the general funding of the Bank'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, and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Bank 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 Bank 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.

In addition the Bank holds a portfolio of liquid assets as part of its liquidity risk management strategy.

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining periods to repayment.

Maturity table as at 30 June 2006

In thousands of BGN	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	Over 1 year	Maturity not defined	Total
Assets						
Cash and balances with Central Banks	467,528	–	–	–	–	**467,528**
Financial assets held for trading	20,081	–	–	–		**20,081**
Available for sale investments	48,844	112,724	165,114	170,553	931	**498,166**
Financial assets held to maturity	169	127	40,699	37,627	–	**78,622**
Loans and advances to banks and other financial institutions	31,850	3,918	–	–	179	**35,947**
Loans and advances to customers	123,165	81,004	318,306	896,828	–	**1,419,303**
Property and equipment	–	–	–	–	72,377	**72,377**
Intangible assets	–	–	–	–	765	**765**
Other assets	17,352	–	–	–	–	**17,352**
Total assets	**708,989**	**197,773**	**524,119**	**1,105,008**	**74,252**	**2,610,141**
Liabilities						
Due to banks and other financial institutions	35,982	5,617	7,752	750	–	**50,101**
Due to other customers	901,442	140,182	168,465	43,238	–	**1,253,327**
Liabilities evidenced by paper	148,072	82,969	247,685	521,858	–	**1,000,584**
Subordinated term debt	–	–	–	59,223	–	**59,223**
Perpetual debt	–	–	–	–	98,935	**98,935**
Deferred tax liability	–	–	–	–	1,697	**1,697**
Other liabilities	4,093	–	–	354	–	**4,447**
Total liabilities	**1,089,589**	**228,768**	**423,902**	**625,423**	**100,632**	**2,468,314**
Net liquidity gap	**(380,600)**	**(30,995)**	**100,217**	**479,585**	**(26,380)**	**141,827**

As at 30 June 2006 the thirty largest non-financial depositors represent 13.27% of total deposits from other customers (2005: 17.30%).

Maturity table as at 31 December 2005

In thousands of BGN	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	Over 1 year	Maturity not defined	Total
Assets						
Cash and balances with Central Banks	534,847	–	–	–	–	**534,847**
Financial assets held for trading	7,151	–	–	–	–	**7,151**
Available for sale investments	19,546	136,431	102,433	173,057	870	**432,337**
Financial assets held to maturity	–	16,600	19,721	61,651	–	**97,972**
Loans and advances to banks and other financial institutions	35,279	3,923	–	–	191	**39,393**
Loans and advances to customers	62,457	100,126	320,874	854,634	–	**1,338,091**
Property and equipment	–	–	–	–	61,481	**61,481**
Intangible assets	–	–	–	–	589	**589**
Other assets	9,403	–	–	–	–	**9,403**
Total assets	668,683	257,080	443,028	1,089,342	63,131	**2,521,264**
Liabilities						
Due to banks and other financial institutions	34,939	3,443	1,093	2,489	–	**41,964**
Due to other customers	864,206	111,218	163,739	38,530	–	**1,177,693**
Liabilities evidenced by paper	209,413	7,744	327,000	500,845	–	**1,045,002**
Subordinated term debt	–	–	–	63,765	–	**63,765**
Perpetual debt	–	–	–	–	54,074	**54,074**
Deferred tax liability	–	–	–	–	1,520	**1,520**
Other liabilities	6,607	–	–	737	–	**7,344**
Total liabilities	**1,115,165**	**122,405**	**491,832**	**606,366**	**55,594**	**2,391,362**
Net liquidity gap	**(446,482)**	**134,675**	**(48,804)**	**482,976**	**7,537**	**129,902**

(ii) Market risk

Interest rate risk

The Bank'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. In the case of floating rate assets and liabilities the Bank 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 Bank measures the impact of a change in the market rates both on net interest income and on the Bank's economic value. The interest rate risk on the economic value of the Bank following a standardised shock of +100bp/-100bp as at 30 June 2006 is BGN –2.3/2.3 Mio.

The interest rate risk on the Bank's net interest income one year forward following a standardised shock of +100bp/-100bp as at 30.06.2006 is BGN +1.4/-1.4 Mio.

The following table indicates the effective interest rates at 30 June 2006 and the periods in which financial liabilities and assets reprice.

In thousands of BGN	Total	Weighted average effective interest rate	Floating rate instruments	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	221,175	2.92%	35,173	186,002	–	–	–
Financial assets held for trading	16,234	2.82%	73	–	–	15,245	916
Available for sale investments	494,484	3.74%	83,744	48,844	104,969	172,601	84,326
Financial asstes held to maturity	77,661	4.00%	37,030	169	578	39,884	–
Loans and advances to banks and other financial institutions	31,830	4.57%	269	27,650	3,911	–	–
Loans and advances to customers	1,379,869	11.42%	1,127,910	24,330	1,727	31,988	193,914
Non-interest earning assets	388,888	–	–	–	–	–	–
Total assets	**2,610,141**		**1,284,199**	**286,995**	**111,185**	**259,718**	**279,156**
Liabilities							
Due to banks and other financial institutions	49,377	2.20%	35,981	11,708	1,438	250	–
Due to other customers	1,224,444	2.58%	1,163,624	22,352	15,541	21,265	1,662
Liabilities evidenced by paper	985,787	6.38%	309,306	148,056	78,492	831	449,102
Subordinated term debt	56,519	13.67%	–	–	–	–	56,519
Perpetual debt	93,880	12.43%	–	–	–	–	93,880
Non-interest bearing liabilities	58,307	–	–	–	–	–	–
Total liabilities	**2,468,314**		**1,508,911**	**182,116**	**95,471**	**22,346**	**601,163**

The following table indicates the effective interest rates at 31 December 2005 and the periods in which financial liabilities and assets reprice.

In thousands of BGN	Total	Weighted average effective interest rate	Floating rate instruments	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	315,879	2.34%	35,141	280,738	–	–	–
Financial assets held for trading	3,941	4.87%	79	–	–	–	3,862
Available for sale investments	428,986	3.47%	75,345	19,546	136,431	102,109	95,555
Financial asstes held to maturity	96,338	3.69%	37,627	295	17,155	18,739	22,522
Loans and advances to banks and other financial institutions	35,989	3.35%	128	31,949	3,912	–	–
Loans and advances to customers	1,314,751	11.50%	997,318	20,600	17,959	42,745	236,129
Non-interest earning assets	325,380	–	–	–	–	–	–
Total assets	**2,521,264**		**1,145,638**	**353,128**	**175,457**	**163,593**	**358,068**
Liabilities							
Due to banks and other financial institutions	40,860	3.90%	29,965	9,267	1,384	244	–
Due to other customers	1,150,137	2.56%	1,068,751	46,535	5,685	28,154	1,012
Liabilities evidenced by paper	1,019,003	5.98%	280,768	207,373	5,868	78,233	446,761
Subordinated term debt	60,265	13.85%	–	–	–	–	60,265
Perpetual debt	52,807	13.01%	–	–	–	–	52,807
Non-interest bearing liabilities	68,290	–	–	–	–	–	–
Total liabilities	2,391,362		1,379,484	263,175	12,937	106,631	560,845

Currency risk

The Bank is exposed to currency risk through transactions in foreign currencies.

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 Bank's financial statements are effected by movements in the exchange rates between the Bulgarian lev and currencies other than the Euro.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognised in the income statement. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the measurement currency of the Bank. These exposures were as follows:

In thousands of BGN	30 June 2006	31 December 2005
Monetary assets		
Euro	1,571,772	1,522,291
US dollar	296,624	411,061
Other	103,670	73,519
Monetary liabilities		
Euro	1,676,661	1,622,232
US dollar	297,144	410,987
Other	101,111	73,758
Net position		
Euro	(104,889)	(99,941)
US dollar	(520)	74
Other	2,559	(239)

In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Bank manages foreign currency risk in line with policy that sets limits on currency positions and dealer limits.

(iii) Credit risk

The Bank 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. In this respect, the credit risk for the Bank stems from the possibility that different counterparties might default on their contractual obligations. 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 Bank'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. In addition, the Bank is exposed to off-balance sheet credit risk through commitments to extend credit and guarantees issued (See Note 28).

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, commitments to extend credit and guarantees issued.

Total on balance sheet economic sector credit risk concentrations are presented in the table below.

In thousands of BGN	30 June 2006	31 December 2005
Trade	214,569	250,266
Industry	341,114	381,447
Services	157,964	107,984
Finance	5,611	6,804
Transport, logistics	62,725	87,493
Communications	1,319	863
Construction	123,231	59,849
Agriculture	42,385	39,690
Tourist services	133,200	145,017
Private individuals	360,246	281,595
Other	16,044	9,882
Less allowance of impairment	(39,105)	(32,799)
	1,419,303	**1,338,091**

The Bank has extended loans, confirmed letters of credit and granted guarantees to 8 individual clients or groups (2005: 9) with each individual exposure exceeding 10% of the capital base of the Bank and based on the book value of the corresponding credit facility. The total amount of these exposures is BGN 329,284 thousand which represents 116.04% of the Bank's capital base (2005: BGN 364,233 thousand which represented 153.44% of capital base) of which BGN 215,287 thousand (2005: BGN 257,506 thousand) represent loans and BGN 113,997 thousand (2005: BGN 106,727 thousand) represent guarantees, letters of credit and other commitments. Exposures secured by cash and highly liquid assets for which there is ascertainable market value have been excluded from the calculation of the large exposures.

The Bank has extended loans to enterprises involved in different types of activities but within the same industry. As such the exposures share a similar industry risk. There are three such groups of enterprises at 30 June 2006 with total exposures amounting to BGN 22,227 thousand (2005: BGN 53,540 thousand) (ferrous metals), BGN 8,158 thousand (2005: BGN 15,974 thousand) (cable and electrics) and BGN 62,643 thousand (2005: BGN 55,822 thousand) (power engineering) respectively.

The loans extended by the overseas branches amount to BGN 62,396 thousand (2005: BGN 75,895 thousand) (gross carrying amount before any allowances) from which BGN 58,774 thousand (2005: BGN 73,970 thousand) is in Cyprus and BGN 3,622 thousand (2005: BGN 1,925 thousand) in Albania.

The amounts reflected in the tables represent the maximum accounting loss that would be recognised at the balance sheet 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 Bank's policy is to require suitable collateral to be provided by certain customers prior to the disbursement of approved loans. All of the balance of outstanding loans is collateralised. 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. The extent of collateral held for guarantees and letters of credit is 100 percent.

Collateral for loans, guarantees, and letters of credit is usually in the form of cash, mortgage inventory, listed investments, or other property.

The table below shows a breakdown of total credit extended to customers, other than financial institutions, by the Bank by type of collateral:

In thousands of BGN	30 June 2006	31 December 2005
Secured by mortgages	833,111	744,233
Cash collateral	29,455	20,419
Other collateral	556,737	573,439
Total	**1,419,303**	**1,338,091**

C. Capital adequacy

(i) Regulations

The Bank monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules / ratios"). The BIS ratios compare the amount of the Bank's eligible capital (in total and Tier 1) with the total of its risk weighted assets (RWAs).

While the Bank monitors and reports its capital ratios under BIS rules, it is the rules established by the Bulgarian regulator, the Bulgarian National Bank (BNB), which ultimately determine the statutory capital required to underpin its business. The Bank has complied with all BIS and BNB regulatory capital rules for all periods reported.

(ii) BIS Eligible capital

BIS eligible capital consists of two parts: Tier 1 capital comprises equity, Tier 2 capital includes subordinated long-term debt. Tier 1 capital is required to be at least 4% and Total eligible capital at least 8% of RWAs.

(iii) BIS Risk-Weighted Assets (RWAs)

The market risk approach covers the general market risk and the risk of open positions in currencies and debt and equity securities. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0%, 20%, 50%, 100%) are applied; for example cash and money market instruments have a zero risk weighting which means that no capital is required to support the holding of these assets. Property and equipment carries a 100% risk weighting, meaning that it must be supported by capital equal to 8% of the carrying amount.

Off-balance-sheet credit related commitments and forwards and options based derivative instruments 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 the same percentages as for on-balance-sheet assets.

Capital adequacy level was as follows:

In thousands of BGN	Balance sheet/notional amount		Risk Weight amount	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
BALANCE SHEET ASSETS				
Cash and balances with Central Banks	467,528	534,847	45,846	63,430
Financial assets held for trading	20,081	7,151	3,742	3,117
Available for sale investments	498,166	432,337	16,298	15,438
Financial assets held to maturity	78,622	97,972	7,525	7,722
Loans and advances to banks and other financial institutions	35,947	39,393	5,203	7,884
Loans and advances to customers	1,419,303	1,338,091	1,244,576	1,191,251
Property and equipment	72,377	61,481	72,377	61,481
Intangible assets	765	589	668	491
Other assets	17,352	9,403	17,352	9,403
TOTAL ASSETS	**2,610,141**	**2,521,264**	**1,413,587**	**1,360,217**
Off balance sheet positions				
Credit related commitments	658,539	452,028	170,931	129,961
Forward based derivative instruments	125,143	142,341	1,502	1,284
Unassigned market risk components	–	–	3,042	3,265
TOTAL	**783,682**	**594,369**	**175,475**	**134,510**
TOTAL RISK WEIGHTED ASSETS			**1,589,062**	**1,494,727**

In thousands of BGN	CAPITAL		BIS%	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
BIS CAPITAL RATIOS				
Tier 1 Capital	**141,915**	**129,938**	**8.93%**	**8.69%**
Tier 1 + Tier 2 Capital	**283,830**	**237,375**	**17.86%**	**15.88%**

32. 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 the parties are under common control with the Bank.

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	Directors		Enterprises under common control	
In thousands of BGN	Six months ended 30 June 2006	2005	Six months ended 30 June 2006	2005
Loans:				
Loans outstanding at beginning of the period	1,554	819	3,660	3,642
Loans issued during the period	213	735	691	18
Loans outstanding at end of the period	1,767	1,554	4,351	3,660
Deposits received:				
Deposits at beginning of the period	273	206	1,975	9,292
Deposits received during the period	422	67	177	(7,317)
Deposits at end of the period	695	273	2,152	1,975
Deposits placed				
Deposits at beginning of the period	–	–	7,823	6,063
Deposits placed during the period	–	–	0	1,760
Deposits at end of the period	–	–	7,823	7,823
Guarantees issued by the Bank				
At beginning of the period	–	–	130	50
Granted/ (expired)	–	–	(8)	80
At the end of the period	–	–	122	130

33. Subsidiary undertakings

(a) First Investment Finance B.V.

In April 2003 the Bank has created a special purpose entity, incorporated in the Netherlands, First Investment Finance B.V. The purpose for creating the entity is to accomplish a narrow and well-defined objective of issuing bonds, listed on the Luxemburg Stock Exchange and guaranteed by the Bank. The entity's registered share capital is EUR 18 thousand and is 100 % owned by the Bank. Consequently the Bank consolidates its investment in this company.

(b) First Insurance Brokerage Company AD

In September 2003 the Bank acquired 50% of the issued share capital of First Insurance Brokerage Company AD upon its incorporation. Total share capital of the company is BGN 100 thousand. The Bank considers this undertaking to be a controlling interest as the management of the Bank also manages this company and consequently consolidates its investment in this company.

(c) Diners Club Bulgaria AD

In May 2005 the Bank acquired 80% of the share capital of Diners Club Bulgaria AD. The share capital of the company is BGN 2,745 thousand. The company was incorporated in 1996 as a franchise and processing agent of Diners Club International. Consequently the Bank consolidates its investment in this company.

(d) 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. The authorized share capital of the entity is ALL 1 billion, of which EUR 2,050 thousand (approximately ALL 250 million) have been paid-in. Within one year following the issuance of a provisional banking licence in January 2006 the paid-in capital of the entity should reach ALL 1 billion as a precondition for issuance of permanent banking licence by the Bank of Albania.

34. Post Balance Sheet Events

At the date of issue of the Financial Statements there are no individual material post balance sheet events requiring adjustments or additional disclosures.

KPMG

Report of the Independent Auditor to the Shareholders of First Investment Bank

Sofia, 9 August 2006

We have audited the accompanying consolidated balance sheet of First Investment Bank AD („the Bank") as of 30 June 2006 and the related consolidated statements of income, changes in equity and cash flows for the period then ended. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Bank as of 30 June 2006, and of the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

KPMG Bulgaria OOD

KPMG Bulgaria OOD
37, Fridtjof Nansen Str.
Sofia Bulgaria

CONTACTS

HEAD OFFICE

1000 Sofia, 10, Stefan Karadzha St.; (registered address)
phone: (+359 2) 91 001, 91 001 00, fax: (+359 2) 980 5033
telex: 25 085, 25 086
SWIFT CODE: FINVBGSF; REUTERS DEALING CODE: BFIB
e-mail: fib@fibank.bg; web site: www.fibank.bg

1797 Sofia, 37, Dragan Tzankov Blvd.
phone: (+359 2) 817 1100, 817 1101

Corporate Credit Division
phone: (+359 2) 817 1222, fax: (+359 2) 817 1652, telex: 25085

Retail Credit Division
phone: (+359 2) 817 1250, fax: (+359 2) 970 9596, telex: 25085

Card Payments Division
phone: (+359 2) 817 1129, fax: (+359 2) 970 9594, telex: 25085

Capital and Money Market Department
phone: (+359 2) 91 001 38, fax: (+359 2) 981 0269, telex: 25085

Branch Network Division
phone: (+359 2) 817 1601, fax: (+359 2) 970 9598, telex: 25085

Information Technologies Division
phone: (+359 2) 91 001 50, fax: (+359 2) 980 5033, telex: 25085

Marketing and Advertising Department
phone: (+359 2) 91 001 24, fax: (+359 2) 980 5033, telex: 25085

International Payments Division
phone: (+359 2) 91 001 60, fax: (+359 2) 91 001 88, telex: 25085

FX Market Department
phone: (+359 2) 91 001 22, fax: (+359 2) 981 0269, telex: 25085

Gold and Numismatics Department
phone: (+359 2) 932 7080, fax: (+359 2) 932 7069, telex: 25085

Accouting Division
phone: (+359 2) 817 1316, fax: (+359 2) 817 1651, telex: 25085

Administration Department
phone: (+359 2) 817 1665, fax: (+359 2) 970 9597, telex: 25085

Internal Audit Division
phone: (+359 2) 91 001 74, fax: (+359 2) 980 5033, telex: 25085

BRANCHES OUTSIDE BULGARIA

Cyprus International Banking Unit
39, Demofontos St., suite 401, CY-1075 Nicosia, P.O.Box 16023
CY-2085 Nicosia, Cyprus
phone: (+357 22) 760 150, fax: (+357 22) 376 560
telex: 4801 FIBANK CY, SWIFT CODE: FINVCY2N

Tirana
Tirana, Albania, 64, Zogu I Blvd.
phone: (+355 4) 256 423, 256 424, fax: (+355 4) 256 422

Durres
Durres, Albania, 914, 9th May St.
phone: (+355 52) 33 433, 33 444, fax: (+355 52) 33 400

BRANCHES IN SOFIA

Alexander Nevski
1000 Sofia, 95, Vasil Levski Blvd.
phone: (+359 2) 980 3079, fax: (+359 2) 981 6717

Alexander Stamboliyski
1301 Sofia, 20, Al. Stamboliyski Blvd.
phone: (+359 2) 935 0075, fax: (+359 2) 935 0085

City Center
1421 Sofia, 2, Arsenalski Blvd.
phone: (+359 2) 817 1660, fax: (+359 2) 817 1668

Denitza
1712 Sofia, Mladost 3, Al. Malinov Blvd., „Nova Denitza" Shop
phone: (+359 2) 976 6054, fax: (+359 2) 976 6050

Dragan Tzankov
1797 Sofia, 37, Dragan Tzankov Blvd.
phone: (+359 2) 970 9595, fax: (+359 2) 970 9597

Enos
1408 Sofia, 2, Enos St.
phone: (+359 2) 942 6685, fax: (+359 2) 942 6690

Europe
1528 Sofia, 7, Iskarsko chaussee Blvd.
phone: (+359 2) 978 0404, fax: (+359 2) 978 2277

Gorublyane
1138 Sofia, 361, Tzarigradsko chaussee Blvd.
phone: (+359 2) 817 1070, fax: (+359 2) 817 1080

Hadzhi Dimitar
1510 Sofia, 81, MacGahan St.
phone: (+359 2) 942 5955, fax: (+359 2) 942 5969

Ivan Vazov
1408 Sofia, 184, Vitosha Blvd.
phone: (+359 2) 951 6170, fax: (+359 2) 951 6154

Kremikovtzy
1870 Sofia, „Kremikovtzy" AD, Botunetz Region
phone: (+359 2) 994 3635, fax: (+359 2) 994 3637

Lozenetz
1164 Sofia, 38A, Zlatovrah St.
phone: (+359 2) 965 8070, fax: (+359 2) 965 8060

Lyulin Cetre
1324 Sofia, 70, Tzaritza Yoanna Blvd.
phone: (+359 2) 926 0962, fax: (+359 2) 926 0969

Mall – Sofia
1307 Sofia, 101, Al. Stamboliyski Blvd.
phone: (+359 2) 817 1672, fax: (+359 2) 817 1677

Maria Luisa
1202 Sofia, 67, Maria Luisa Blvd.
phone: (+359 2) 932 1932, fax: (+359 2) 932 1942

Narodno sabranie
1000 Sofia, 12, Narodno sabranie Sq.
phone: (+359 2) 932 7070, fax: (+359 2) 932 7060

Narodno sabranie 2
1000 Sofia, 3, Narodno sabranie Sq.
phone: (+359 2) 930 6930, fax: (+359 2) 930 6940

National Theatre
1000 Sofia, 7, Dyakon Ignatiy St.
phone: (+359 2) 939 8080, fax: (+359 2) 939 8070

Technomarket – Gorublyane
1784 Sofia, 92, Tzarigradsko chaussee Blvd.
phone: (+359 2) 975 0035

Technomarket – Lyulin
1331 Sofia, 189, Europe Blvd., phone: (+359 2) 925 1777

Tzentralni Hally
1000 Sofia, 25, Maria Luisa Blvd.
phone: (+359 2) 981 0285, phone / fax: (+359 2) 981 0688

Vitosha
1408 Sofia, 4, Major Parvan Toshev St.
phone: (+359 2) 942 6666, fax: (+359 2) 942 6642

VMA
1606 Sofia, 3, St. Georgi Sofiysky St.
phone: (+359 2) 951 6117, phone / fax: (+359 2) 951 6179

BRANCHES

Asenovgrad
4230 Asenovgrad, 3, Nickolay Haytov Sq.
phone: (+359 331) 62 636, fax: (+359 331) 62 737

Bansko
2770 Bansko, 68, Tzar Simeon St.
phone: (+359 749) 88 110, 88 111, fax: (+359 749) 88 112

Bansko 2
2770 Bansko, 7, Glazne St., Strazhite Hotel
phone: (+359 749) 86 980, 86 981, fax: (+359 749) 86 400

Bansko 3
2770 Bansko, 23, Georgi Golev St., „Valan“
phone / fax: (+359 749) 86 487

Belene
5930 Belene, Bulgaria Sq.
phone: (+359 658) 21 103, fax: (+359 658) 21 303

Blagoevgrad
2700 Blagoevgrad, 6, Trakia St.
phone: (+359 73) 882 293, fax: (+359 73) 882 295

Borovetz
2010 Borovetz, Yastrebetz Cable Car Terminal Station
phone / fax: (+359 7128) 25 13

Borovetz 2
2010 Borovetz, Rila Hotel
phone: (+359 7128) 25 00
phone / fax: (+359 7128) 24 282

Bourgas
8000 Bourgas, 58, Alexandrovska St.
phone: (+359 56) 832 800, fax: (+359 56) 840 216

Bourgas 2
8000 Bourgas, 15, Odrin St.
phone: (+359 56) 813 660, fax: (+359 56) 801 551

Bourgas 3
8000 Bourgas, Zh. k. (Quarter) Bratya Miladinovi, bl. 117, entr. 5
phone: (+359 56) 833 370, fax: (+359 56) 830 502

Bourgas 4
8000 Bourgas, 71, Slavyanska St.
phone: (+359 56) 828 928, fax: (+359 56) 825 208

Dimitrovgrad
6400 Dimitrovgrad, 6, Tzar Simeon St.
phone: (+359 391) 67 008, fax: (+359 391) 67 009

Dobrich
9300 Dobrich, A8, 25 Septemvri Blvd.
phone: (+359 58) 600 227, fax: (+359 58) 600 377

Gabrovo
5300 Gabrovo, 5, Vazrazhdane Sq.
phone: (+359 66) 819 440, fax: (+359 66) 819 450

Gorna Oryahovitza
5100 Gorna Oryahovitza, 1, St. Knyaz Boris I St.
phone: (+359 618) 64 944, fax: (+359 618) 64 948

Gotze Delchev
2900 Gotze Delchev, 1, Al. Stamboliyski St.
phone: (+359 751) 60 206, fax: (+359 751) 60 209

Haskovo
6300 Haskovo, 3, Svoboda Sq.
phone / fax: (+359 38) 661 848, 662 839

Kardzhali
6600 Kardzhali, 52, Bulgaria Blvd.
phone: (+359 361) 67 603, phone/fax: (+359 361) 65 428

Karlovo
4300 Karlovo, 6, General Kartzov St.
phone: (+359 335) 94 436, fax: (+359 335) 96 930

Kozloduy
3321 Kozloduy, Nuclear Power Station,
„Atomenergoremont“ Administrative Building
phone: (+359 973) 82 573, fax: (+359 973) 82 574

Kozloduy 2
3320 Kozloduy, 1, Vasil Kolarov St.
phone: (+359 973) 85 023, fax: (+359 973) 85 021

Kyustendil
2500 Kyustendil, 31, Tzar Osvoboditel Blvd.
phone: (+359 78) 553 350, fax: (+359 78) 553 351

Lovech
5500 Lovech, 12, Targovska St.
phone: (+359 68) 601 479, fax: (+359 68) 601 478

Lovech 2
5500 Lovech, 51, Targovska St.
„Presidium Palace“
phone: (+359 68) 689 301, fax: (+359 68) 600 233

Montana
3400 Montana, 74, 3rd March Blvd.
phone: (+359 96) 304 400, fax: (+359 96) 304 401

Nesebar
8230 Nesebar, 25, Ivan Vazov St.
phone: (+359 554) 46 055
phone / fax: (+359 554) 46 044

Pazardzhik
4400 Pazardzhik, 8, 2nd January St.
phone: (+359 34) 402 414, fax: (+359 34) 402 429

Pazardzhik 2
4400 Pazardzhik, „Trakia Papir“ EAD
phone: (+359 34) 401 217, fax: (+359 34) 449 000

Pernik
2300 Pernik, 4, Krakra St.
phone: (+359 76) 688 610, fax: (+359 76) 608 600

Petrich
2850 Petrich, 1, Kukush St.
phone: (+359 745) 69 570, fax: (+359 745) 60 796

Pleven
5800 Pleven, 138, Doyran St.
phone: (+359 64) 893 101, fax: (+359 64) 893 109

Pleven 2
5800 Pleven, 126, Vasil Levski St.
phone: (+359 64) 893 141, fax: (+359 64) 893 148

Plovdiv
4000 Plovdiv, 95, Maritza Blvd.
phone: (+359 32) 962 510, fax: (+359 32) 962 511

Plovdiv 2
4004 Plovdiv, Skopie St., bl. 1519
phone: (+359 32) 670 663, fax: (+359 32) 670 664

Primorsko
8290 Primorsko, 77, Treti mart St.
phone: (+359 550) 31 000, fax: (+359 550) 31 004

Radinovo Customs Office
4202 Radinovo, Maritza Municipality, Plovdiv District
phone / fax: (+359 32) 620 464

Razgrad
7200 Razgrad, 27, Bulgaria Blvd., Palma bl.
phone: (+359 84) 615 012, fax: (+359 84) 615 011

Rousse
7000 Rousse, 20, Alexandrovska St.
phone: (+359 82) 830 045, fax: (+359 82) 822 706

Rousse 2
7000 Rousse, 1, Tzar Osvoboditel Blvd.
phone: (+359 82) 811 512, fax: (+359 82) 811 514

Rousse 3
7000 Rousse,100, Tutrakan Blvd., „Tezhko mashinostroene"
phone / fax: (+359 82) 841 821

Sevlievo
5400 Sevlievo, Svoboda Sq.
phone: (+359 675) 31 052, fax: (+359 675) 34 482

Shoumen
9700 Shoumen, 62, Slavyanski Blvd.
phone: (+359 54) 850 755, fax: (+359 54) 850 760

Simitli
2730 Simitli, 27, Hristo Botev St.
phone: (+359 748) 71 408, fax: (+359 748) 71 319

Slanchev bryag (Sunny Beach)
8240 Slanchev bryag (Sunny Beach), „Globus" Hotel
phone / fax: (+359 554) 23 334, 23 335

Sliven
8800 Sliven, 50, Tzar Osvoboditel Blvd.
phone: (+359 44) 662 975, fax: (+359 44) 626 037

Smolyan
4700 Smolyan, 80V, Bulgaria Blvd.
phone: (+359 301) 67 020, fax: (+359 301) 67 022

Stara Zagora
6000 Stara Zagora, 104, Tzar Simeon Veliki Blvd.
phone: (+359 42) 616 011, fax: (+359 42) 616 022

Svilengrad
6500 Svilengrad, 58, Bulgaria Blvd.
phone: (+359 379) 72 366, phone / fax: (+359 379) 72 377

Targovishte
7700 Targovishte, 9, Stefan Karadzha St.
phone: (+359 601) 69 535, fax: (+359 601) 69 533

Technomarket - Blagoevgrad
2700 Blagoevgrad, Zh. k. (Quarter) Strumsko
Yane Sandanski St., phone: (+359 73) 840 890

Technomarket - Bourgas
8000 Bourgas, Transportna St.
phone: (+359 56) 860 017, (+359 56) 861 068

Technomarket - Damyanitza
2813 Damyanitza, Sandansky Municipality
phone: (+359 746) 32 081

Technomarket - Haskovo
6300 Haskovo, 77, Saedinenie Blvd.
phone: (+359 38) 661 310

Technomarket - Plovdiv
4000 Plovdiv, Bulgaria Blvd., 4-th km
phone: (+359 32) 968 020

Technomarket - Rousse
7005 Rousse, 113, Lipnik Blvd.
phone / fax: (+359 82) 842 254

Technomarket - Stara Zagora
6000 Stara Zagora, Zheleznik Quarter
phone: (+359 42) 670 488

Technomarket - Varna
9000 Varna, Tzar Osvoboditel Blvd.
phone: (+359 52) 599 446

Technomarket - Veliko Tarnovo
5000 Veliko Tarnovo, 31, Magistralna St.
phone: (+359 62) 601 127

Troyan
5600 Troyan, Troyan Plaza Hotel, 54, P. R. Slaveykov St.
phone: (+359 670) 62 499, fax: (+359 670) 62 043

Varna
9000 Varna, 47, Bratya Miladinovi St.
phone: (+359 52) 662 600, fax: (+359 52) 662 626

Varna 2
9000 Varna, 128, 8 Primorski polk Blvd.
phone: (+359 52) 305 607, fax: (+359 52) 305 608

Varna 3
9000 Varna, „Picadilly" Store, 76A, Tzar Osvoboditel St.
phone: (+359 52) 699 026

Varna 4
9000 Varna, 57, Vladislav Varnenchik Blvd.
„Rayonen sad (Regional Court)"
phone: (+359 52) 602 731, fax: (+359 52) 602 730

Varna 5
9000 Varna, 68, Bratya Miladinovi St.
phone: (+359 52) 684 663, fax: (+359 52) 684 678

Varna 6
9000 Varna, 260, Vladislav Varnenchik Blvd.
„Picadilly - Zapad (Picadilly West)"
phone / fax: (+359 52) 511 860

Veliko Tarnovo
5000 Veliko Tarnovo, 5, Bacho Kiro St.
phone: (+359 62) 601 124, fax: (+359 62) 601 125

Vidin
3700 Vidin, 17, Gradinska St.
phone: (+359 94) 605 522, fax: (+359 94) 605 533

Vratza
3000 Vratza, 1, Nikola Voyvodov St.
phone: (+359 92) 665 575, fax: (+359 92) 665 580

Vratza 2
3000 Vratza, 10, Pop K. Buyukliyski St.
phone / fax: (+359 92) 663 525

Vratza 3
3000 Vratza, Sumi Sq., Trade Complex
phone / fax: (+359 92) 666 415

Yambol
8600 Yambol, 14, Targovska St.
phone: (+359 46) 667 845, fax: (+359 46) 667 846

Zlatni pyasatzi (Golden Sands)
9007 Zlatni pyasatzi (Golden Sands),
Pavilion 10 (near Kamchia Hotel),
phone / fax: (+359 52) 355 218

Zlatni pyasatzi 2 (Golden Sands 2)
9007 Zlatni pyasatzi (Golden Sands),
Cherven rak (Red Crab) Complex,
phone / fax: (+359 52) 355 261