

27 February 2018

Ms. Ella Skybenko and Ms. Christen Dobson  
Business & Human Rights Resource Centre  
London  
United Kingdom

Re: Greenpeace Report on Bulgarian Energy Sector

Dear Ms. Skybenko and Ms. Dobson:

On behalf of First Investment Bank ("FIB"), we appreciate the opportunity to comment. The primary focus of the Greenpeace report appears to be perceived negative consequences of the political economy of the energy industry in Bulgaria, with the ancillary message that "murky" banking interests are somehow responsible for shortcomings in Bulgarian enforcement of the human rights of Bulgarian coal miners. FIB acts as a socially responsible lender in Bulgaria and rejects the insinuation in the article that it is responsible for any such shortcomings.

FIB also rejects the notion that its relations with the energy industry are "murky". FIB and all components of its balance sheet are well known to both its national regulators -- the Bulgarian National Bank and the Financial Supervision Commission -- and to the European Commission. FIB conducts due diligence, including due diligence for compliance with all legal requirements, for all its loans, as well as thorough know-your-customer inquiries. The unidentified authors of the Greenpeace report might better address their social justice concerns to the Bulgarian authorities rather than insinuating that FIB loans to the energy sector pose a threat to the Bulgarian banking system without checking the facts with us.

You have informed FIB that your organization, the Business & Human Rights Resource Centre intends to republish on February 27, 2018, a report initially produced and published on the website of the international non-governmental organization Greenpeace under the title "The Financial Mines: Murky Banking Interests in the Bulgarian Coal Industry Drain Public Funds, Destroy Thousands of Human Lives and Heavily Contaminate the Environment" (the "Report"). You have also invited FIB to submit a "response" to this report, which is not your organization's work but that of Greenpeace.

FIB appreciates the opportunity to comment, an opportunity not provided to us by Greenpeace prior to its publication of the article nor since. FIB urges you to undertake your own due diligence before republishing the article, which is largely addressed to perceived shortcomings in social justice in Bulgaria as a result of certain alleged political economy factors. As the third largest financial institution in Bulgaria with a nationwide presence and understanding of the market there, FIB would like to draw your attention to several serious flaws in the article arising from incorrect facts and the juxtaposition of purported facts resulting in misleading insinuations and innuendo. FIB rejects as untenable and unsubstantiated the statements and conclusions in the Report with respect to any alleged hidden or unprofessional links between FIB and companies operating in Bulgaria's energy sector.

FIB is a Bulgarian-licensed credit institution, not a public authority with investigatory functions, and as such is not in a position to provide any remedies to alleged victims of human rights abuses. That function belongs to the competent authorities of Bulgaria. At the same time, however, we strongly highlight the fact that FIB has always respected human rights, advocated for their observance

and treated all human beings with utmost respect. FIB is one of the leading financial institutions in Bulgaria, is widely regarded as a socially-responsible enterprise, and has a successful 25-year history and approximately 3,000 talented employees. We are constantly striving to improve our bank and our community.

As a credit institution licensed under the Bulgarian Law on Credit Institutions, FIB is subject to regulatory supervision by the Bulgarian National Bank. Additionally, in its capacity as a public company under the Bulgarian Law on Public Offering of Securities, FIB is supervised by the Financial Supervision Commission. Moreover FIB's business activities are also under the supervision of other competent authorities such as the European Banking Authority, and the European Commission. Finally, FIB falls within the group of entities covered by the Bulgarian Law on Measures against Money Laundering and, accordingly, is bound to implement all necessary measures to combat money laundering, one such measure being the identification of the beneficial owner of its customers, including special-purpose vehicles. We take this responsibility seriously.

FIB accepts deposits from the public and creates credit, i.e. makes loans. Before making a loan, FIB performs all required due diligence to comply not only with the applicable national and EU legislation but also with best practices in the field. The Report refers to loans going back to 2007. Obviously standards evolve, and FIB's have evolved as well. In the case of legacy exposures, FIB has been decreasing its outstanding loans to the energy sector in Bulgaria. We constantly strive to do our utmost to uphold high standards, and have even addressed enquiries to our borrowing companies, by way of additional due diligence, about human conditions at these companies.

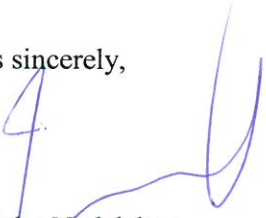
We believe that a reputable international organization like Greenpeace should identify the authors of its reports, substantiate its findings and avoid innuendo. The Greenpeace report itself states at one point, "let us retain our main focus." The Report mainly contains statements about certain Bulgarian companies operating in the energy sector, with specific interest in their ownership structure, acquisition, financial results, financing and relations to the government. The single link between the substance of the Report and FIB should be the financial relationship. We have the following comments in this regard.

Loans granted at the time of privatization some ten years ago have largely been repaid. Without revealing customer information, loans outstanding to the privatized companies cited in the article today are a fraction of the amounts stated in the article with an attribution to "journalists" writing on Bivol, a blog with a well-documented bias against FIB. Further, at no point did FIB assure the Bulgarian energy regulator KEVR that the bank would guarantee the liabilities of the power company Brikel. Finally, there is nothing murky about FIB's ownership of 2% of the shares of the thermal power plant Maritsa 3, a position it holds in shares that trade on the stock exchange and has had for more than a decade. And, motivated by the failure of the Report to illustrate the complete picture of Bulgaria's energy sector, we would like to note that there are many coal-fired heating systems and electricity generating facilities in Bulgaria financed by other banks, including foreign-owned banks. Why were they not mentioned in the article?

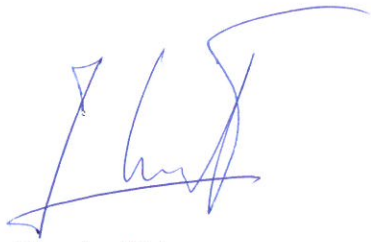
We consider it highly irresponsible for the anonymous authors of the Greenpeace report to cite the 2017 European Semester Report on Bulgaria insinuating that FIB loans to energy companies constitute a non-performing exposure that creates systemic risk. This is a subject which has been reviewed exhaustively by the Bulgarian National Bank and by European Commission supervisors overseeing the financial assistance provided to FIB in 2014, assistance that was repaid ahead of schedule.

As a final note, we would like to convey our gratitude to the Business & Human Rights Resource Centre, which provided us with the opportunity to respond, an opportunity not afforded to us by the authors of the Report. We would suggest further that you strongly consider refraining from republishing the Greenpeace Report because of its many inaccuracies and Greenpeace Bulgaria's apparent failure to abide by the accuracy of information provision of the International Non-Governmental Organisations (INGO) Accountability Charter, a document to which Greenpeace International was a charter subscriber in 2006. At a minimum, we recommend that the Centre refrain from republication until Greenpeace removes the innuendo by juxtaposition and inaccurate statements about FIB from its Report, particularly the irresponsible insinuation that FIB loans to the energy sector constitute a non-performing exposure that creates systemic risk, and that there may be any hidden or unprofessional relationship between FIB and the cited companies. Greenpeace Bulgaria is entitled to advocate for a coal-free Bulgaria, but it should not be making unsubstantiated, *ad hominem* attacks against FIB in the process.

Yours sincerely,



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First Investment Bank AD



Chavdar Zlatev  
Executive Officer  
First Investment Bank AD

