Half Year Report 2009

Fibank

First Investment Bank

TABLE OF CONTENTS

MESSAGE FROM THE MANAGING BOARD

Dear shareholders, clients and colleagues,

First Investment Bank faced the challenges of the continuing economic and financial crisis in the first six months of 2009 by focusing on prudent risk management, stability of income and a conservative approach towards balancing growth, risk and return. The overall slow-down in the economy and the reduced flow of funds in and out of the country had an effect on the banking system generally as well as on FIBank. Due to its flexible organization and management system FIBank swiftly reacted to the unfavorable external conditions and registered positive financial results, a stable capital base and a good liquid position. Our customer-oriented business model, suiting the needs of different market segments, once again proved to be the correct formula for development even in this unstable business environment.

During the first six months of 2009 FIBank continued to develop the range and quality of its services and undertook initiatives to meet to the changing needs and growing expectations of its customers:

- FIBank started a special new programme to assist its customers in optimizing their finances in this tense economic environment in which both individuals and corporates are experiencing financial uncertainty.
- FIBank allocated resources to the development of an automated customer loyalty programme aiming to provide additional new services and bonuses to its loyal customers.
- My FIBank – as an innovative credit institution, which promptly and effectively implements modern technologies, FIBank continued its focus on developing e-banking products and services. The new My FIBank service, which is part of the Bank's ecological program, offers customers e-statements on their current and deposit accounts and credit cards. During the period additional improvements to the Bank's virtual banking module were made.

For its consistency as a partner to customers, FIBank once again won their trust and support, and was awarded "Bank of the Customer" by Pari Daily for the fourth time in its 15 year history (in 2002, in 2003, in 2006 and in 2009).

This customer-oriented and flexible business model contributed to the Bank's positive financial results and to maintaining its competitive market position during the first six months of 2009:

- Capital adequacy ratio increased to 13.68% (2008: 13.18%), due to the Bank's more conservative approach to assuming risk and its policy for profit capitalization.
- Group profit after tax stood at a reasonable level of BGN 18.0 million (H108: BGN 24.0 million), having in mind the business slow-down generally and the new optimized risk considerations.

- The liquidity ratio remained high at 20.02% as the Bank continued its prudent approach to liquidity management by investing substantially in Bulgarian Governnment and OECD sovereign debt.
- Total assets amounted to BGN 4,192 million (2008: 4,271 million), maintaining the Bank's sixth place in Bulgaria in terms of this indicator.
- The loan portfolio grew by 2.4% to reach BGN 3,111 million. This was in line with the consistent policy of balanced business growth alongside optimized risk management undertakings.
- Retail deposits surged by 24.1% (BGN 423 million) to BGN 2,177 million, affirming the Bank's new successful deposit campaigns. By this indicator FIBank moved to fifth place, one step up in the banking system.
- As at end-June 2009 the total number of branches and offices totalled 170 (2008: 171), in line with existing plans for branch network optimization.
- FIBank's ratings were confirmed - FITCH Ratings: long-term rating (BB-), short-term rating (B) and individual rating (D), outlook (negative).

We, the Managing Board of First Investment Bank, are grateful to our shareholders for their support, which is extremely important in times of economic recession. We thank our customers, investors and business partners for their trust, loyalty, criticism and praise, which serve as an impetus for further development. And we thank our employees, whose positive energy and professionalism make us stronger and more confident. We believe that our mutual efforts, combined with our experience and creativity, are the correct formula for prolonged success.

The Managing Board
Sofia, 14 October 2009

MACROECONOMIC OVERVIEW

During the first six months of 2009 the Bulgarian economy faced yet more serious challenges from the global financial crisis – entering into recession with a slowing inflow of foreign investments, a falling budget surplus and growing unemployment. On the other hand the global economic crisis had its positive effects, resulting in a slow-down of inflationary pressure and a fall in the current account deficit.

Among the factors assisting macroeconomic stability were the Currency Board, along with prudent fiscal policy, the maintenance of a reasonable level of foreign currency reserves and the highly regulated banking system.

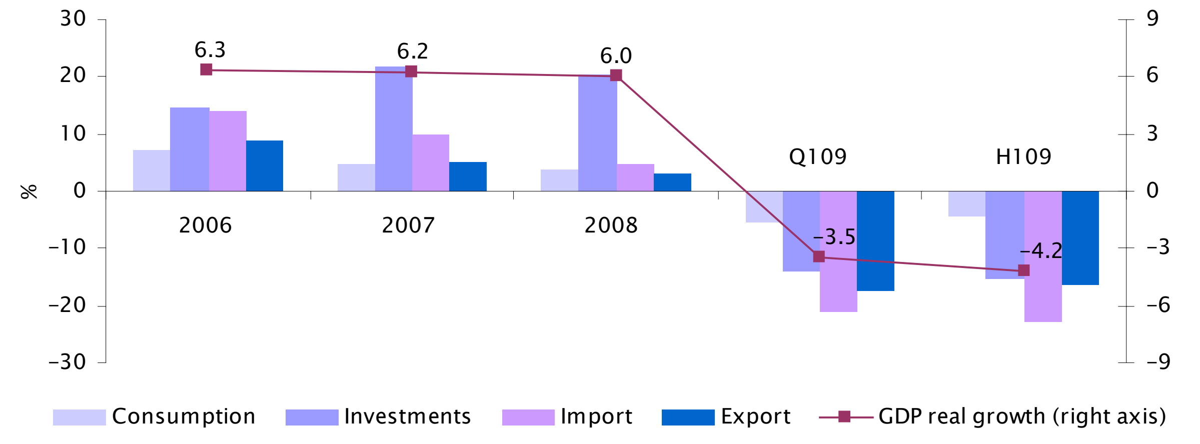
Economic indicators	Metrics	EA-16	EU-27	Bulgaria			
		H109	H109	H109	Q109	2008	2007
GDP real growth	%	(4.7)	(4.8)	(4.2)	(3.5)	6.0	6.2
Average inflation	%	1.5	2.4	5.1	6.0	12.4	8.4
Unemployment	%	9.4	8.9	7.3	6.9	6.3	6.9
Long-term interest rates	%	4.1	4.4	7.3	7.3	5.4	4.5
Current account	% of GDP	(1.0)	(1.9)	(7.5)	(4.2)	(25.4)	(25.2)
Foreign direct investments	% of GDP	–	1.4*	4.5	2.5	19.2	29.7
Public debt	% of GDP	69.6*	61.5*	12.2	11.7	11.6	14.2
Budget balance	% of GDP	(1.9)*	(2.3)*	0.3	0.8	3.0	3.5

*as at end December 2008

Source: Eurostat, Bulgarian National Bank, National Statistics Institute, Ministry of Finance

During H109 the economy entered into recession, registering negative economic growth for two consecutive quarters – in Q109 real growth was -3.5%, while in H109 it worsened to -4.2% year-on-year. The slow-down in internal and external demand resulted in a decrease in gross value added both in industry (-9.7%) and in agriculture (-5.8%). The services sector registered a growth of 1.9% y/o/y.

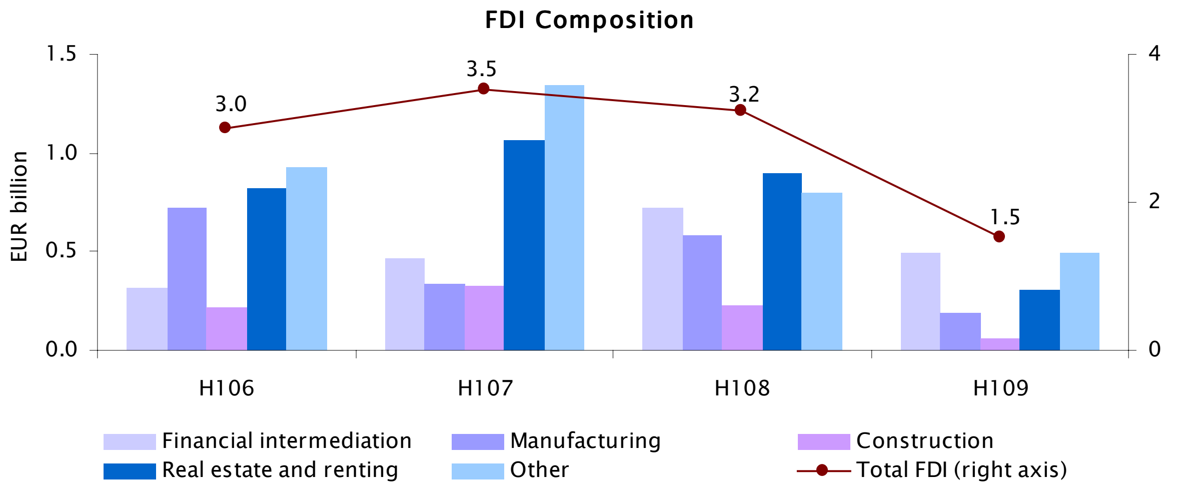
GDP Composition Real Growth



Source: National Statistics Institute

Growing uncertainty in the economic environment forced companies and businesses to reconsider their investment projects and focus on cost management and increasing efficiency, which resulted in a fall of 15.4% in the economy's gross capital formation and an increase in the unemployment rate to 7.3% by end-June 2009 (Q109: 6.9%, 2008: 6.3%).

On their part Individuals and households reacted adequately by delaying purchases of durable goods, which pushed private consumption down by 5.5%.



Source: Bulgarian National Bank

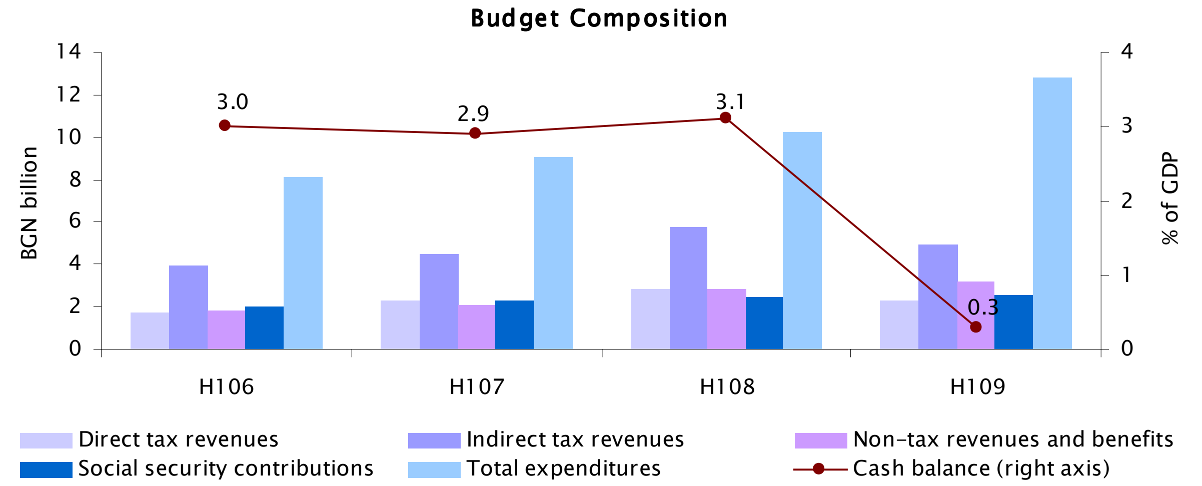
Due to the worsened global environment FDI inflows towards the country fell to EUR 1,535 million (4.5% of GDP) against EUR 3,230 million (9.5% of GDP) in H108. The inflow covered 60.1% of the current account deficit, compared to 73.4% in H108. Investments in real estate and construction decreased. By end-June 2009 they totalled EUR 305 million (H108: EUR 896 million) and EUR 62 million (H108: EUR 231 million) respectively. A year-on-year growth was registered only in the hotel and restaurant sector (by EUR 9 million) and in transport and communications (by EUR 74 million). Investments in financial intermediation continued to dominate overall with a 31.9% share, followed by real estate (19.8%) and wholesale and retail trade (14.9%).

The decrease in external demand affected the country's balance of payments. The slow-down in import volumes cut the trade deficit by 43.6% to EUR 2,395 million (H108: EUR 4,247 million). This had a positive effect on the current account deficit, which stood at EUR 2,552 million (7.5% of GDP) by end-June 2009, as against EUR 4,401 million (12.9% of GDP) a year earlier.

Another positive effect from the financial and economic crisis was the easing of inflationary pressure, resulting both from the decrease in internal demand and a fall in food and oil prices globally. In H109 average inflation dropped to 5.1%, down from 6.0% in Q109 and 12.4% for the whole of 2008. Harmonized inflation, used as a comparative criterion for all EU member states and one of the criteria for price stability in joining the Euro Area, fell to 4.3% in H109 (Q109: 5.1%, 2008: 12%).

The business slow-down during the first six months of 2009 affected tax revenues in the state budget as well. Total revenues under the consolidated fiscal programme decreased by 7.7% to BGN 12,955 million y/o/y. Due to companies' shrinking profits, corporate tax revenues dropped by 20.8% to BGN 1,130 million. The slow-down in import volumes, together with declining business turnover, resulted in a BGN 825 million decrease in revenues from VAT, which totalled BGN 3,052 million in H109.

During the first half of 2009 Bulgaria paid an installment of BGN 413 million to the EU budget.



Source: Ministry of Finance

The gross cash surplus (including the state budget, local budgets, social security funds and the judiciary budget) amounted to BGN 184 million (0.3% of GDP) by end-June 2009, compared to BGN 1,990 million (3.0% of GDP) at year end-2008.

Gross external debt was below the year end-2008 level – by end-June 2009 it amounted to EUR 36,657 million (2008: EUR 36,974 million). A EUR 155 million increase was registered in the public sector debt, while the private sector fell by EUR 472 million.

During the period political stability within the country was maintained. In June 2009 a new government was set up, as the centre-right GERB (Citizens for the European Development of Bulgaria) political party won Bulgaria's parliamentary elections. A month earlier Bulgarians had elected 18 new members of the European Parliament.

A key role in ensuring Bulgaria's place as a stabilising factor in the Balkan region and its integration in the Euro Area countries are its ongoing efforts to meet the Maastricht stability criteria, the effective utilization of EU structural and cohesion funds, as well as the continuance of reforms in the judiciary system to combat with corruption and organized crime.

THE BANKING SYSTEM

During the first half of 2009 the Bulgarian banking system confirmed its resilience and stability to the adverse effects of the global financial and economic crisis.

The banking system solvency and liquidity ratios were maintained and improved. The level of capital adequacy increased to 17.6% (2008: 14.9%), while the Tier 1 capital ratio rose to 13.9% (2008: 11.2%). The increase was due to the banks' more cautious policies of assuming risk as well as the accumulation of an additional capital buffer – the capitalization of profits instead of a dividend distribution to shareholders. By end-June 2009 the capital base exceeded the 12% regulatory minimum by BGN 3,024 million.

Key ratios	Amount (in %)			Change (in % points)	
	H109	2008	2007	H109/FY08	FY08/FY07
Capital adequacy ratio	17.6	14.9	13.8	2.7	1.1
Tier 1 capital ratio	13.9	11.2	10.8	2.7	0.4
Liquidity ratio	21.3	21.7	28.2	(0.4)	(6.5)
Loans/Deposits	94.6	92.8	76.1	1.8	16.7
Return-on-equity (ROE)	12.2	20.1	23.8	(6.8)	(3.7)
Return-on-assets (ROA)	1.4	2.1	2.4	(0.5)	(0.3)
Classified loans ratio	6.6	4.0	3.6	2.6	0.4

Source: Bulgarian National Bank

The liquidity of the banking system was maintained: 21.3% for H109 (2008: 21.7%). Available-for-sale and held-for-trading instruments (held primarily as contributors to Banks' liquidity management) increased during the period by BGN 108 million and BGN 40 million respectively.

Key indicators	Amount (in BGN million)			Change (in %)	
	H109	2008	2007	H109/FY08	FY08/FY07
Assets	69,470	69,650	59,090	(0.3)	17.9
Loans to corporates	32,140	31,883	24,305	0.8	31.2
Loans to individuals	17,823	17,357	12,972	2.7	33.8
Deposits from corporates	19,234	19,568	19,846	(1.7)	(1.4)
Deposits from individuals	22,922	22,168	18,986	3.4	16.8
				H109/H109	FY08/FY07
Net profit	498	1,387	729	(31.7)	21.2

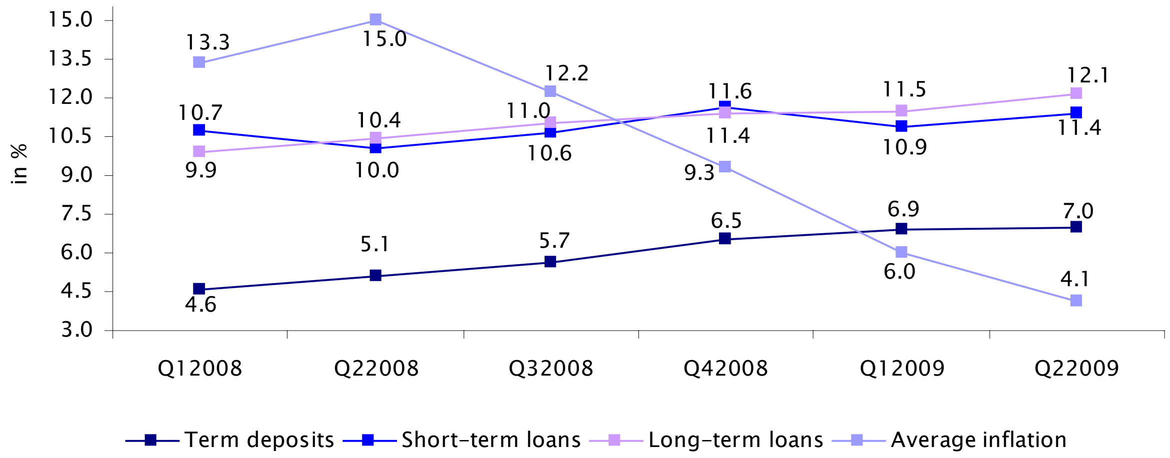
As a result of changing demand, heightened credit risk standards and a more conservative approach to granting loans adopted by banks in the country, total loans and advances to customers registered a growth of 1.5% in the six months ending June 2009. Loans to corporate customers increased by 0.8% (BGN 257 million), while loans to individuals and households grew by 2.7% (BGN 466 million), compared to 31.2% (BGN 7,578 million) and 33.8% (BGN 4,385 million) respectively for the 2008/2007 year period.

Retail loan dynamics were maintained as mortgage loans continued to grow faster (by 4.5% to reach BGN 8,625 million) compared to consumer loans (by 1.1% to reach BGN 9,198 million).

As a consequence of the changed economic situation within the country, classified loans increased to 6.6% of total loans, compared to 4.0% in 2008 and 3.6% in 2007. Loans 90 days overdue comprised 4.3% of total loans for H109, while these 180 days overdue formed 2.6% of all loans. The coverage ratio for loans classified as loss amounted to 143% by end-June 2009.

Attracted funds within the system amounted to BGN 60,002 million. During the first half of 2009 the 1.7% (BGN 334 million) decrease in corporate deposits together with the 5.6% (BGN 628 million) reduction in bank deposits were partly compensated by the 3.4% (BGN 754 million) increase in deposits from individuals and households.

Average interest rates on loans and deposits



Source: Bulgarian National Bank

Due to hampered access to international financing, competition in the local market for funding intensified. In this respect the cost of funding continued to grow from 6.5% as at end-December 2008 to 7.0% as at end-June 2009.

As a result of a slower growth in loan portfolios, an increase in the cost of funding as well as the business slow-down, the banking system's net profit fell by 31.7% (BGN 231 million) to BGN 498 million as at end-June 2009. Return-on-equity (ROE) decreased to 13.3% (2008: 20.1%), while return-on-assets (ROA) was down to 1.6% (2008: 2.1%).

In the first half of 2009 the Bulgarian National Bank undertook steps to ease the restrictions on lending growth which had been applied to banks in Bulgaria during the last few years.

In March 2009 amendments to Ordinance №9 on the Evaluation and Classification of Risk Exposures of Banks and the Allocation of Specific Provisions for Credit Risk became effective. The main amendments included an extension of the overdue period for the classification of exposures into a higher risk group (i.e. nonperforming exposures now over 90 days overdue, loss now over 180 days) and extension of the types of collateral used.

BNB increased supervision and requirements towards capital adequacy and the conducting of assessment stress tests specific to each bank. In general BNB continues to manage the regulatory framework by applying a prudent and conservative approach towards banks in Bulgaria.

The Bulgarian banking system continued its EU projects for the harmonization of regulations. A new Law on Payment Services and Payment Systems was adopted (effective from 1 November 2009) .This aims to harmonize the legal framework for payment services within the EU and to expedite entry into the Single Euro Payment Area.

Maintaining stability and trust in credit institutions as well as stimulating business activity in the country remain the financial system's top priorities.

BANK ACTIVITIES

First Investment Bank re-affirmed its reputation as a flexible, innovative and stable credit institution, responding in a timely manner to customers' needs and the changing business environment. In the unfavourable market conditions of the first six months of 2009 FIBank improved risk management systems and focused on stabilizing generated income, and on maintaining adequate liquidity and the capital base.

Key indicators	H109	2008	H108
Key ratios (in %)			
Capital adequacy ratio	13.68	13.18	13.80
Liquidity ratio	20.02	25.67	24.12
Cost/Income ratio	80.70	73.10	66.70
Return-on-equity (after tax)	9.52	14.08	14.25
Return-on-assets (after tax)	0.86	1.21	1.21
Loan provisioning ratio	2.15	2.32	2.76
Net interest income/Income from banking operations	65.10	69.05	72.40
Loans/Deposits	103.94	106.39	123.24
Earnings per share (in BGN)	0.17	0.45	0.22
Resources (in numbers)			
Branches and offices	170	171	146
Staff	2,476	2,689	2,509

Source: First Investment Bank

FIBank's support rating was upgraded by Fitch Ratings from '5' to '3' and the support rating floor was revised from 'No Floor' to 'BB-'. This was due to the Bank's stature as the largest Bulgarian-owned bank and its systemic importance. Long-term (BB-) and short-term (B) ratings were confirmed.

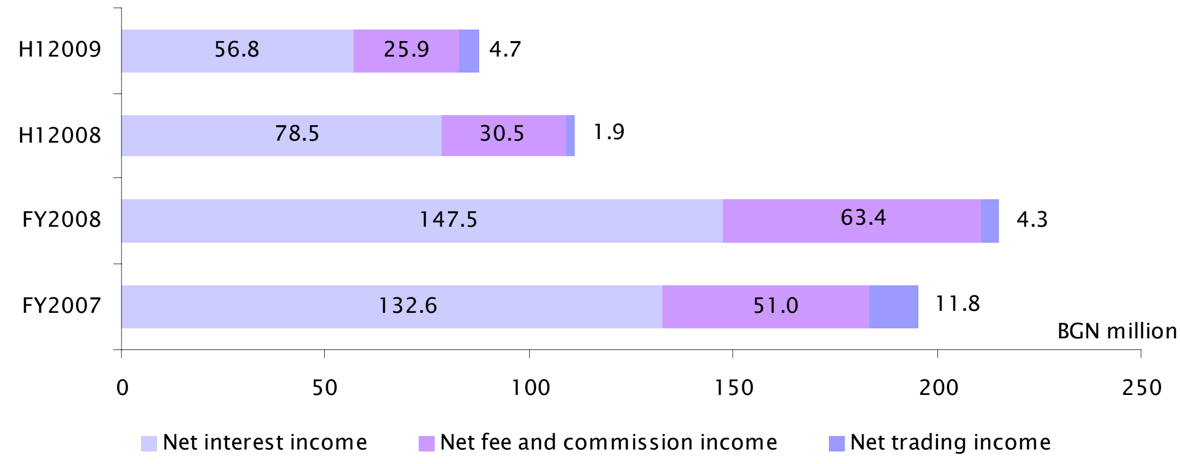
In line with the unstable market environment, a conservative growth of the loan portfolio in combination with an optimized approach to risk management and the maintenance of high standards of customer service will continue to be amongst FIBank's priorities.

FINANCIAL RESULTS

During the first six months of 2009 First Investment Bank reported a group profit after tax of BGN 18,012 thousand, a fall of 25.0% year-on-year. This decrease resulted from the Bank's policy of the reduction of assumed risks and interest margin compression as well as an overall decrease in trading volumes in the economy and in the banking sector particularly. FIBank retained its eighth place among banks in Bulgaria in terms of this indicator.

Net interest income dipped by 27.6% to BGN 56,821 thousand, while net fee and commission income decreased by 15.1% year-on-year to BGN 25,893 thousand.

Total income from banking operations



Source: First Investment Bank

The increased cost of funding due to a slow-down of activity in international financing as a source of funding, as well as enhanced competition in attracting deposits on the local market, increased the Bank's interest expense to BGN 115,774 thousand from BGN 84,125 thousand a year ago. A more conservative approach in granting loans, as well as slowed demand, resulted in a 6.1% growth in interest income (H108: 36.3%), to reach BGN 172,595 thousand by end-June 2009. This affected FIBank's income diversity ratio as net interest income formed 65.1% of the Bank's total income from banking operations (H108: 72.4%). Fee and commission income stood at 29.7% (H108: 28.1%) and trading income at 5.4% (H108: 1.7%). For the six months ending June 2009 lower business volumes pushed net fee and commission income down to BGN 25,893 thousand from BGN 30,495 thousand a year earlier.

Net trading income reached BGN 4,712 thousand or 1.5 times more than H108. This resulted from a 15.7% growth in gains from dealing in foreign currencies.

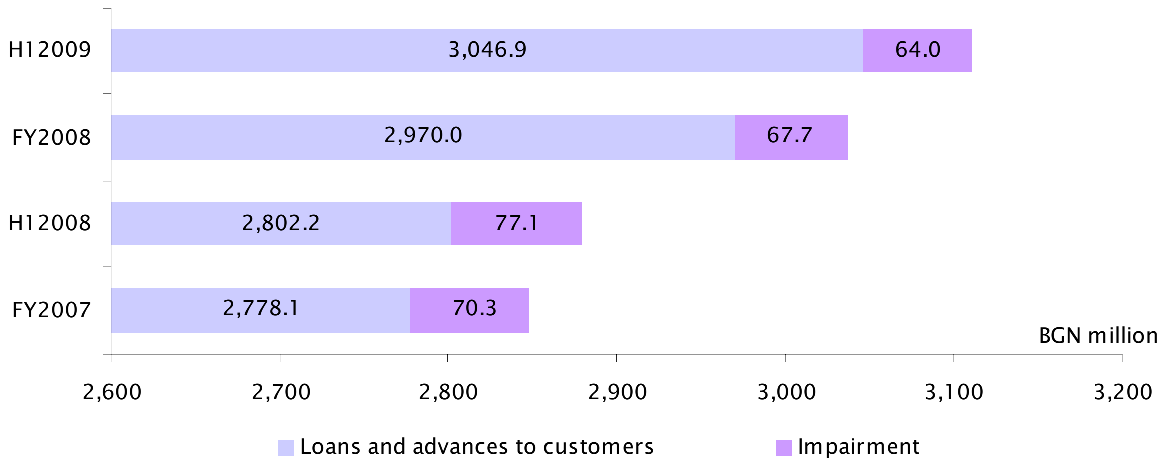
As a result of measures undertaken for cost optimization, general administrative expenses decreased to BGN 70,437 thousand (H108: BGN 72,350 thousand). The cost-to-income ratio remains high at 80.70%, as a result of the overall decrease in income from banking operations.

During the reporting period FIBank made a net reversal of write-downs on the amount of BGN 1,847 thousand as a result of the improved servicing of classified exposures and changed banking regulations.

BALANCE SHEET

As at end-June 2009 FIBank's total assets amounted to BGN 4,192,353 thousand registering a decrease of 1.8% compared to end-December 2008. The decrease resulted from liabilities evidenced by paper repaid on maturity. This was to a great extent compensated by the growth in deposits from the local market as well as by attracted new funding. In terms of assets FIBank maintained sixth position amongst banks in Bulgaria.

Loan portfolio and impairment



Source: First Investment Bank

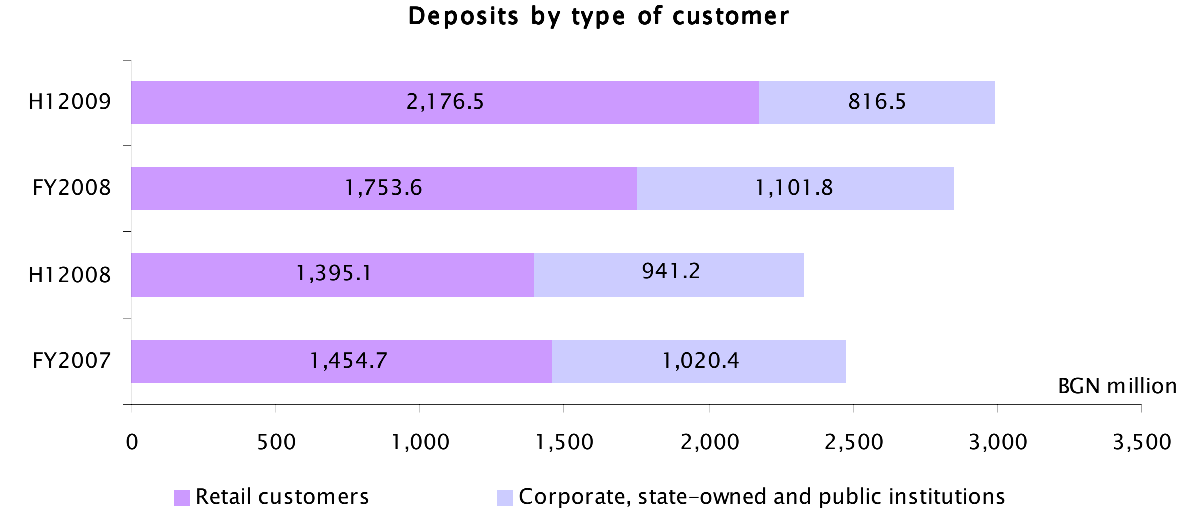
Loans and advances to customers registered an increase of 2.6% (BGN 76,881 thousand) following the policy of a conservative growth of the loan portfolio with heightened risk management criteria. In terms of lending FIBank ranked sixth in the banking system and retained its market position from year end-2008.

The bank's asset quality metrics in H109 remained at good levels, above the average range for the banking system. Loans classified as loss (180+ days overdue) formed 2.4% (2.6% for the banking system) of total loans before allowances, while loans 90+ days overdue reached 3.5% (4.3% for the banking system) of total loans.

Balances with central banks decreased by 31.9% (BGN 240,060 thousand) to BGN 511,804 thousand as amendments in Ordinance №21 for decreasing the minimal required reserves kept in the Central Bank took place. As of 1 January 2009 reserves on attracted funds from the state and local budgets were abolished.

Available for sale investments and financial assets held for trading increased by 26.0% and by 179.6% respectively during the first half of 2009, as part of the Bank's liquidity management. Financial assets held to maturity totalled BGN 34,024 thousand (2008: 62,395 thousand).

On the liability side, customer deposits grew by 4.8% and reached BGN 2,992,983 thousand by end-June 2009 with retail deposits being the main driver. Deposits from credit institutions amounted to BGN 33,517 thousand (2008: BGN 53,034 thousand). In terms of deposits the Bank ranked sixth amongst banks in Bulgaria, thus retaining its year end-2008 market position.



Source: First Investment Bank

As at 30 June 2009 liabilities evidenced by paper decreased by 27% to BGN 608,214 thousand, due to a EUR 65 million syndicated loan repaid on maturity and acceptances under letters of credit on the amount of BGN 186,880 thousand. At the same time new financing from the Bulgarian Development Bank was negotiated on the total amount of BGN 25 million under programmes for the special-purpose financing of commercial banks. As a post-balance sheet event FIBank repaid before maturity a syndicated loan on the amount of EUR 117 million.

Subordinated term debt and perpetual debt totaled BGN 57,069 thousand and BGN 99,653 thousand respectively (2008: BGN 53,852 thousand and BGN 98,658 thousand).

In May 2009 the General Meeting of Shareholders voted to capitalize the entire net profit of First Investment Bank for 2008. This led to an increase in the capital base of the Bank (from BGN 451,322 thousand as at year end-2008 to BGN 487,508 thousand by end-June 2009), as well as in its capital adequacy (from 13.18% to 13.68% respectively). Total shareholders' equity grew as well to reach BGN 392,927 thousand.

FIBank focused on optimizing branch network efficiency. During the first half of 2009 four new offices were opened (in Sofia, Plovdiv and Silistra), while at the same time five were closed (in less busy locations). By end-June 2009 the total number of branches and offices was 170 (2008: 171, H108: 146), including those of the subsidiary bank in Albania. In relation to branch network optimization and the reduction of operating expenses the total number of employees as at 30 June 2009 totalled 2,476 (2008: 2,689, H108: 2,509).

During the reporting period FIBank increased its shareholdings in Diners Club Bulgaria and in First Investment Bank – Albania to 87.93% and to 99.999838% respectively, as a result of a capital increase of the Bank's subsidiaries.

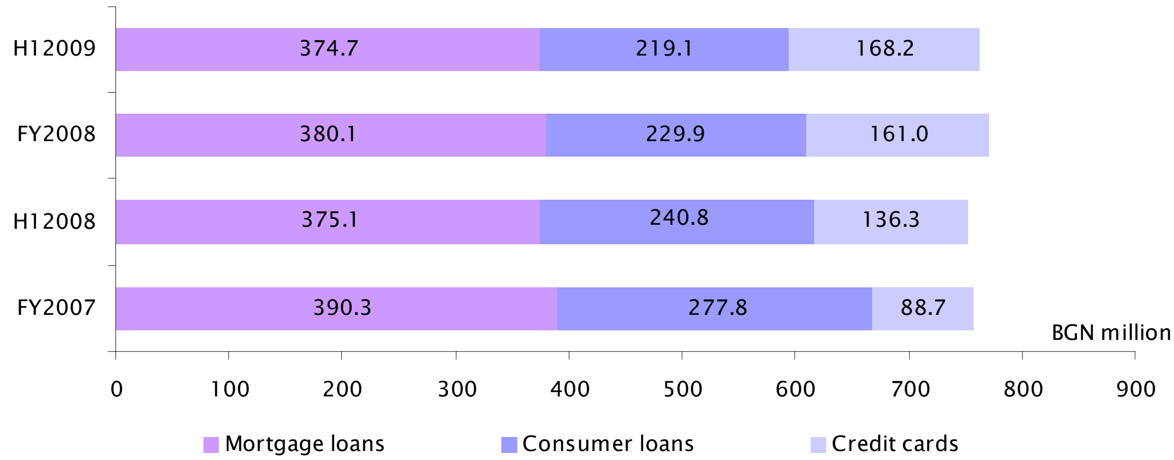
No changes in the Supervisory and the Managing Board of First Investment Bank were made. The shareholders' structure of the Bank remained unchanged as well.

RETAIL BANKING

During the first six months of 2009 FIBank's emphasis on attracting deposits from the local market was furthered. Retail deposits grew by 24.1% (BGN 422,958 thousand) to BGN 2,176,519 thousand. Term deposits surged by 37.2% (BGN 503,836 thousand) at the expense of on-demand deposits that slowed to BGN 317,012 thousand. FIBank continued to offer attractive deposit products – "Free deposit" with a period of one year and a monthly increasing interest. The Bank moved to fifth place in the banking system in terms of this indicator as at end-June 2009.

FIBank developed and offered new loan products, conforming with the changing business environment. During the period a new consumer loan 'Friend' was offered with a maximum amount of BGN 30 thousand and a seven-year repayment period. The Bank offered a special programme for optimizing customers' personal finances in a period when most needed. In this way the Bank continued its policy to be close to customers.

Retail loan portfolio by business line



Source: First Investment Bank

In line with overall market trends the retail loan portfolio fell to BGN 762,045 thousand (BGN 770,962 thousand at year end-2008). Mortgage loans continued to dominate the Bank's retail lending, forming 49.2% of total portfolio to individuals. Consumer loans constituted 28.7% of all retail loans, while credit cards' share increased to 22.1%.

As at end-June 2009 FIBank's market shares were maintained – seventh place in terms of mortgage loans and seventh place in terms of consumer loans.

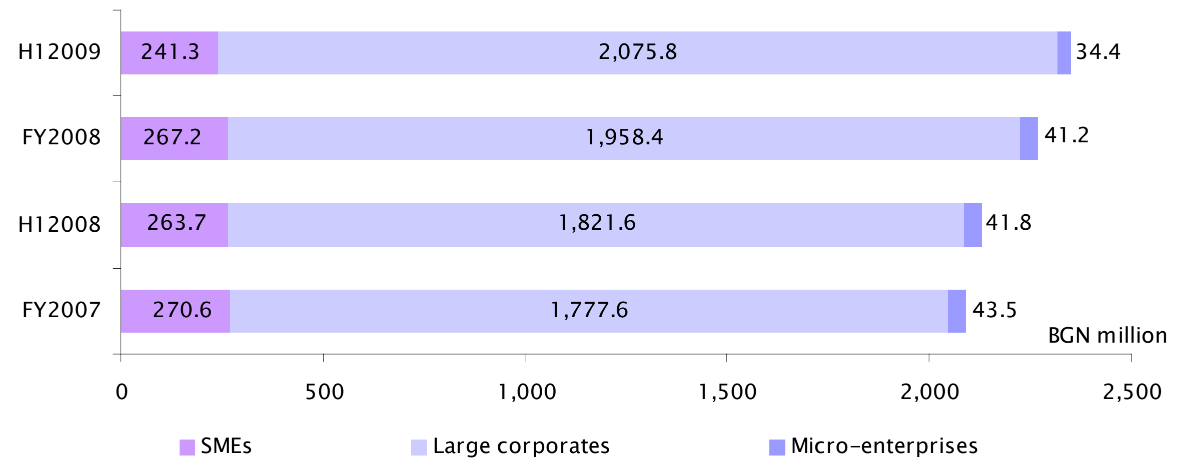
In May 2009 FIBank became the first and only bank in Bulgaria to offer the sale and redemption of investment diamonds to its clients.

CORPORATE BANKING

As at end-June 2009 FIBank's corporate loan portfolio amounted to BGN 2,348,833 thousand and registered an increase of 3.6% or BGN 82,062 thousand compared to end-December 2008. Loans to large corporates were the main driver, as the Bank continued to provide stable support for its loyal customers. The Bank offered a new flexible lending product – BG loan – to its customers with a business in Bulgaria, providing customized options (in terms of repayment period, type of currency etc.) to meet the needs of each business.

FIBank's market share in corporate lending increased to 7.3% and the Bank moved one place up to fifth amongst banks in Bulgaria in terms of this indicator.

Corporate loan portfolio by business line



Source: First Investment Bank

During H109 FIBank signed an agreement with the National Guarantee Fund to provide guarantees of up to 50% of the loans granted to companies with a business history as well as to those with less market experience and to some new ventures. FIBank affirmed its successful cooperation with the Bulgarian Agency for Export Insurance, under whose guarantee schemes FIBank grants loans to SMEs and micro enterprises. As at end-June 2009 the Bank's SME loan portfolio amounted to BGN 241,519 thousand (2008: BGN 267,158 thousand).

For its customers – farmers and agricultural producers – FIBank negotiated a new credit line from the Bulgarian Development Bank on the amount of BGN 5 million. As at end-June 2009 the Bank's microlending portfolio amounted to BGN 34,445 thousand (2008: BGN 41,196 thousand).

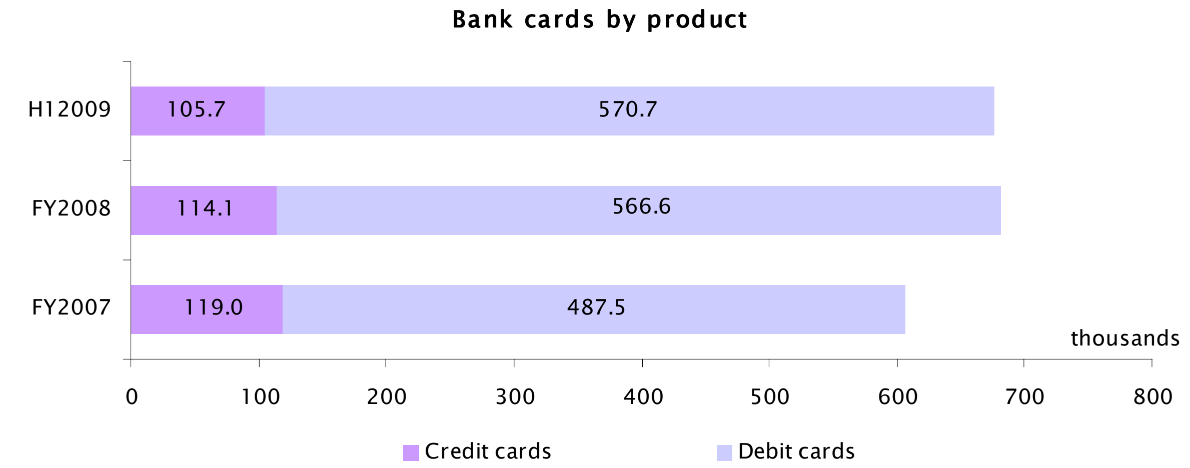
FIBank's deposits from corporate, state-owned and public institutions decreased to BGN 816,464 thousand (2008: BGN 1,101,766 thousand), of which 40.7% represented term deposits and 59.3% current accounts. A contributor to this was a slow-down in cash flows including credit resources and the increased needs of companies for fresh capital.

CARD PAYMENTS

Traditionally strong in the card business, FIBank continued to develop its card products and services with an emphasis on security and diversity. During the first six months of 2009 the Bank launched a new V PAY debit card completely based on EMV chip-compliant technology with PIN verification for each transaction. All electronic operations with the new card are 100% authorized by the Bank-issuer.

In addition a new card service was offered – cash back, providing cardholders (VISA credit card, VISA Electron and V PAY debit card) with cash-on-hand of up to BGN 50 on POS terminals in specific locations (supermarkets, gas stations) within the country.

The Bank's card processing centre in Macedonia (CaSys International S.A.) was successfully certified in compliance with international standard ISO 20000:2005 for IT services management. The certificate is evidence of the maintenance of a high-quality and secure IT infrastructure, which ensures permanent control, higher effectiveness and additional improvements to customers.



Source: First Investment Bank

As at 30 June 2009 the total number of credit cards issued exceeded 105,700 including cards issued by FIBank's subsidiary companies – Diners Club Bulgaria and First Investment Bank – Albania. Debit cards at the same time exceeded 570,700 on a consolidated basis.

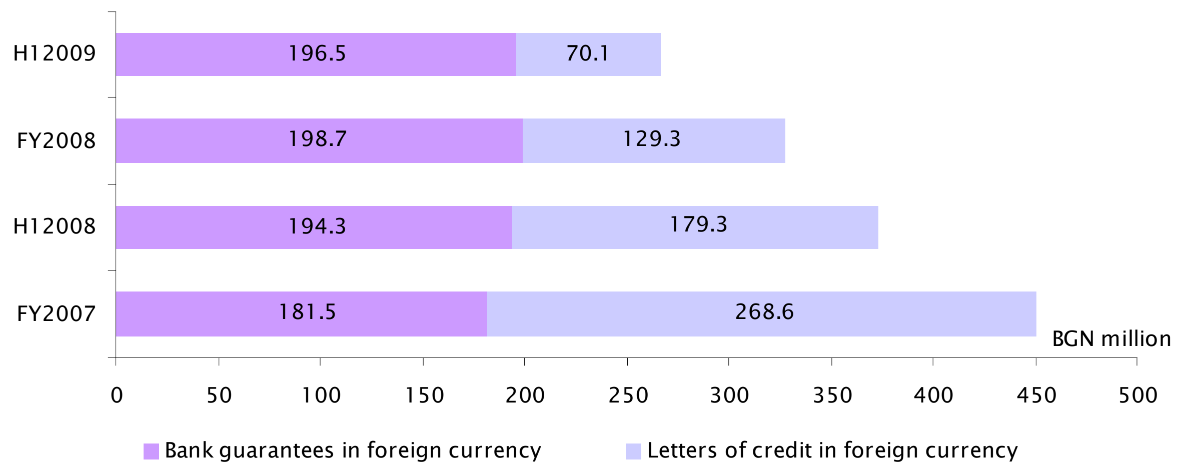
The ATM and POS terminal network expansion continued, as by end-June 2009 the number of ATMs reached 670 (2008: 656), while POS terminals totalled 7,646 (2008: 7,607).

INTERNATIONAL PAYMENTS

During H109 FIBank maintained its reputation as a stable, correct and reliable business partner in the international financial markets. The Bank registered improved market shares in terms of incoming trade finance transactions (from 8.64% to 9.23%) and of incoming foreign currency transfers (from 6.57% to 6.58%) during the reporting period. There was a slight decline in market share, but the Bank maintained its position in terms of outgoing operations (transfers and trade finance) against a background of a slow-down in internal demand and companies' shrinking business volumes.

In June 2009 FIBank became the only bank approved in the Southeast Balkans (Bulgaria, Romania, Macedonia, Albania, Moldavia) to participate in the GSM-102 Programme for facilitating trade and trade financing operations between businesses and banks in the US and the region. The guaranty mechanism, which amounts to USD 25 million for the Southeast Balkans, will help FIBank's customers and more specifically companies that deal with the import of agricultural production to obtain financing from US banks.

Bank guarantees and letters of credit in foreign currency



Source: First Investment Bank

As at end-June 2009 FIBank's bank guarantees and letters of credit in foreign currency decreased by 18.7%, compared to end-December 2008 to total BGN 266,622 thousand, due to slowing down trading volumes in the country.

FIRST INVESTMENT BANK AD

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2009
WITH INDEPENDENT AUDITOR'S REPORT THEREON

KPMG

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

Sofia, 14 October 2009

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of First Investment Bank AD ("the Bank"), which comprise the consolidated statement of financial position as at 30 June 2009, and the consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, adopted by European Commission. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of First Investment Bank AD as at 30 June 2009, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards, adopted by European Commission.

5

Gilbert McCaul
Authorised representative

KPMG Bulgaria OOD
37 Fridtjof Nansen Str.
1142 Sofia
Bulgaria

Специализирано одиторско предприятие
София
Рег. №045
"КПМГ - България" ООД

Margarita Goleva
Registered auditor

0202 Маргарита Голева
Регистриран одитор

Consolidated statement of comprehensive income for the six months ended 30 June 2009

In thousands of BGN

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Interest income		172,595	162,656
Interest expense		(115,774)	(84,125)
Net interest income	6	**56,821**	**78,531**
Fee and commission income		29,569	34,741
Fee and commission expense		(3,676)	(4,246)
Net fee and commission income	7	**25,893**	**30,495**
Net trading income	8	**4,712**	**1,883**
Other operating expenses	9	**(146)**	**(2,441)**
TOTAL INCOME FROM BANKING OPERATIONS		**87,280**	**108,468**
General administrative expenses	10	(70,437)	(72,350)
Impairment (losses)/loss reversals	11	1,847	(7,258)
Other (expenses)/income, net		2,271	(2,095)
PROFIT BEFORE TAX		**20,961**	**26,765**
Income tax expense	12	**(2,949)**	**(2,759)**
GROUP PROFIT AFTER TAX		**18,012**	**24,006**
Other comprehensive income			
Exchange differences on translating foreign operations		(893)	(36)
Avaialble for sale financial assets		7,074	(151)
Other comprehensive income for the period		**6,181**	**(187)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**24,193**	**23,819**
Profit attributable to:			
Owners of the Bank		18,208	24,025
Minority interests		(196)	(19)
Total comprehensive income attributable to:			
Owners of the Bank		24,389	23,838
Minority interests		(196)	(19)
Basic and diluted earnings per share *(in BGN)*	13	**0.17**	**0.22**

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 47.

Gilbert McCaul
Authorised representative
KPMG Bulgaria OOD

Margarita Goleva
Registered auditor

0202 Маргарита Голева
Регистриран одитор

София
Рег. №045
"КПМГ - България" ООД

Consolidated statement of financial position as at 30 June 2009

In thousands of BGN

	Note	30 June 2009	31 December 2008
ASSETS			
Cash and balances with central banks	14	511,804	751,864
Financial assets held for trading	15	27,071	9,681
Available for sale investments	16	361,101	286,623
Financial assets held to maturity	17	34,024	62,395
Loans and advances to banks and financial institutions	18	25,701	10,244
Loans and advances to customers	19	3,046,865	2,969,984
Property and equipment	20	149,186	153,359
Intangible assets	21	5,099	5,631
Other assets	23	31,502	20,970
TOTAL ASSETS		**4,192,353**	**4,270,751**
LIABILITIES AND CAPITAL			
Due to credit institutions	24	33,517	53,034
Due to other customers	25	2,992,983	2,855,327
Liabilities evidenced by paper	26	608,214	832,620
Subordinated term debt	27	57,069	53,852
Perpetual debt	28	99,653	98,658
Deferred tax liability	22	1,861	1,729
Other liabilities	29	6,129	6,797
TOTAL LIABILITIES		**3,799,426**	**3,902,017**
Issued share capital	31	110,000	110,000
Share premium	31	97,000	97,000
Statutory reserve	31	39,861	39,861
Revaluation reserve on available for sale investments	31	607	(6,467)
Reserve from translation of foreign operations	31	(1,706)	(813)
Retained earnings	31	147,052	129,095
SHAREHOLDERS' EQUITY		**392,814**	**368,676**
Minority interests	31	113	58
TOTAL GROUP EQUITY		**392,927**	**368,734**
TOTAL LIABILITIES AND GROUP EQUITY		**4,192,353**	**4,270,751**

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 5 to 47.

Gilbert McCaul
Authorised representative
KPMG Bulgaria OOD

Margarita Goleva
Registered auditor

Специализирано одиторско предприятие
София
Рег. №045
"КПМГ - България" ООД

0202 Маргарита Голева
Регистриран одитор

Consolidated statement of cash flows for the six months ended 30 June 2009

In thousands of BGN

	Six months ended 30 June 2009	Six months ended 30 June 2008
Net cash flow from operating activities		
Profit for the period	18,012	24,006
Adjustment for non-cash items		
Impairment losses/(loss reversals)	(1,847)	7,258
Depreciation and amortisation	9,657	7,809
Income tax expense	2,949	2,759
(Profit)/loss from sale and derecognition of tangible and intangible fixed assets	(5,954)	149
	22,817	**41,981**
Change in operating assets		
(Increase)/decrease in financial instruments held for trading	(17,390)	2,202
(Increase)/decrease in available for sale investments	(67,404)	51,149
(Increase) in loans and advances to banks and financial institutions	(18,636)	(509)
(Increase) in loans to customers	(75,034)	(31,363)
(Increase) in other assets	(10,532)	(14,661)
	(188,996)	**6,818**
Change in operating liabilities		
Increase/(decrease) in deposits from banks	(19,517)	9,840
Increase/(decrease) in amounts owed to other depositors	137,656	(138,871)
Net (decrease) in other liabilities	(2,846)	(758)
	115,293	**(129,789)**
Income tax paid	(1,532)	(2,873)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(52,418)**	**(83,863)**
Cash flow from investing activities		
(Purchase) of tangible and intangible fixed assets	(6,610)	(27,750)
Sale of tangible and intangible fixed assets	7,612	324
Decrease of investments	28,371	34,642
NET CASH FLOW FROM INVESTING ACTIVITIES	**29,373**	**7,216**
Financing activities		
(Decrease) in borrowings	(220,194)	(23,562)
NET CASH FLOW FROM FINANCING ACTIVITIES	**(220,194)**	**(23,562)**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	**(243,239)**	**(100,209)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**761,914**	**800,665**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (see note 33)	**518,675**	**700,456**

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 5 to 47.

Gilbert McCaul
Authorised representative
KPMG Bulgaria OOD

Margarita Goleva
Registered auditor

София
Рег. №045
"КПМГ - България" ООД

0202 Маргарита Голева
Регистриран одитор

Consolidated statement of changes in equity for the six months ended 30 June 2009

In thousands of BGN

	Share capital	Share premium	Retained earnings	Revaluation reserve on available for sale investments	Reserve from translation of foreign operations	Statutory reserve	Minority interests	Total
Balance as at 1 January 2008	**110,000**	**97,000**	**79,858**	**(350)**	**(515)**	**39,861**	**125**	**325,979**
Revaluation reserve on available for sale investments	-	-	-	(151)	-	-	-	(151)
Reserve from translation of foreign operations	-	-	-	-	(36)	-	-	(36)
Profit for the six months ended 30 June 2008	-	-	24,025	-	-	-	(19)	24,006
Balance as at 30 June 2008	**110,000**	**97,000**	**103,883**	**(501)**	**(551)**	**39,861**	**106**	**349,798**
Balance as at 1 January 2009	**110,000**	**97,000**	**129,095**	**(6,467)**	**(813)**	**39,861**	**58**	**368,734**
Revaluation reserve on available for sale investments	-	-	-	7,074	-	-	-	7,074
Reserve from translation of foreign operations	-	-	-	-	(893)	-	-	(893)
Movement related to the changes in minority interest's shareholding	-	-	(251)	-	-	-	251	-
Profit for the six months ended 30 June 2009	-	-	18,208	-	-	-	(196)	18,012
Balance as at 30 June 2009	**110,000**	**97,000**	**147,052**	**607**	**(1,706)**	**39,861**	**113**	**392,927**

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 5 to 47.

The financial statements have been approved by the Managing Board on 14 October 2009 and signed on its behalf by:

Matthew Mateev
Chairman of the Managing Board, Executive Director

Evgeni Lukanov
Executive Director

Jordan Skortchev
Executive Director

Maya Georgieva
Executive Director

Radoslav Milenkov
Chief Financial Officer

Gilbert McCaul
Authorised representative
KPMG Bulgaria OOD

Специализирано одиторско предприятие
София
Рег. №045
"КПМГ - България" ООД

Margarita Goleva
Registered auditor

0202 Маргарита Голева
Регистриран одитор

Notes to the financial statements

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 37 Dragan Tzankov Blvd.

The Bank has a general banking license issued by the Bulgarian National Bank (BNB) according to which it is allowed to conduct all banking transactions permitted by the Bulgarian legislation.

As a result of a successful initial public offering (IPO) of new shares on the Bulgarian Stock Exchange – Sofia the Bank is registered as a public company at the Register of the Financial Supervision Commission in accordance with the provisions of the Bulgarian Public Offering of Securities Act on 13 June 2007.

The consolidated financial statements of the Bank as at and for the six months ended 30 June 2009 comprise the Bank and its subsidiaries (see note 36), together referred to as the “Group”.

The Group has foreign operatios in Cyprus and Albania.

(b) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Commission.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2 (p).

(c) Basis of preparation

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

The Group has made certain reclassifications to the financial statements as of 31 December 2008 in order to provide more clear and precise comparison figures.

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.

2. Significant accounting policies

(a) Income recognition

Interest income and expense is recognised in profir or loss 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.

2. Significant accounting policies, continued

(a) Income recognition, continued

Fee and commission income arises on financial services provided by the Group 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 Group. Control exists when the Group 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 Group and the special purpose entity indicates that the special purpose entity is controlled by the Group. 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 Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Bulgarian leva, which is the Group's functional and presentation currency.

(ii) Transactions and balances

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 profit or loss. Translation differences on non-monetary items are included in other comprehensive income.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated to Bulgarian leva at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Bulgarian leva at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. The functional currency of the foreign operations in Cyprus is determined by the management to be the Euro. The functional currency of the foreign operations in Albania is determined by the management to be the Albanian lek.

2. Significant accounting policies, continued

(d) Financial assets

The Group 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 Group 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 Group has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category shall be 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) Recognition

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, in the case of a financial asset not at fair value through profit or loss, transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Group has transferred substantially all risks and rewards of ownership.

(vi) Measurement

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 recognised in profit or loss. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, until the financial asset is derecognised or impaired

2. Significant accounting policies, continued

(d) Financial assets, continued

(vi) Measurement, continued

at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified in profit or loss.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

(vii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions with the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

The next table analyses the financial instruments measured at fair value by valuation models, excluding investments in equity instruments measured at cost.

2. Significant accounting policies, continued

(d) Financial assets, continued

(vii) Fair value measurement, continued

in thousands of BGN	**Observable market prices in active markets**	**Valuation techniques - using market data**	**Total**
30 June 2009			
Financial assets held for trading	27,071	-	27,071
Available for sale investments	320,796	38,267	359,063
Total	**347,867**	**38,267**	**386,134**
31 December 2008			
Financial assets held for trading	9,681	-	9,681
Available for sale investments	229,845	54,740	284,585
Total	**239,526**	**54,740**	**294,266**

(e) Cash and cash equivalents

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

(f) Investments

Investments that the Group holds for the purpose of short-term profit taking are classified as trading instruments. Debt investments that the Group 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 Group enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised in loans to either banks or customers. The receivables are shown as collateralised by the underlying security. Investments sold under repurchase agreements continue to be recognised in the 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 purchase (sale) and resell (repurchase) considerations is recognised on an accrual basis over the period of the transaction and is included in interest income (expenses).

2. Significant accounting policies, continued

(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 recognised in profit or loss over the period of the borrowings using the effective yield method.

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

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(j) Impairment

The carrying amounts of the Group'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 profit or loss.

(i) Loans and advances

The amount of the loss is determined as the difference between the assets's carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. If a loan has a variable interest rate, the discount rate is the current effective interest rate determined under the contract. Short-term balances are not discounted. Calculation of the present value of estimated future cash flows includes interest and principal repayments as well as the cash flows that could arise from high-liquid collateral.

Loans and advances are presented net of specific and general allowances for impairment. The carrying amount of the assets is reduced through use of an allowance account. Specific allowances are made against the carrying amount of loans and advances for which objective evidence of impairment exists as a result of past events that occurred after the initial recognition of the asset. Objective evidence of impairment include significant financial difficulty of the obligor; a breach of contract, such as a default or delinquency in interest or principal payments; the borrower will probably enter bankruptcy; observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets. General allowances are maintained to reduce the carrying amount of portfolios of loans and advances with similar credit risk characteristics that are collectively assessed for impairment. The expected cash flows for portfolios of similar assets are estimated on the basis of historical loss experience for assets with characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. Increases in the allowance account are recognised in profit or loss. 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.

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 allowance reversal is recognised in profit or loss.

2. Significant accounting policies, continued

(j) Impairment, continued

(ii) Available for sale financial assets

If there is objective evidence that an impairment loss has been incurred on an equity instrument not carried at fair value, the amount of the loss is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the current market rate of return.

When an asset remeasured to fair value through other comprehensive income is impaired, the decline in the fair value of the asset that had been previously recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised.

If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be related to an event after the impairment loss recognition, the impairment loss is reversed and recognised in profit or loss.

(k) Property, plant and equipment

Items of property, plant and equipment are stated in the balance sheet at their acquisition cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis at prescribed rates designed to decrease the cost of fixed assets over their expected useful lives. The following are approximations of the annual rates used:

Assets	%
▪ Buildings	3 - 4
▪ Equipment	10 - 33
▪ Fixtures and fittings	10 - 20
▪ Vehicles	10 - 20
▪ Leasehold improvements	3 - 67

Assets are not depreciated until they are brought into use and transferred from assets in the course of construction into the relevant asset category.

(l) Intangible assets

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated on a straight-line basis over the expected useful life of the asset. The annual rates of amortisation are as follows:

Assets	%
▪ Licences	10 - 20
▪ Computer software	10 - 33

(m) Provisions

A provision is recognised in the balance sheet when the Group 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.

2. Significant accounting policies, continued

(n) Acceptances

An acceptance is created when the Group agrees to pay, at a stipulated future date, a draft drawn on it for a specified amount. The Group's acceptances primarily arise from documentary credits stipulating payment for the goods to be made a certain number of days after receipt of required documents. The Group negotiates most acceptances to be settled at a later date following the reimbursement from the customers. Acceptances are accounted for as liabilities evidenced by paper.

(o) 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 profit or loss, except to the extent that it relates to items previously recognised either in other comprehensive income or directly in equity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Impairment losses on loans and advances

The Group reviews its loan portfolios to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group 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.

2. Significant accounting policies, continued

(p) Critical accounting estimates and judgements in applying accounting policies, continued

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the overall provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options.

(r) New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the six months ended 30 June 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the Group.

(s) Changes in the accounting policy

- IAS 1 *Presentation of Financial Statements*

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied to the financial statements for the six months ended 30 June 2009.

Comparative information has been presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on net profit and earnings per share.

- IFRS 8 *Operating Segments*

As of 1 January 2009 the Group determines and presents operating segments in accordance with IFRS 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on net profit and earnings per share.

An operating segment is a component, that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Risk management disclosures

A. Trading activities

The Group maintains active trading positions in a limited number of non-derivative financial instruments. Most of the Group's trading activities are customer driven. In anticipation of customer demand, the Group carries an inventory of money market instruments and maintains access to market liquidity by trading with other market makers. These activities constitute the proprietary trading business and enable the Group to provide customers with money market products at competitive prices.

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

The Group operates in the condition of a dynamically developing global financial and economic crisis. Its further extension might result in negative implications on the financial position of the Group. The management of the Group performs daily monitoring over all positions of assets and liabilities, income and expenses, as well as the development of the international financial markets, applying the best banking practices. The management based on this analyses profitability, liquidity and the cost of funds and implements adequate measures in respect to credit, market (primarily interest rate) and liquidity risk, thus limiting the possible negative effects from the global financial and economic crisis. In this way the Group responds to the challenges of the market environment, maintaining a stable capital and liquidity position.

(i) Credit risk

Default risk is the risk that counterparts to financial instruments might default on their obligations. Default risk is monitored on an ongoing basis subject to Group's internal risk management procedures and is controlled through minimum thresholds for the credit quality of the counterpart and setting limits on exposure amount. Exposures arising from trading activities are subject to total exposure limits and are authorised by the appropriate person or body as set out in credit risk management procedures.

Settlement risk is the risk of loss due to counterpart failing to deliver value (cash, securities or other assets) under contractually agreed terms. When trades are not cleared through clearing agent settlement risk is limited through simultaneous commencement of the payment and delivery legs.

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group assumes market risk when taking positions in debt instruments, equities, derivatives and foreign exchange transactions. These risks are managed by enforcing limits on positions taken and their risk sensitivities as measured by value-at-risk, duration or other measures appropriate for particular position in view of its sensitivity to risk factors. The major risk factors that affect Group's trading activities are changes of interest rates (interest rate risk), changes of exchange rates (foreign exchange risk) and changes of equity prices (equity price risk).

Exposure to market risk is formally managed in accordance with risk limits set by senior management by buying or selling instruments.

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, it may not be fully reflective of the value that could be realised under the current circumstances.

3. Risk management disclosures, continued

A. Trading activities, continued

(ii) Market risk, continued

The quantitative measurement of interest rate risk is performed by applying VaR (Value at Risk) approach. The Value at Risk estimates the maximum loss that could occur over specified horizon, under normal market conditions, due to adverse changes in market rates if the positions remain unchanged for the specified time interval. Value at risk is calculated using one day horizon and 99% confidence level, meaning that there is 1% probability that a portfolio will incur a loss in one day greater than its VaR. Parameters of the VaR model are estimated on the basis of exponentially weighted historical price changes of risk factors.

The Value at Risk is calculated and monitored on a daily basis as part of the Group's ongoing risk management. The following table summarises the range of interest rate VaR for all positions carried at fair value that was experienced in the first half of 2009:

	30 June	**Six months ended 30 June 2009**			**31 December**
in thousands of BGN	**2009**	**average**	**low**	**high**	**2008**
VaR	973	1,715	973	2,648	1,373

B. Non-trading activities

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

(i) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturity and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame to meet the liability obligations.

Funds are raised using a broad range of instruments including deposits, 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 Group makes its best efforts to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturity. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Group strategy.

3. **Risk management disclosures, continued**

B. **Non-trading activities, continued**

(i) Liquidity risk, continued

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

Maturity table as at 30 June 2009

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	511,804	-	-	-	-	**511,804**
Financial assets held for trading	27,071	-	-	-	-	**27,071**
Available for sale investments	-	58,583	199,825	100,655	2,038	**361,101**
Financial assets held to maturity	597	-	18,414	15,013	-	**34,024**
Loans and advances to banks and financial institutions	10,782	-	-	14,919	-	**25,701**
Loans and advances to customers	281,128	140,952	626,143	1,998,642	-	**3,046,865**
Property and equipment	-	-	-	-	149,186	**149,186**
Intangible assets	-	-	-	-	5,099	**5,099**
Other assets	31,502	-	-	-	-	**31,502**
Total assets	**862,884**	**199,535**	**844,382**	**2,129,229**	**156,323**	**4,192,353**
Liabilities						
Due to credit institutions	13,454	20,063	-	-	-	**33,517**
Due to other customers	1,150,832	898,840	876,375	66,936	-	**2,992,983**
Liabilities evidenced by paper	116,607	127,946	248,346	115,315	-	**608,214**
Subordinated term debt	-	-	-	57,069	-	**57,069**
Perpetual debt	-	-	-	-	99,653	**99,653**
Deferred tax liability	-	-	-	-	1,861	**1,861**
Other liabilities	6,129	-	-	-	-	**6,129**
Total liabilities	**1,287,022**	**1,046,849**	**1,124,721**	**239,320**	**101,514**	**3,799,426**
Net liquidity gap	**(424,138)**	**(847,314)**	**(280,339)**	**1,889,909**	**54,809**	**392,927**

3. Risk management disclosures, continued

B. Non-trading activities, continued

(i) Liquidity risk, continued

Maturity table as at 31 December 2008

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	751,864	-	-	-	-	**751,864**
Financial assets held for trading	9,681	-	-	-	-	**9,681**
Available for sale investments	58,599	78,053	58,288	89,645	2,038	**286,623**
Financial assets held to maturity	8,858	10,645	2,800	40,092	-	**62,395**
Loans and advances to banks and financial institutions	10,244	-	-	-	-	**10,244**
Loans and advances to customers	264,034	231,804	533,501	1,940,614	31	**2,969,984**
Property and equipment	-	-	-	-	153,359	**153,359**
Intangible assets	-	-	-	-	5,631	**5,631**
Other assets	20,970	-	-	-	-	**20,970**
Total assets	**1,124,250**	**320,502**	**594,589**	**2,070,351**	**161,059**	**4,270,751**
Liabilities						
Due to credit institutions	53,034	-	-	-	-	**53,034**
Due to other customers	1,130,154	569,565	1,077,328	78,280	-	**2,855,327**
Liabilities evidenced by paper	60,594	62,929	627,241	81,856	-	**832,620**
Subordinated term debt	-	-	-	53,852	-	**53,852**
Perpetual debt	-	-	-	-	98,658	**98,658**
Deferred tax liability	-	-	-	-	1,729	**1,729**
Other liabilities	6,797	-	-	-	-	**6,797**
Total liabilities	**1,250,579**	**632,494**	**1,704,569**	**213,988**	**100,387**	**3,902,017**
Net liquidity gap	**(126,329)**	**(311,992)**	**(1,109,980)**	**1,856,363**	**60,672**	**368,734**

As at 30 June 2009 the thirty largest non-bank depositors represent 13.73% of total deposits from other customers (2008: 23.38%).

3. Risk management disclosures, continued

B. Non-trading activities, continued

(i) Liquidity risk, continued

The following table provides a remaining maturities analysis of the financial liabilities of the Group as at 30 June 2009 based on the contractual undiscounted cash flows.

In thousands of BGN	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**Over 1 year**	**Maturity not defined**	**Total**
Due to credit institutions	13,459	20,310	-	-	-	**33,769**
Due to other customers	1,152,464	910,731	918,915	77,533	-	**3,059,643**
Liabilities evidenced by paper	116,854	129,049	256,352	133,168	-	**635,423**
Subordinated term debt	-	-	-	115,946	-	**115,946**
Perpetual debt	-	6,601	4,775	68,254	93,880	**173,510**
Total financial liabilities	**1,282,777**	**1,066,691**	**1,180,042**	**394,901**	**93,880**	**4,018,291**

(ii) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices, such as the Bulgarian Base Interest Rate, the LIBOR and EURIBOR, although these indices tend to move in high correlation. In addition, the actual effect will depend on a number of other factors, including the extent to which repayments are made earlier or later than the contracted dates and variations in interest rate sensitivity within repricing periods and among currencies.

In order to quantify the interest rate risk of its non-trading activities, the Group measures the impact of a change in the market rates both on net interest income and on the Group's economic value defined as the difference between fair value of assets and fair value of liabilities. The interest rate risk on the economic value of the Group following a standardised shock of +100bp/-100bp as at 30 June 2009 is BGN +2.3/-2.3 Mio. The interest rate risk on the Group's net interest income one year forward following a standardised shock of +100bp/-100bp as at 30 June 2009 is BGN +0.8/-0.8 Mio.

3. Risk management disclosures, continued

***B.* Non-trading activities, continued**

(ii) Market risk, continued

Interest rate risk, continued

The following table indicates the effective interest rates at 30 June 2009 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	179,157	0.20%	23,950	155,207	-	-	-
Financial assets held for trading	23,828	5.01%	-	-	-	13,156	10,672
Available for sale investments	359,063	2.11%	44,883	-	58,583	199,825	55,772
Financial assets held to maturity	34,024	3.25%	8,302	597	-	18,414	6,711
Loans and advances to banks and financial institutions	22,599	6.07%	7,529	6,959	-	-	8,111
Loans and advances to customers	3,028,665	12.10%	2,491,128	72,859	29,099	137,278	298,301
Non-interest earning assets	545,017	-	-	-	-	-	-
Total assets	**4,192,353**		**2,575,792**	**235,622**	**87,682**	**368,673**	**379,567**
Liabilities							
Due to credit institutions	33,516	4.30%	1,219	12,234	20,063	-	-
Due to other customers	2,976,855	6.39%	1,296,721	311,373	762,219	580,131	26,411
Liabilities evidenced by paper	608,150	5.06%	316,835	116,542	124,945	19,978	29,850
Subordinated term debt	57,069	13.50%	-	-	-	-	57,069
Perpetual debt	99,653	12.51%	-	-	-	-	99,653
Non-interest bearing liabilities	24,183	-	-	-	-	-	-
Total liabilities	**3,799,426**		**1,614,775**	**440,149**	**907,227**	**600,109**	**212,983**

3. **Risk management disclosures, continued**

B. **Non-trading activities, continued**

(ii) ***Market risk, continued***

Interest rate risk, continued

The following table indicates the effective interest rates at 31 December 2008 and the periods in which financial liabilities and assets reprice.

In thousands of BGN				**Fixed rate instruments**			
	Total	**Weighted average effective interest rate**	**Floating 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	155,873	1.99%	47,625	108,248	-	-	-
Financial assets held for trading	5,476	4.31%	-	-	-	-	5,476
Available for sale investments	284,585	3.08%	45,797	58,599	78,053	58,288	43,848
Financial assets held to maturity	62,394	3.37%	18,197	8,858	10,644	2,800	21,895
Loans and advances to banks and financial institutions	6,231	2.84%	1,674	4,557	-	-	-
Loans and advances to customers	2,932,968	10.89%	2,503,319	21,745	11,540	161,697	234,667
Non-interest earning assets	823,224	-	-	-	-	-	-
Total assets	**4,270,751**		**2,616,612**	**202,007**	**100,237**	**222,785**	**305,886**
Liabilities							
Due to credit institutions	53,034	4.68%	1,379	51,655	-	-	-
Due to other customers	2,844,371	5.32%	1,905,735	82,127	154,150	215,716	486,643
Liabilities evidenced by paper	832,619	7.05%	439,142	60,594	62,929	264,060	5,894
Subordinated term debt	53,852	13.10%	-	-	-	-	53,852
Perpetual debt	98,658	12.51%	-	-	-	-	98,658
Non-interest bearing liabilities	19,483	-	-	-	-	-	-
Total liabilities	**3,902,017**		**2,346,256**	**194,376**	**217,079**	**479,776**	**645,047**

3. **Risk management disclosures, continued**

B. **Non-trading activities, continued**

(ii) Market risk, continued

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk through transactions in foreign currencies and on financial instruments that are denominated in a foreign currency.

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 Group presents it financial statements is the Bulgarian lev, the Group's financial statements are effected by movements in the exchange rates between the Bulgarian lev and currencies other than the Euro.

The Group's transactional exposures give rise to foreign currency gains and losses that are recognised as net trading income in profit or loss. These exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the presentation currency of the Group. These exposures were as follows:

In thousands of BGN	**30 June 2009**	**31 December 2008**
Monetary assets		
Euro	2,354,552	2,179,633
US dollar	276,922	241,828
Other	72,252	49,266
Gold	7,518	7,848
Monetary liabilities		
Euro	2,170,287	2,151,577
US dollar	279,540	241,744
Other	73,552	52,386
Gold	-	-
Net position		
Euro	184,265	28,056
US dollar	(2,618)	84
Other	(1,300)	(3,120)
Gold	7,518	7,848

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

3. Risk management disclosures, continued

B. Non-trading activities, continued

(iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group is subject to credit risk through its lending activities and in cases where it acts as an intermediary on behalf of customers or other third parties or issues contingent liabilities. 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 Group's primary exposure to credit risk arises through its loans and advances. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. These exposures are as follows:

30 June 2009 *In thousands of BGN*

Class of exposure	**Gross amount of loans and advances to customers**	**Carrying amount of loans and advances to customers**
Collectively impaired		
Standard	2,950,439	2,947,274
Individually impaired		
Watch	52,657	50,289
Nonperforming	31,868	26,186
Loss	75,914	23,116
Total	**3,110,878**	**3,046,865**

31 December 2008 *In thousands of BGN*

Class of exposure	**Gross amount of loans and advances to customers**	**Carrying amount of loans and advances to customers**
Collectively impaired		
Standard	2,911,251	2,907,981
Individually impaired		
Watch	27,620	26,379
Substandard	19,062	12,114
Nonperforming	79,800	23,510
Total	**3,037,733**	**2,969,984**

In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credits and issue contingent liabilities (see note 32).

3. Risk management disclosures, continued

B. Non-trading activities, continued

(iii) Credit risk, continued

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 Group's investments, loans and advances and off-balance sheet commitments.

Total economic sector credit risk concentrations in loans and advances to customers are presented in the table below.

In thousands of BGN	**30 June 2009**	**31 December 2008**
Trade	680,363	649,185
Industry	724,718	708,836
Services	189,950	187,411
Finance	13,522	13,280
Transport, logistics	188,769	148,266
Communications	49,179	46,836
Construction	152,127	145,293
Agriculture	75,498	85,620
Tourist services	107,502	112,973
Infrastructure	105,523	106,212
Private individuals	770,667	780,481
Other	53,060	53,340
Less allowance for impairment	(64,013)	(67,749)
Total	**3,046,865**	**2,969,984**

The Group has extended loans to enterprises involved in different types of activities but within the same economic sector - industry. As such the exposures share a similar industry risk. There are three such groups of enterprises at 30 June 2009 with total exposures amounting to BGN 40,962 thousand (2008: BGN 40,968 thousand) - ferrous and non-ferrous metallurgy, BGN 78,440 thousand (2008: BGN 77,149 thousand) – mining industry and BGN 105,509 thousand (2008: BGN 107,972 thousand) - power engineering.

The Group has extended loans and issued contingent liabilities to 15 individual clients or groups (2008: 16) with each individual exposure exceeding 10% of the capital base of the Group and based on the book value of the corresponding credit facility. The total amount of these exposures is BGN 1,009,980 thousand which represents 207.17% of the Group's capital base (2008: BGN 1,109,642 thousand which represented 245.86%of capital base) of which BGN 858,151 thousand (2008: BGN 938,241 thousand) represent loans and BGN 151,829 thousand (2008: BGN 171,401 thousand) represent guarantees, letters of credit and other commitments. Exposures secured by cash have been excluded from the calculation of the large exposures.

3. Risk management disclosures, continued

B. Non-trading activities, continued

(iii) Credit risk, continued

The loans extended in Cyprus amount to BGN 173,774 thousand (2008: BGN 130,871 thousand) and in Albania – BGN 22,197 thousand (2008: BGN 23,419 thousand).

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 Group's policy is to require suitable collateral to be provided by customers prior to the disbursement of approved loans. Guarantees and letters of credit are also subject to strict credit assessments before being provided. The agreements specify monetary limits to the Group'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 mortgage, cash, pledge of inventory, listed investments or other property.

The table below shows a breakdown of total loans and advances extended to customers by the Group by type of collateral, excluding credit cards in the amount of BGN 168,219 thousands (2008: BGN 160,963 thousands):

In thousands of BGN	**30 June 2009**	**31 December 2008**
Mortgage	1,321,839	1,364,319
Pledge of receivables	214,891	416,239
Pledge of commercial enterprise	487,531	286,287
Securities	64,398	144,981
Bank guarantee	3,516	2,135
Other guaranties	247,822	130,084
Pledge of goods	143,515	111,366
Pledge of machines	256,186	229,057
Money deposit	31,162	38,735
Stake in capital	26,554	36,559
Gold	18	33
Other collateral	136,365	100,752
Unsecured	8,862	16,223
Total	**2,942,659**	**2,876,770**

Other collateral position includes insurance policies limited up to the insurance amount, future money transfers to account, other proceeds as salaries transfers and other.

3. Risk management disclosures, continued

C. Capital adequacy

The Group's lead regulator, the Bulgarian National Bank (BNB) sets and monitors capital requirements both on consolidated and stand-alone basis. Individual banking operations are directly supervised by their local regulators. BNB issued Ordinance 8 on Capital Adequacy of Credit Institutions effective from 1 January 2007 that is the Bulgarian supervisory implementation of the International Convergence of Capital Measurement and Capital Standards (Revised Framework), known as Basel II and complies with EU Directives 2006/48/EC and 2006/49/EC and their amendments. In implementing current capital requirements the Group is required to maintain a minimum prescribed ratio of 12% of total capital to total risk-weighted assets. Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group calculates requirements for credit risk for its exposures in banking and trading portfolios based on standardised approach defined by the BNB. Exposures are taken into account using their balance sheet amount. Off-balance-sheet credit related commitments are taken into account by applying different categories of conversion factors (0%, 20%, 50%, 100%), designed to convert these items into balance sheet equivalents. The resulting equivalent amounts are then weighted for risk using different percentages (0%, 20%, 50%, 100%) depending on the class of exposure and its credit rating assessment. Various credit risk mitigation techniques are used, for example collateralised transactions and guarantees. Forwards and options based derivative instruments are weighted for counterparty credit risk.

In addition, the Group is required to hold capital for operational risk. The basic indicator approach is used. Required capital is equal to the average gross annual income over the previous three years multiplied by a fixed percentage (15%). Respective risk weighted assets are calculated by further multiplication by 12.5.

The Group's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, statutory reserve, other general reserves, retained earnings from past years, current half-year audited profit, translation reserve and minority interests after deductions for goodwill and other intangible assets and unrealised loss from available for sale investments.
- Tier 2 capital, which includes qualifying subordinated liabilities, namely perpetual debt and subordinated term debt.

Following limits are applied to elements of the capital base. Qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated loan capital may not exceed 50 percent of tier 1 capital. Deductions from capital base include specific provisions for credit risk.

The Group has complied with all capital requirements.

3. Risk management disclosures, continued
C. Capital adequacy, continued

Capital adequacy level is as follows:

In thousands of BGN	Balance sheet/notional amount		Risk weighted amount	
	30 June 2009	**31 December 2008**	**30 June 2009**	**31 December 2008**
Risk weighted assets for credit risk				
Balance sheet assets				
Exposure class				
Central governments and central banks	557,175	714,120	10,030	10,814
Multirateral development banks	26,854	1,000	-	-
Institutions	244,697	231,482	57,101	75,068
Corporates	2,012,616	1,910,057	1,990,830	1,872,264
Retail	565,911	594,829	553,019	580,142
Claims secured by residential property	411,226	451,855	205,613	225,928
Past due exposures*	48,138	-	48,138	-
Collective investment undertaking	1,929	1,964	1,929	1,964
Other items	308,925	346,296	183,684	179,474
TOTAL	**4,177,471**	**4,251,603**	**3,050,344**	**2,945,654**
Off-balance sheet items				
Exposure class				
Central governments and central banks	782	-	-	-
Institutions	19,552	17,879	4,900	8,157
Corporates	488,021	653,005	170,307	205,413
Retail	250,640	274,811	5,266	1,078
Claims secured by residential property	6,672	8,069	1,635	1,963
Other items	-	-	25	28
TOTAL	**765,667**	**953,764**	**182,133**	**216,639**
Derivatives				
Exposure class				
Institutions	1,517	1,359	303	272
Corporates	1313	19	1313	19
TOTAL	**2,830**	**1,378**	**1,616**	**291**
Total risk-weighted assets for credit risk			**3,234,093**	**3,162,584**
Risk-weighted assets for market risk			**3,712**	**3,250**
Risk-weighted assets for operational risk			**327,113**	**259,025**
Total risk-weighted assets			**3,564,918**	**3,424,859**

Capital adequacy ratios	**Capital**		**Capital ratios %**	
	30 June 2009	**31 December 2008**	**30 June 2009**	**31 December 2008**
Tier 1 Capital	**362,910**	**328,859**	**10.18%**	**9.60%**
Total capital base	**487,508**	**451,322**	**13.68%**	**13.18%**

*new exposure class from March 2009

4. Segment Reporting

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

Measurement and reporting of segment assets and liabilities and segment revenues and expenses are based on the accounting policies set out in the accounting policy note.

Transactions between segments are conducted on an arm's length basis.

The Group operates principally in Bulgaria, but also has operations in Cyprus and Albania.

In presenting information on the basis of geographical segments, income and expenses are allocated based on the location of the Group affiliate that generates them. Segment assets and liabilities are allocated based on their geographical location.

In thousands of BGN	**Bulgarian operations**		**Foreign operations**		**Total**	
	Six months ended 30 June 2009	**Six months ended 30 June 2008**	**Six months ended 30 June 2009**	**Six months ended 30 June 2008**	**Six months ended 30 June 2009**	**Six months ended 30 June 2008**
Interest income	162,938	144,518	9,657	18,138	172,595	162,656
Interest expense	(114,749)	(69,767)	(1,025)	(14,358)	(115,774)	(84,125)
Net interest income	**48,189**	**74,751**	**8,632**	**3,780**	**56,821**	**78,531**
Fee and commission income	29,064	34,068	505	673	29,569	34,741
Fee and commission expense	(3,620)	(4,224)	(56)	(22)	(3,676)	(4,246)
Net fee and commission income	**25,444**	**29,844**	**449**	**651**	**25,893**	**30,495**
General administrative expenses	**(67,458)**	**(69,576)**	**(2,979)**	**(2,774)**	**(70,437)**	**(72,350)**
	30 June 2009	**31 December 2008**	**30 June 2009**	**31 December 2008**	**30 June 2009**	**31 December 2008**
Segment assets	**3,953,449**	**4,069,744**	**238,904**	**201,007**	**4,192,353**	**4,270,751**
Segment liabilities	**3,726,658**	**3,852,576**	**72,768**	**49,441**	**3,799,426**	**3,902,017**

4. Segment Reporting, continued

The following table presents the allocation of assets and liabilities, income and expenses based on business segments as at 30 June 2009 and for the six months then ended:

In thousands of BGN

Business segment	Assets	Liabilities	Interest income	Interest expense	Net fee and commission income	Net trading income	Other operating expenses
Commercial banking	2,314,336	816,464	122,079	(21,091)	8,436	-	-
Retail banking	732,529	2,176,519	43,674	(63,170)	2,908	-	-
International business	-	764,936	-	(30,890)	3,872	-	-
Cards business	-	-	-	-	6,417	-	-
Liquidity	954,420	33,517	6,842	(577)	3	438	(146)
Dealing	5,281	-	-	-	(5)	4,274	-
Clients services	-	-	-	-	3,939	-	-
Other	185,787	7,990	-	(46)	323	-	-
Total	**4,192,353**	**3,799,426**	**172,595**	**(115,774)**	**25,893**	**4,712**	**(146)**

5. Financial assets and liabilities

Accounting classification and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values as at 30 June 2009.

In thousands of BGN

	Trading	Held-to-maturity	Loans and receivables	Available for sale	Other amortised cost	Other	Total carrying amount	Fair value
ASSETS								
Cash and balances with central banks	-	-	382,783	-	-	129,021	511,804	511,804
Financial assets held for trading	27,071	-	-	-	-	-	27,071	27,071
Available for sale investments	-	-	-	361,101	-	-	361,101	361,101
Financial assets held to maturity	-	34,024	-	-	-	-	34,024	33,731
Loans and advances to banks and financial institutions	-	-	25,701	-	-	-	25,701	25,701
Loans and advances to customers	-	-	3,046,865	-	-	-	3,046,865	3,046,865
Other financial assets	-	-	-	-	-	810	810	810
	27,071	**34,024**	**3,455,349**	**361,101**	**-**	**129,831**	**4,007,376**	**4,007,083**
LIABILITIES								
Due to credit institutions	-	-	-	-	33,517	-	33,517	33,517
Due to other customers	-	-	-	-	2,992,983	-	2,992,983	2,992,983
Liabilities evidenced by paper	-	-	-	-	608,214	-	608,214	607,843
Subordinated term debt	-	-	-	-	57,069	-	57,069	57,069
Perpetual debt	-	-	-	-	99,653	-	99,653	95,700
	-	**-**	**-**	**-**	**3,791,436**	**-**	**3,791,436**	**3,787,112**

The fair value of cash, cash equivalents, demand and term deposits is approximately equal to the carrying value given, because of their short-term maturity. The fair value of loans and advances to customers is approximately equal to their carrying value due to the fact that main part of the loan portfolio carry floating interest rates which reflect the changes in the market conditions.

5. Financial assets and liabilities, continued

Accounting classification and fair values, continued

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values as at 31 December 2008.

In thousands of BGN

	Trading	Held-to-maturity	Loans and receivables	Available for sale	Other amortised cost	Other	Total carrying amount	Fair value
ASSETS								
Cash and balances with central banks	-	-	580,519	-	-	171,345	751,864	751,864
Financial assets held for trading	9,681	-	-	-	-	-	9,681	9,681
Available for sale investments	-	-	-	286,623	-	-	286,623	286,623
Financial assets held to maturity	-	62,395	-	-	-	-	62,395	61,485
Loans and advances to banks and financial institutions	-	-	10,244	-	-	-	10,244	10,244
Loans and advances to customers	-	-	2,969,984	-	-	-	2,969,984	2,969,984
Other financial assets	-	-	-	-	-	274	274	274
	9,681	**62,395**	**3,560,747**	**286,623**	**-**	**171,619**	**4,091,065**	**4,090,155**
LIABILITIES								
Due to credit institutions	-	-	-	-	53,034	-	53,034	53,034
Due to other customers	-	-	-	-	2,855,327	-	2,855,327	2,855,327
Liabilities evidenced by paper	-	-	-	-	832,620	-	832,620	832,509
Subordinated term debt	-	-	-	-	53,852	-	53,852	53,852
Perpetual debt	-	-	-	-	98,658	-	98,658	98,332
Other financial liabilities	-	-	-	-	-	1,336	1,336	1,336
	-	**-**	**-**	**-**	**3,893,491**	**1,336**	**3,894,827**	**3,894,390**

6. Net interest income

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Interest income		
Accounts with and placements to banks and financial institutions	1,077	3,809
Retail customers	43,674	40,081
Loans to corporate clients	104,950	96,022
Loans to small and medium enterprises	14,717	13,323
Microlending	2,412	2,707
Debt instruments	5,765	6,714
	172,595	**162,656**
Interest expense		
Deposits from banks	(577)	(306)
Deposits from other customers	(84,261)	(44,637)
Liabilities evidenced by paper	(21,680)	(30,268)
Subordinated term debt	(3,440)	(3,105)
Perpetual debt	(5,770)	(5,786)
Lease agreements and other	(46)	(23)
	(115,774)	**(84,125)**
Net interest income	**56,821**	**78,531**

For the six months ended 30 June 2009 and 30 June 2008 the recognised interest income on individually impaired financial assets (loans and advances to customers) amounts to BGN 6,051 thousand and BGN 2,233 thousand respectively.

7. Net fee and commission income

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Fee and commission income		
Letters of credit and guarantees	3,565	5,901
Payments transactions	3,753	5,244
Customer accounts	4,588	4,629
Cards business	9,181	9,277
Other	8,482	9,690
	29,569	**34,741**
Fee and commission expense		
Letters of credit and guarantees	(421)	(941)
Correspondent accounts	(440)	(412)
Cards business	(2,764)	(2,623)
Other	(51)	(270)
	(3,676)	**(4,246)**
Net fee and commission income	**25,893**	**30,495**

8. Net trading income

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Net trading gains/(losses) arise from:		
- Debt instruments	438	(13)
- Equities	(580)	(2,300)
- Foreign exchange	4,854	4,196
Net trading income	**4,712**	**1,883**

9. Other operating expnenses

Other operating expneses represent net losses from disposal of financial instruments not carried at fair value through profit or loss.

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Other operating income/(expenses) arise from:		
- Debt instruments	(31)	(2,471)
- Other	(115)	30
Other operating expenses	**(146)**	**(2,441)**

10. General administrative expenses

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
General and administrative expenses comprise:		
- Personnel cost	21,571	24,423
- Depreciation and amortisation	9,657	7,809
- Advertising	4,282	8,659
- Building rent expense	10,891	7,143
-Telecommunication, software and other computer maintenance	6,092	4,832
- Unclaimable VAT	4,670	4,335
- Administration, consultancy and other costs	13,274	15,149
General administrative expenses	**70,437**	**72,350**

Personnel costs include salaries, social and health security contributions under the provisions of the local legislation. At 30 June 2009 the total number of employees of the Group is 2,476 (30 June 2008: 2,509).

11. Impairment losses

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Write-downs		
Loans and advances to customers	(15,177)	(15,630)
Reversal of write-downs		
Loans and advances to customers	17,024	8,372
Net impairment (losses)/loss reversals	**1,847**	**(7,258)**

12. Income tax expense

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Current taxes	(2,817)	(2,561)
Deferred taxes (see note 22)	(132)	(198)
Income tax expense	**(2,949)**	**(2,759)**

Reconciliation between tax expense and the accounting profit is as follows:

In thousands of BGN	Six months ended 30 June 2009	Six months ended 30 June 2008
Accounting profit before taxation	**20,961**	**26,765**
Corporate tax at applicable tax rate (10% for 2009 and 10% for 2008)	2,096	2,677
Effect of tax rates of foreign subsidiaries and branches	136	15
Tax effect of permanent tax differences	585	(131)
Tax effect of reversals of temporary differences	132	198
Income tax expense	**2,949**	**2,759**
Effective tax rate	14.07%	10.31%

13. Earnings per share

	Six months ended 30 June 2009	Six months ended 30 June 2008
Net profit attributable to shareholders *(in thousands of BGN)*	18,208	24,025
Weighted average number of ordinary shares *(in thousands)*	110,000	110,000
Earnings per share (in BGN)	**0.17**	**0.22**

The basic earnings per share, calculated in accordance with IAS 33, are based on the profit attributable to ordinary equity holders of the Bank. In the six months ended 30 June 2009 as in the previous year, no conversion or option rights were outstanding. The diluted earnings per share, therefore, correspond to the basic earnings per share.

14. Cash and balances with central banks

In thousands of BGN	30 June 2009	31 December 2008
Cash on hand		
- In Bulgarian leva	75,901	105,281
- In foreign currencies	45,602	58,216
Gold bullion	7,518	7,848
Balances with central banks	210,483	432,349
Current accounts and amounts with local banks	3	30,118
Current accounts and amounts with foreign banks	172,297	118,052
Total	**511,804**	**751,864**

15. Financial assets held for trading

In thousands of BGN	30 June 2009	31 December 2008
Bonds, notes and other instruments issued by:		
Bulgarian government, assessed with BBB or BBB- rating:		
- denominated in Bulgarian leva	4,684	5,476
- denominated in foreign currencies	134	-
Foreign banks, assessed with AAA rating	19,010	-
Other issuers – equity instruments (unrated)	3,243	4,205
Total	**27,071**	**9,681**

16. Available for sale investments

In thousands of BGN	30 June 2009	31 December 2008
Bonds, notes and other instruments issued by:		
Bulgarian government		
- denominated in Bulgarian leva	32,550	27,872
- denominated in foreign currencies	5,469	6,033
Foreign governments		
- short term	272,541	194,940
- long term	-	-
Foreign banks	48,503	55,740
Other issuers	2,038	2,038
Total	**361,101**	**286,623**

17. Financial assets held to maturity

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

In thousands of BGN	30 June 2009	31 December 2008
Securities held to maturity issued by:		
Bulgarian government	21,858	42,196
Foreign governments	3,863	2,002
Foreign banks	8,303	18,197
Total	**34,024**	**62,395**

18. Loans and advances to banks and financial institutions

(a) Analysis by type

In thousands of BGN	30 June 2009	31 December 2008
Placements and other amounts due from banks	18,793	6,231
Receivables under repurchase agreements (see note 30)	3,912	-
Other	2,996	4,013
Total	**25,701**	**10,244**

(b) Geographical analysis

In thousands of BGN	30 June 2009	31 December 2008
Domestic banks and financial institutions	4,666	625
Foreign banks and financial institutions	21,035	9,619
Total	**25,701**	**10,244**

19. Loans and advances to customers

In thousands of BGN	30 June 2009	31 December 2008
Retail customers		
- Consumer loans	219,100	229,858
- Mortgage loans	374,726	380,141
- Credit cards	168,219	160,963
Small and medium enterprises	241,519	267,158
Microlending	34,445	41,196
Corporate customers	2,072,869	1,958,417
Less allowance for impairment	(64,013)	(67,749)
Total	**3,046,865**	**2,969,984**

(a) Movement in impairment allowances

In thousands of BGN

Balance at 1 January 2009	**67,749**
Additional allowances	15,177
Amounts released	(17,024)
Write - offs	(1,889)
Balance at 30 June 2009	**64,013**

20. 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 2009	12,367	97,196	6,261	60,104	39,468	215,396
Additions	-	279	-	6,280	13	6,572
Disposals	(1,538)	(3,136)	(238)	(27)	(57)	(4,996)
Transfers	-	3,317	6	(3,595)	122	(150)
At 30 June 2009	**10,829**	**97,656**	**6,029**	**62,762**	**39,546**	**216,822**
Depreciation						
At 1 January 2009	3,603	44,641	3,632	-	10,161	62,037
Charge for the year	193	6,495	431	-	1,835	8,954
On disposals	(571)	(2,584)	(200)	-	-	(3,355)
At 30 June 2009	**3,225**	**48,552**	**3,863**	**-**	**11,996**	**67,636**
Net book value						
At 30 June 2009	**7,604**	**49,104**	**2,166**	**62,762**	**27,550**	**149,186**
At 1 January 2009	**8,764**	**52,555**	**2,629**	**60,104**	**29,307**	**153,359**

21. Intangible assets

In thousands of BGN	Software and licences	Goodwill	Total
Cost			
At 1 January 2009	8,487	107	8,594
Additions	38	-	38
Disposals	(107)	-	(107)
Transfers	150	-	150
At 30 June 2009	**8,568**	**107**	**8,675**
Amortisation			
At 1 January 2009	2,963	-	2,963
Charge for the year	703	-	703
On disposals	(90)	-	(90)
At 30 June 2009	**3,576**	**-**	**3,576**
Net book value			
At 30 June 2009	**4,992**	**107**	**5,099**
At 1 January 2009	**5,524**	**107**	**5,631**

Notes to the financial statements

22. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 10%.

Deferred income tax balances are attributable to the following items:

In thousands of BGN	Assets		Liabilities		Net	
	30 June 2009	31 December 2008	30 June 2009	31 December 2008	30 June 2009	31 December 2008
Property, equipment and intangibles	-	-	2,075	1,969	2,075	1,969
Other items	(261)	(261)	47	21	(214)	(240)
Net tax (assets)/liabilities	**(261)**	**(261)**	**2,122**	**1,990**	**1,861**	**1,729**

Movements in temporary differences for the six months ended 30 June 2009 at the amount of BGN 132 thousand are recognised in the profit for the period.

23. Other assets

In thousands of BGN	30 June 2009	31 December 2008
Deferred expense	13,844	6,174
Other assets	17,658	14,796
Total	**31,502**	**20,970**

24. Due to credit institutions

In thousands of BGN	30 June 2009	31 December 2008
Term deposits	31,719	51,655
Payable on demand	1,798	1,379
Total	**33,517**	**53,034**

25. Due to other customers

In thousands of BGN	**30 June 2009**	**31 December 2008**
Retail customers		
- payable on demand	317,012	397,890
- term deposits	1,859,507	1,355,671
Corporate, state-owned and public institutions		
- payable on demand	332,437	422,830
- term deposits	484,027	678,936
Total	**2,992,983**	**2,855,327**

26. Liabilities evidenced by paper

In thousands of BGN	**30 June 2009**	**31 December 2008**
Bonds and notes issued	19,930	19,911
Acceptances under letters of credit	166,299	353,179
Liabilities under repurchase agreements (see note 30)	88,458	-
Syndicated loans	228,369	354,433
Other term liabilities	105,158	105,097
Total	**608,214**	**832,620**

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

Bonds and notes issued comprise the following:

In thousands of BGN	**30 June 2009**	**31 December 2008**
Mortgage bonds		
EUR 10,000,000, 7%, due 2009	19,930	19,911
Total mortgage bonds issued	**19,930**	**19,911**

The mortgage bonds have been listed on the Bulgarian Stock Exchange – Sofia.

27. Subordinated term debt

As at 30 June 2009 the Bank has entered into six separate subordinated Loan Agreements with four different lenders. All these subordinated Loan Agreements are governed by English Law with funds raised outside the Republic of Bulgaria.

Subordinated liabilities can be analysed as follows:

In thousands of BGN

Lender	Principal amount	Orirginal maturity	Maturity date	Amortised cost as at 30 June 2009
Growth Management Limited	1,956	10 years	17.03.2015	3,109
Growth Management Limited	3,912	10 years	24.02.2015	6,324
Hypo-Alpe-Adria Bank	3,912	10 years	14.04.2015	6,104
Growth Management Limited	5,867	10 years	27.08.2014	10,343
Standard Bank London Ltd.	9,779	10 years	22.04.2015	15,417
Hillside Apex Fund Ltd.	9,779	10 years	01.03.2015	15,772
Total	**35,205**			**57,069**

Interest is capitalised annually and is payable at maturity. The treatment of these liabilities for capital adequacy purposes as tier 2 capital is in accordance with the requirements of the local legislation. Any prepayment of subordinated debt prior to its final maturity is subject to written approval from the Bulgarian National Bank.

28. Perpetual debt

In thousands of BGN	Principal amount	Amortised cost as at 30 June 2009
Step-up Guaranteed Perpetual Subordinated Bonds EUR 27 mio	52,807	57,880
Step-up Guaranteed Perpetual Subordinated Bonds EUR 21 mio	41,073	41,773
Total	**93,880**	**99,653**

The issue of the Step-Up Subordinated Bonds by First Investment Finance B.V., a limited liability company registered under the laws of the Netherlands, a subsidiary 100% owned by the Bank was fully guaranteed by the Bank. The terms and conditions of the Subordinated Bonds fully comply with Ordinance 8 on Capital Adequacy of Credit Institutions issued by BNB. The amounts received for the perpetual subordinated bonds are included in tier 2 capital after respective Permissions by Bulgarian National Bank.

29. Other liabilities

In thousands of BGN	30 June 2009	31 December 2008
Liabilities to personnel	2,330	2,350
Current tax liability	1,356	1,084
Other payables	2,443	3,363
Total	**6,129**	**6,797**

30. 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-earning assets, depending on the prevailing interest rates. At 30 June 2009 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	17,896	18,445
Other government securities	77,756	70,013
	95,652	**88,458**

At 31 December 2008 there were no outstanding repurchase agreements and therefore no comparatives have been provided.

The Bank also purchases financial instrument under agreements to resell them at future dates ("reverse repurchase agreements"). The seller commits to repurchase the same instruments at an agreed future date. Reverse repurchases are entered into as a facility to provide funds of customers. At 30 June 2009 assets purcased subject to agreements to resell them are as follows:

In thousands of BGN	Fair value of assets held as collateral	Carrying amount of corresponding receivables
Bulgarian government securities	3,961	3,912
	3,961	**3,912**

At 31 December 2008 there were no outstanding reverse repurchase agreements and therefore no comparatives have been provided.

31. Capital and reserves

(a) Number and face value of registered shares as at 30 June 2009

As at 30 June 2009 the registered share capital of the Bank is BGN 110,000,000 divided into 110,000,000 ordinary dematerialized shares with voting rights of BGN 1 par value each. All the shares have been fully paid-up.

The share capital of the Bank was increased from BGN 100,000,000 to BGN 110,000,000 as a result of the successful IPO of new 10,000,000 dematerialized shares through the Bulgarian Stock Exchange – Sofia and was registered at the Commercial Register of Sofia City Court on 4 June 2007. In order to facilitate the IPO and prior to its launching the par value of the Bank's shares was reduced from BGN 10 to BGN 1 by a decision of the General Meeting of the Shareholders without affecting the aggregate amount of the share capital and the individual shareholdings.

(b) Shareholders

In October 2008 the shareholder Balkan Holidays Limited, London transferred all its FIB shares by splitting them in equal parts between Domenico Ventures Limited, British Virgin Islands and Rafaela Consultants Limited, British Virgin Islands, as a result of which their shareholdings in FIB increased to 9.72% each.

The table below shows those shareholders of the Bank holding shares as at 30 June 2009 together with the number and percentage of total issued shares.

	Number of shares	% of issued share capital
Mr. Ivailo Dimitrov Mutafchiev	31,830,000	28.94
Mr. Tzeko Todorov Minev	31,830,000	28.94
Legnano Enterprise Limited Cyprus	8,450,000	7.68
Domenico Ventures Limited, British Virgin Islands	10,695,000	9.72
Rafaela Consultants Limited, British Virgin Islands	10,695,000	9.72
Other shareholders (shareholders holding shares subject to free trade on the Bulgarian Stock Exchange – Sofia)	16,500,000	15.00
Total	**110,000,000**	**100.00**

31. **Capital and reserves, continued**

(b) **Shareholders, continued**

Currently all newly issued shares plus the part of the existing shares held by First Financial Brokerage House Ltd. sold to new investors under the IPO (a total of 16,500,000 shares) are freely traded on the floor of the Bulgarian Stock Exchange – Sofia.

(c) **Statutory reserve**

Statutory reserves comprise amounts appropriated for purposes defined by the local legislation. Under Bulgarian law, the Bank is required to allocate 1/10 of its annual profit as statutory reserves until their aggregate amount reaches 1/10 of the Banks' share capital.

32. **Commitments and contingent liabilities**

(a) **Memorandum items**

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to two years.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table 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 2009**	**31 December 2008**
Bank guarantees		
- in BGN	141,306	202,558
- in foreign currency	196,524	198,695
Total guarantees	**337,830**	**401,253**
Unused credit lines	343,933	407,465
Promissory notes	13,806	15,752
Letters of credit in foreign currency	70,098	129,294
Total	**765,667**	**953,764**

These commitments and contingent liabilities have off balance-sheet credit risk because only organisation fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Most of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

As at the balance sheet date there are no significant commitments and contingencies which require additional dosclosure.

At 30 June 2009 the extent of collateral held for guarantees and letters of credit is 100 percent.

33. Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprises the following balances with less than 90 days original maturity:

In thousands of BGN	**30 June 2009**	**30 June 2008**
Cash and balances with central banks	511,804	688,329
Loans and advances to banks and financial institutions with maturity less than 90 days	6,871	12,127
Total	**518,675**	**700,456**

34. Average balances

The average carrying amounts of financial assets and liabilities are set out in the table below. The amounts are calculated by using a simple average of monthly balances for all instruments.

In thousands of BGN	**Six months ended 30 June 2009**	**Six months ended 30 June 2008**
FINANCIAL ASSETS		
Cash and balances with central banks	552,913	642,943
Financial assets held for trading	22,739	10,489
Available for sale investments	385,814	229,797
Financial assets held to maturity	43,543	88,497
Loans and advances to banks and financial institutions	33,300	44,137
Loans and advances to customers	3,012,175	2,796,220
FINANCIAL LIABILITIES		
Due to credit institutions	36,681	9,024
Due to other customers	2,920,344	2,454,404
Liabilities evidenced by paper	732,815	1,000,525
Subordinated term debt	55,475	52,185
Perpetual debt	98,804	98,589

35. Related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party on making financial or operational decisions, or the parties are under common control.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and other transactions. These transactions were carried out on commercial terms and at market rates. The volume of these transactions and outstanding balances at the end of respective periods are as follows:

Type of related party	**Parties that control or manage the Bank**		**Enterprises under common control**	
In thousands of BGN	**Six months ended 30 June 2009**	**2008**	**Six months ended 30 June 2009**	**2008**
Loans:				
Loans outstanding at beginning of the period	2,455	2,474	11,728	8,110
Loans issued during the period	(241)	(19)	9,154	3,618
Loans outstanding at end of the period	2,214	2,455	20,882	11,728
Deposits and other financing received:				
Deposits at beginning of the period	6,419	1,062	4,090	3,449
Deposits received during the period	741	5,357	16,973	641
Deposits at end of the period	7,160	6,419	21,063	4,090
Deposits placed				
Deposits at beginning of the period	-	-	11,735	11,735
Deposits placed during the period	-	-	(7,823)	-
Deposits at end of the period	-	-	3,912	11,735
Off-balance sheet commitments issued by the Group				
At beginning of the period	1,475	387	2,102	2,108
Granted	703	1,088	(264)	(6)
At the end of the period	2,178	1,475	1,838	2,102

The key management personnel of the Bank received remuneration of BGN 1,253 thousand for the first half of 2009 (first half of 2008: BGN 1,135 thousand).

36. Subsidiary undertakings

(a) First Investment Finance B.V.

In April 2003 the Bank created a special purpose entity, incorporated in the Netherlands, First Investment Finance B.V., which is wholly owned by the Bank. Its purpose is to accomplish a narrow and well-defined objective of receiving loans from foreign financial institutions and attracting investors by issuing bonds and other financial instruments, guaranteed by the Bank, the proceeds from which are used to finance the operations of the Bank. The authorised share capital of the company amounts to EUR 90 thousand, divided into 900 common shares of EUR 100 each. Issued and paid up are 180 shares. The Bank consolidates its investment in this company.

(b) Diners Club Bulgaria AD

In May 2005 the Bank acquired 80% of the share capital of Diners Club Bulgaria AD. The company was incorporated in 1996 as a franchise and processing agent of Diners Club International. As at 30 June 2009 the share capital of the company is BGN 6,000 thousand, and the Bank's shareholding is 87.93%. The Bank consolidates its investment in the company.

(c) First Investment Bank − Albania Sh.a.

In April 2006 the Bank founded First Investment Bank − Albania Sh.a. with a 99.9998% shareholding. On 27 June 2007 First Investment Bank – Albania was granted a full banking licence by the Bank of Albania, and on 1 September 2007 effectively took over the activities of the former FIB-Tirana Branch by assuming all its rights and obligations, assets and liabilities.

In July 2008, First Investment Bank − Albania Sh.a. increased its share capital with EUR 1,000 thousand by issuing new shares. First Investment Bank A.D. was the only contributor. In February 2009 First Investment Bank − Albania Sh.a. registered a new increase of capital with a further EUR 1,000 thousand. First Investment Bank A.D. was the only contributor again by further slightly increasing its shareholding to 99.999838%. As a result as at 30 June 2009 the share capital of First Investment Bank − Albania Sh.a. reached EUR 10,475 thousand, fully paid in.

The Bank consolidates its investment in the company.

37. Post balance sheet events

(a) Prepayment of syndicated loan by the Group

On 3 August 2009, the Group prepaid before maturity EUR 117 million syndicated loan, received by First Investment Finance B.V. and guaranteed by the Bank.

(b) Decrease of the capital of Diners Club Bulgaria AD

In July 2009 in conformity with statutory requirements the capital of Diners Club Bulgaria AD was decreased from BGN 6,000 thousand to BGN 1,360 thousand by cancellation of 4,640 thousand ordinary registered shares with par value of BGN 1 each. The decrease was performed pro rata in respect to individual shareholdings and the percentage of shares owned by the shareholders remained unchanged.

38. Applicable standards

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 6	Exploration for and Evaluation of Mineral Assets

38. Applicable standards, continued

IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10	Events After the Reporting Period
IAS 11	Construction Contracts
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 27	Consolidated and Separate Financial Statements
IAS 28	Investments in Associates
IAS 29	Financial Reporting in Hyperinflationary Economies
IAS 31	Interests In Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 33	Earnings Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 39	Financial Instruments: Recognition and Measurement
IAS 40	Investment Property
IAS 41	Agriculture
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4	Determining Whether an Arrangement Contains a Lease
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds
IFRIC 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2- Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
SIC 7	Introduction of the Euro
SIC 10	Government Assistance – No Specific Relation to Operating Activities
SIC 12	Consolidation – Special Purpose Entities
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
SIC 15	Operating Leases – Incentives

SIC 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
SIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
SIC 29	Service Concession Arrangements
SIC 31	Barter Transactions Involving Advertising Services
SIC 32	Intangible Assets – Website Costs

Contacts

Head Office

1797 Sofia, 37, Dragan Tsankov Blvd.
(registered address)
phones: (+359 2) 817 1100, 817 1101
fax: (+359 2) 817 1654
telex: 25 085, 25 086
SWIFT CODE: FINVBGSF
REUTERS DEALING CODE: BFIB
e-mail: fib@fibank.bg, www.fibank.bg

Call Center: 0800 11 011

1000 Sofia,10, Stefan Karadzha St.
phone: (+359 2) 91 001 00,
fax: (+359 2) 980 5033

Departments

Corporate Banking
phone: (+359 2) 817 1222, fax: (+359 2) 817 1652

Retail Banking
phone: (+359 2) 817 1637, fax: (+359 2) 817 1302

SME Lending
phone: (+359 2) 817 1723, fax: (+359 2) 980 5033

Microlending
phone: (+359 2) 817 1771, fax: (+359 2) 930 6940

Card Payments
phone: (+359 2) 817 1143, fax: (+359 2) 970 9594

Capital and Money Market
phone: (+359 2) 9100 138, fax: (+359 2) 981 0269

FX Market
phone: (+359 2) 910 0122, fax: (+359 2) 981 0269

Branch Network
phone: (+359 2) 817 1601, fax: (+359 2) 817 1608

Marketing and Advertising
phone: (+359 2) 817 1740, fax: (+359 2) 980 5033

Sales
phone: (+359 2) 817 1685, fax: (+359 2) 817 1689

International Payments
phone: (+359 2) 91 001 60, fax: (+359 2) 910 0188

Gold and Commemorative Coins
phone: (+359 2) 817 1567, fax: (+359 2) 800 2715

Human Capital Management
phone: (+359 2) 817 1739, fax: (+359 2) 910 0831

Internal Audit
phone: (+359 2) 817 1778, fax: (+359 2) 910 0831

Subsidiaries

First Investment Bank – Albania Sh.a.
Tirana, Albania, Dëshmorët e kombit Blvd.
Twin Towers, Tower II, 15th floor
phone: (+355 4) 276 702, fax: (+355 4) 280 210

Diners Club Bulgaria AD
1797 Sofia, 37, Dragan Tsankov Blvd.
phone: (+359 2) 817 1122, fax: (+359 2) 970 9556

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
SWIFT CODE: FINVCY2N

Branches in Sofia

Aleksandar Nevski
1000 Sofia, 95, Vasil Levski Blvd.
phone: (+359 2) 817 1694, fax: (+359 2) 817 1398

Aleksandar Stamboliyski
1301 Sofia, 20, Aleksandar Stamboliyski Blvd.
phone: (+359 2) 817 1493, fax: (+359 2) 817 1394

Bulgaria
1404 Sofia, 81G, Bulgaria Blvd.
phone: (+359 2) 800 2502, fax: (+359 2) 800 2500

City Center
1421 Sofia, 2, Arsenalski Blvd.
phone: (+359 2) 817 1666, fax: (+359 2) 817 1668

Diners Club Bulgaria
1142 Sofia, 35, Vasil Levski Blvd.
phone: (+359 2) 800 2921, fax: (+359 2) 800 2928

Denitsa
1712 Sofia, Mladost 3, Al. Malinov Blvd.,
Nova Denitsa Shop
phone: (+359 2) 817 1469, fax: (+359 2) 817 1477

Dondukov
1000 Sofia, 18, Dondukov Blvd.
phone: (+359 2) 800 2856, fax: (+359 2) 800 2863

Dragalevtsi
1415 Sofia, 24, Krushova gradina St.
phone: (+359 2) 800 2601, fax: (+359 2) 800 2619

Dragan Tsankov
1797 Sofia, 37, Dragan Tsankov Blvd.
phone: (+359 2) 817 1161, fax: (+359 2) 970 9597

Elemag
1407 Sofia,21a, Kozyak St.
phone: (+359 2) 800 2776, fax: (+359 2) 800 2779

Enos
1408 Sofia, 2, Enos St.
phone: (+359 2) 942 6682, fax: (+359 2) 942 6690

Evropa
1528 Sofia, 7, Iskarsko shose Blvd.
phone: (+359 2) 817 1454, fax: (+359 2) 817 1457

Flavia
1303 Sofia, 125, Aleksandar Stamboliyski Blvd.
phone: (+359 2) 800 2864, fax: (+359 2) 800 2873

Generali
1000 Sofia, 79-81, Dondukov Blvd.
phone: (+359 2) 817 1437, fax: (+359 2) 817 1440

Georgi Sofiyski
1606 Sofia, 4, Georgi Sofiyski St.
phone: (+359 2) 942 6661, fax: (+359 2) 942 6670

Glavproekt
1113 Sofia,6, Aleksandar Zhendov St.
phone: (+359 2) 817 1376, fax: (+359 2) 817 1396

Gorublyane
1138 Sofia, 361, Tsarigradsko shose Blvd.
phone: (+359 2) 817 1338, fax: (+359 2) 817 1340

Hadzhi Dimitar
1510 Sofia, 28-30, Doncho Vatah St.
phone: (+359 2) 817 1576, fax: (+359 2) 817 1583

Hladilnika
1407 Sofia,1, Kishinev St.
phone: (+359 2) 817 1534, fax: (+359 2) 817 1538

Iliyantsi
1268 Sofia, 31, Rozhen Blvd.
phone: (+359 2) 800 2973, fax: (+359 2) 800 2992

Ivan Vazov
1408 Sofia,184, Vitosha Blvd.
phone: (+359 2) 817 1553, fax: (+359 2) 951 6154

Jurnalist
1164 Sofia, 44, Hristo Smirnenski Blvd.
phone: (+359 2) 800 2939, fax: (+359 2) 800 2949

Lagera
1612 Sofia, 32, Tsar Boris III Blvd., bl. 50
phone: (+359 2) 800 2901, fax: (+359 2) 800 2907

Lozenets
1164 Sofia, 38A, Zlatovrah St.
phone: (+359 2) 817 1543, fax: (+359 2) 817 1549

Lyulin
1324 Sofia, 70, Tsaritsa Yoanna Blvd.
phone: (+359 2) 817 1483, fax: (+359 2) 817 1499

Mall – Sofia
1303 Sofia, 101, Aleksandar Stamboliyski Blvd.
phone: (+359 2) 817 1672, fax: (+359 2) 817 1678

Maria Luiza

1202 Sofia, 67, Maria Luiza Blvd.
phone: (+359 2) 817 1463, fax: (+359 2) 817 1465

Mladost

1784 Sofia, 11, Andrey Saharov Blvd.
phone: (+359 2) 817 1641, fax: (+359 2) 817 1647

Nadezhda

1220 Sofia, 112, Lomsko shose Blvd.
phone: (+359 2) 817 1522, fax: (+359 2) 817 1528

Narodno sabranie 1

1000 Sofia, 12, Narodno sabranie Sq.
phone: (+359 2) 817 1559, fax: (+359 2) 817 1571

Narodno sabranie 2

1000 Sofia, 3, Narodno sabranie Sq.
phone: (+359 2) 817 1359, fax: (+359 2) 930 6940

National Theatre

1000 Sofia, 7, Dyakon Ignatiy St.
phone: (+359 2) 817 1421, fax: (+359 2) 817 1429

NDK (National Palace of Culture)

1000 Sofia, 110, Vitosha Blvd.
phone: (+359 2) 817 1514, fax: (+359 2) 817 1518

Opalchenska

1233 Sofia, 117, Opalchenska St.
phones: (+359 2) 800 2682, fax: (+359 2) 800 2696

Orion

1324 Sofia, 2, Orion St.
phone: (+359 2) 800 2660, fax: (+359 2) 800 2674

Patriarh Evtimiy

1000 Sofia, 36, Patriarh Evtimiy Blvd.
phone: (+359 2) 800 2622, fax: (+359 2) 800 2630

Rakovska

1000 Sofia, 135, G. S. Rakovski St.
phones: (+359 2) 800 2641, fax: (+359 2) 800 2651

Shipchenski prohod

1111 Sofia, 49, Shipchenski prohod Blvd.
phone: (+359 2) 800 2958, fax: (+359 2) 800 2968

Slatina

1574 Sofia,Slatinska St., bl. 20
phone: (+359 2) 800 2838, fax: (+359 2) 800 2844

Sofia Theatre

1527 Sofia, Yanko Sakazov Blvd.
phone: (+359 2) 800 2825, fax: (+359 2) 800 2833

Technomarket – Gorublyane

1784 Sofia, 92, Tsarigradsko shose Blvd.
phone: (+359 2) 817 1593, fax: (+359 2) 817 1595

Technomarket – Lyulin

1331 Sofia, 189, Evropa Blvd.
phone: (+359 2) 817 1596, fax: (+359 2) 817 1598

Tsentralni hali

1000 Sofia, 25, Maria Luiza Blvd.
phone: (+359 2) 817 1385, fax: (+359 2) 817 1397

Vitosha

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

Yuzhen park (South Park)

1404 Sofia, Gotse Delchev Blvd., bl. 1
phone: (+359 2) 942 6675, fax: (+359 2) 942 6613

Zaharna fabrika

1309 Sofia, 127, Slivnitsa Blvd.
phone: (+359 2) 817 1586, fax: (+359 2) 817 1591

Branches

Asenovgrad

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

Ivan Asen – Asenovgrad

4230 Asenovgrad, 46, Tsar Ivan Asen II St.
phone: (+359 331) 20 089, fax: (+359 331) 24 545

Balchik

9600 Balchik, 25, Primorska St.
phone: (+359 579) 78 184, fax: (+359 579) 78 180

Bansko

2770 Bansko, 68, Tsar Simeon St.
phone: (+359 749) 86 183, fax: (+359 749) 88 112

Bansko Municipality

2770 Bansko, 12, Demokratsia Sq.
phone: (+359 749) 86 190, fax: (+359 749) 83 090

Strazhite – Bansko

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

Belene

5930 Belene, Bulgaria Sq.
phone: (+359 658) 31 103, fax: (+359 658) 31 303

Blagoevgrad

2700 Blagoevgrad, 9,Sv. Sv. Kiril i Metodiy Blvd.
phone: (+359 73) 827 707, fax: (+359 73) 882 298

GUM – Blagoevgrad

2700 Blagoevgrad, 6, Trakia St.
phone: (+359 73) 827 754, fax: (+359 73) 882 295

Sadebna palata (Courts of Justice) – Blagoevgrad

2700 Blagoevgrad, 1, Vasil Levski Sq.
phone: (+359 73) 827 775

Technomarket – Blagoevgrad

2700 Blagoevgrad, Zh. k. (Quarter) Strumsko,
Yane Sandanski St.,
phone: (+359 73) 827 770,
phone/fax: (+359 73) 840 890

Botevgrad

2140 Botevgrad, 5, Osvobozhdenie Sq.
phone: (+359 723) 69 045, fax: (+359 723) 66 547

Burgas

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

Bratya Miladinovi – Burgas

8000 Burgas,
Zh. k. (Quarter) Bratya Miladinovi, bl. 117, entr. 5
phone: (+359 56) 804 463, fax: (+359 56) 830 502

Kiril i Metodiy – Burgas

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

Meden rudnik – Burgas

8011 Burgas,
Zh. k. (Quarter) Meden rudnik, zone B, bl. 192
phone: (+359 56) 804 442, fax: (+359 56) 508 318

Slaveykov – Burgas

8005 Burgas,
Zh. k. (Quarter) Slaveykov, bl. 107, entr. 2
phone: (+359 56) 880 580, fax: (+359 56) 880 110

Slavyanka – Burgas

8002 Burgas, 3, Industrialna St.
phone: (+359 56) 828 946, fax: (+359 56) 826 446

Technomarket – Burgas

8000 Burgas, Transportna St.
phone: (+359 56) 804 511, fax: (+359 56) 860 017

Technomarket – Damyanitsa

2813 Damyanitsa, Sandanski Municipality,
Technomarket Evropa
phone/fax: (+359 746) 32 081

Devnya

9160 Devnya, 78, Saedinenie Blvd.
phone: (+359 52) 679 646, fax: (+359 519) 92 012

Dimitrovgrad

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

Dobrich

9300 Dobrich, 1, Nezavisimost St.
phone: (+359 58) 838 584, fax: (+359 58) 838 581

Dulovo

7650 Dulovo,6, Vasil Levski St.
phone: (+359 855) 21 178, fax: (+359 855) 22 800

Dupnitsa

2600 Dupnitsa, 19, Hristo Botev St.
phone: (+359 701) 59 156, fax: (+359 701) 42 200

Gabrovo

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

Yantra – Gabrovo

5300 Gabrovo, 2, Aprilovska St.
phone: (+359 66) 840 016, fax: (+359 66) 840 020

Gorna Oryahovitsa

5100 Gorna Oryahovitsa, 1, St. Knyaz Boris I St.
phone: (+359 618) 61 766, fax: (+359 618) 61 767

Gotse Delchev

2900 Gotse Delchev, 41, Targovska St.
phone: (+359 751) 69 641, fax: (+359 751) 60 208

Haskovo

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

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

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

Vazrozhdentsi – Kardzhali
6600 Kardzhali, Hristo Botev Blvd., Capri Complex
phone: (+359 361) 21 631, fax: (+359 361) 21 639

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

Kazanlak
6100 Kazanlak, 11, Sevtopolis Sq.
phone: (+359 431) 67 071, fax: (+359 431) 67 080

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

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

Kyustendil
2500 Kyustendil, 31, Tsar Osvoboditel Blvd.
phone: (+359 78) 553 353, fax: (+359 78) 553 351

Lovech
5500 Lovech, 12, Targovska St.
phone: (+359 68) 689 614, fax: (+359 68) 601 478

Presidium Palace – Lovech
5500 Lovech, 51, Targovska St.
phone: (+359 68) 689 302, fax: (+359 68) 600 233

Mezdra
3100 Mezdra, 30, Hristo Botev St.
phone: (+359 910) 91 784, fax: (+359 910) 93 125

Montana
3400 Montana, 74, 3-ti Mart Blvd.
phone: (+359 96) 399 516, fax: (+359 96) 305 673

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

Novi pazar
9900 Novi pazar, 4, Rakovski Sq.
phone: (+359 537) 27 883, fax: (+359 537) 25 222

Pamporovo
4780 Pamporovo, Pamporovo Palace Hotel
phone: (+359 309) 58 035,
phone/fax: (+359 309) 58 055

Pazardzhik
4400 Pazardzhik, 7, Bulgaria Sq.
phone: (+359 34) 403 651, fax: (+359 34) 444 855

Trakia Papir – Pazardzhik
4400 Pazardzhik, Trakia Papir EAD
phone: (+359 34) 401 217, fax: (+359 34) 401 320

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

Petrich
2850 Petrich, 11A, Tsar Boris III 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

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

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

Knyaz Batenberg – Plovdiv
4000 Plovdiv, 26, Knyaz Batenberg St.
phone: (+359 32) 270 570, fax: (+359 32) 636 358

Mall – Plovdiv
4002 Plovdiv, 8, Perushtitsa St.
phone: (+359 32) 270 630, fax: (+359 32) 270 625

Mall Trakia – Plovdiv
4023 Plovdiv, 34, Saedinenie Blvd.
phone: (+359 32) 270 590, fax: (+359 32) 682 221

Saedinenie – Plovdiv
4000 Plovdiv, 144, 6-ti Septemvri Blvd.
phone: (+359 32) 270 550, fax: (+359 32) 622 792

Skopie – Plovdiv
4004 Plovdiv, Skopie St., bl. 1519
phone: (+359 32) 270 590, fax: (+359 32) 670 664

Sveti Mina – Plovdiv
4000 Plovdiv, 56, Kapitan Raycho St.
phone: (+359 32) 270 560, fax: (+359 32) 260 856

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

Trakia – Plovdiv
4023 Plovdiv, Zh. k. (Quarter) Trakia, bl. 142
phone: (+359 32) 270 610, fax: (+359 32) 620 626

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

Provadia
9200 Provadia,20, Aleksandar Stamboliyski St.
phone: (+359 52) 662 693, fax: (+359 518) 44 453

Radnevo
6260 Radnevo, 3, Georgi Dimitrov St.
phone: (+359 417) 82 301, fax: (+359 417) 83 419

Razgrad
7200 Razgrad, 1, Vasil Levski St.
phone: (+359 84) 631 063, fax: (+359 84) 661 883

Palma – Razgrad
7200 Razgrad, 27, Bulgaria Blvd., Palma bl.
phone: (+359 84) 615 012, fax: (+359 84) 660 973

Razlog
2760 Razlog, 2, Stefan Stambolov St.
phone: (+359 747) 89 345, fax: (+359 747) 80 068

Ruse
7000 Ruse, 11, Rayko Daskalov St.
phone: (+359 82) 889 492, fax: (+359 82) 822 706

Aleksandrovska – Ruse
7000 Ruse, 10, Aleksandrovska St.
phone: (+359 82) 889 534, fax: (+359 82) 889 540

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

Tezhko mashinostroene – Ruse
7000 Ruse, 100, Tutrakan Blvd.
phone/fax: (+359 82) 841 821

Tsar Osvoboditel – Ruse
7000 Ruse, 1, Tsar Osvoboditel Blvd.
phone: (+359 82) 811 512, fax: (+359 82) 811 514

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

Rayonen sad (Regional Court) – Sevlievo
5400 Sevlievo, 6, Stefan Peshev St.
phone: (+359 675) 30 674

Shumen
9700 Shumen, 67, Simeon Veliki Blvd.
phone: (+359 54) 856 611, fax: (+359 54) 820 470

Slavyanski – Shumen
9700 Shumen, 62, Slavyanski Blvd.
phone: (+359 54) 850 754, fax: (+359 54) 850 760

Silistra
7500 Silistra, 3, Geno Cholakov St.
phone: (+359 86) 871 320, fax: (+359 86) 824 091

Dobrudzha – Silistra
7500 Silistra, 9, Dobrudzha St.
phone: (+359 86) 817 220, fax: (+359 86) 820 330

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

Sliven
8800 Sliven, 50, Tsar Osvoboditel Blvd.
phone: (+359 44) 610 944, fax: (+359 44) 610 967

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

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

Sozopol
8130 Sozopol, 7, Republikanska St.
phone: (+359 550) 25 191, fax: (+359 550) 22 201

Stara Zagora
6000 Stara Zagora, 104, Tsar Simeon Veliki Blvd.
phone: (+359 42) 698 793, fax: (+359 42) 601 024

Technomarket – Stara Zagora

6000 Stara Zagora, Zh. k. (Quarter) Zheleznik
phone: (+359 42) 670 488

Trayana – Stara Zagora

6000 Stara Zagora, 69, Tsar Simeon Veliki Blvd.
phone: (+359 42) 698 772, fax: (+359 42) 602 520

Tsar Simeon – Stara Zagora

6000 Stara Zagora, 141, Tsar Simeon Veliki Blvd.
phone: (+359 42) 664 180, fax: (+359 42) 266 021

Vereya – Stara Zagora

6000 Stara Zagora,
20, Mitropolit Metodi Kusev Blvd.
phone: (+359 42) 698 781, fax: (+359 42) 601 678

Svilengrad

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

Svishtov

5250 Svishtov, 1, Nikola Petkov St.
phone: (+359 631) 61 171, fax: (+359 631) 61 180

Targovishte

7700 Targovishte, 9, Stefan Karadzha St.
phone: (+359 601) 69 535, fax: (+359 601) 62 110

Troyan

5600 Troyan, 108, Vasil Levski St.
phone: (+359 670) 60 045, fax: (+359 670) 62 043

Varna

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

8-mi Primorski polk – Varna

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

Asparuhovo – Varna

9003 Varna, Zh. k. (Quarter) Asparuhovo,
15, Kiril i Metodiy St.
phone: (+359 52) 662 671, (+359 52) 370 533

Briz – Varna

9000 Varna, 80-82, 8-mi Primorski polk Blvd.
phone: (+359 52) 679 649, (+359 52) 601 764

Picadilly–Center – Varna

9000 Varna, Picadilly Store,
76A, Tsar Osvoboditel St.
phone: (+359 52) 699 026

Picadilly–Zapad (Picadilly–West) – Varna

9000 Varna, 260, Vladislav Varnenchik Blvd.
Phone/fax: (+359 52) 511 860

Rayonen sad (Regional Court) – Varna

9000 Varna, 57, Vladislav Varnenchik Blvd.
phone: (+359 52) 662 663, fax: (+359 52) 602 731

Sveta Petka – Varna

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

Technomarket – Varna

9000 Varna, Tsar Osvoboditel Blvd.
phone: (+359 52) 599 446

Tsaribrod – Varna

9000 Varna, 2, Dunav St.
phone: (+359 52) 679 610, fax: (+359 52) 603 767

Vinitsa – Varna

9022 Varna, Zh. k. (Quarter) Vinitsa,
35, Tsar Boris III St.
phone: (+359 52) 662 682, fax: (+359 52)341 808

Veliko Tarnovo

5005 Veliko Tarnovo, 18, Oborishte St.
phone: (+359 62) 614 450, fax: (+359 62) 670 034

Bacho Kiro – Veliko Tarnovo

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

Etar – Veliko Tarnovo

5000 Veliko Tarnovo, 21, Vasil Levski St.
phone: (+359 62) 610 652, fax: (+359 62) 630 299

Vidin

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

Vratsa

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

RDVR – Vratsa

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

Yambol

8600 Yambol, 10, Osvobozhdenie Sq.
phone: (+359 46) 682 361, fax: (+359 46) 682 374

Targovska – Yambol

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