



DISCLOSURE OF INFORMATION IN ACCORDANCE WITH CHAPTER 15 OF REGULATION NO. 35 OF THE FSC FOR 2009.



Information according to Ordinance No. 35 of the Financial Supervisory Commission (FSC)

I. INVESTMENT INTERMEDIARY FACTORI AD publicly discloses information about its objectives and policy in relation to risk management separately for each risk:

The objectives and policy of INVESTMENT INTERMEDIARY FACTORI AD, in relation to risk management, are clearly and comprehensively defined in the Risk Management Rules of INVESTMENT INTERMEDIARY "FACTORI" AD, in accordance with the nature, scope and complexity of the activities of the INVESTMENT INTERMEDIARY. A basic principle in the management of risks in INVESTMENT INTERMEDIARY is the principle of separation of responsibilities between those who take the risk and those who manage it. The implementation of the objectives, policy and principles are guaranteed by clearly defined and transparent levels of responsibility, effective procedures for establishing, monitoring and managing the risks to which the INVESTMENT INTERMEDIARY is or may be exposed, as well as adequate internal control mechanisms. The functions of managing, reporting, monitoring and reducing the risks to which the INVESTMENT INTERMEDIARY is or may be exposed are performed by the "Risk Management" Department of the INVESTMENT INTERMEDIARY.

1) The strategies and processes of managing the various categories of risks, the policies for hedging risk and its reduction, as well as the strategies and processes for monitoring the constant effectiveness of the hedging and risk reduction processes;

INVESTMENT INTERMEDIARY "FACTORI" AD undertakes and includes in the General Risk Management System only risks that are measurable and manageable.

The risks that INVESTMENT INTERMEDIARY "FACTORI" AD distinguishes, controls, manages and hedges against are the following:

General (systematic) risks: these are the risks arising from the macroeconomic environment and political FACTORI:

Political risk: This is the risk arising from the political processes in the issuing company's country – risk of political destabilization, changes in governance principles, legislation, economic policy and tax system. The political risk is directly dependent on the probability of changes in an

unfavorable direction of the government's long-term policy. For IP, political risk is measured by the credit rating of our country, determined by the world's leading rating agencies (Standard & Poor's, Moody's, Fitch).

Macroeconomic risk: This is the risk of macroeconomic shocks, which are measured by the realized economic growth, increase/decrease in productivity and income of the population, etc. The positive/negative trends in the macroeconomic situation influence the market performance and the final results of the activity of all sectors in the economy.

Business risk: also called industry risk, is related to the state and trends in the development of the industry (or industries) in which the company operates. Business risk is determined by the characteristics and market FACTORI of industry raw materials, materials, competition, availability and cost of human capital, technology and profitability of the sector.

Specific risks:

Credit risk, credit risk of the counterparty, settlement risk and residual risk: IP "FAKTORI" AD carries out credit risk assessment and management by monitoring daily the correctness and compliance of the relevant collateral and terms in accordance with the provisions of Ordinance No. 35, and invests in companies, for which there is available up-to-date public information and transparent data on their activity and management.

Credit risk: this is the risk that one of the parties to the transaction fails to fulfill its obligation (for payment or settlement) and thereby causes financial losses to the other party.

Counterparty credit risk is the risk arising from exposures related to: OTC derivative instruments and credit derivative instruments; repo transactions, reverse repo transactions and transactions on providing or receiving a loan of securities or goods, when the subject of these transactions are securities or goods included in its trading portfolio; margin transactions with subject securities or goods; and extended settlement transactions. The risk-weighted value of an exposure is calculated by multiplying the value of the exposure by the risk weight determined in accordance with the provisions of Chapter Twelve, Section I of Ordinance No. 35. When calculating the value of the risk-weighted exposures for the purposes of Art. 21, item 1 of Ordinance No. 35 IP "FAKTORI" AD uses the standardized method under Chapter Twelve, Section I of Ordinance No. 35,

As of 31.12.2009, the standardized approach under Section I of Ordinance No. 35 was used for the assessment of exposures and capital requirements for credit risk and counterparty risk, with the capital requirement for credit risk being 100%. The total value of the exposures in IP "FAKTORI" AD as of 31.12.2009 is BGN 104,457. The value of the exposures for settlement risk is zero (BGN 0).

Residual risk: this is the risk that remains if recognized credit risk mitigation techniques prove less effective than expected. The residual risk is determined by comparing the credit risk with the recognized techniques used for its reduction. For exposures to which credit risk reduction is applied, the risk-weighted exposure value or expected loss value cannot be higher than the value of an identical exposure to which no credit risk reduction is applied.

Concentration risk: this is the risk that arises from exposures to customers, groups of related customers, customers from the same economic sector, geographical area or arising from the same activity or commodity, as well as the risk associated with large indirect credit exposures.

As defined in the Internal Rules for Risk Management in IP "FAKTORI" AD, and according to Chapter Nine of Ordinance No. 35, concentration risk exposures are all assets and off-balance sheet positions according to Chapter Twelve, Section I of Ordinance No. 35, without the risk weights or degrees of risk they carry apply. Exposures arising from positions under Annex No. 10 to Regulation No. 35 are calculated in accordance with one of the methods specified in Annex No. 3 to Regulation No. 35.

Market risk: this is the risk of losses arising from movements in the market prices of debt (interest), capital instruments, currency and commodity instruments from the PE portfolio. IP "FAKTORI" AD examines the market risk by components as follows:

Position risk: this is the risk of a change in the prices of financial instruments in the portfolio of the PE. It represents the sum of the specific and general risk of financial instruments, observing the requirements and coefficients specified in Ordinance No. 35 for positional risk. The total value of the capital requirements for positional risk for shares in the portfolio of IP "FAKTORI" AD, for general and for specific positional risk, as of 31.12.2009, is BGN 45,888. The total value of the capital requirements for positional risk of debt instruments is BGN 80,297. The total value of the capital requirements for positional risk of a currency position is BGN 32,924.

"FACTORI" AD divides the positional risk for traded debt instruments, shares or derivative instruments on them into two components in order to calculate the capital requirements for him:

* specific risk: this is the risk of a change in the value of the given instrument as a result of FACTORI related to the issuer, or in the case of a derivative instrument - related to the issuer of the underlying instrument. The value of the capital requirements for specific risk for shares in the portfolio of INVESTMENT INTERMEDIARY "FACTORI" AD as of 31.12.2009 is BGN 15,296, and represents four percent of the value of the net position in shares.

* general risk: this is the risk of the change in the price of the given instrument due to a change in the level of interest rates, when related to traded debt instruments or derivative debt instruments, or the change in the price of the given instrument due to changes in the stock market unrelated to specific characteristics of individual securities when it relates to shares or share derivatives. The value of the capital requirements for general risk for shares in the portfolio of INVESTMENT INTERMEDIARY "FACTORI" AD as of 31.12.2009 is BGN 30,592, which represents eight percent of the value of the net position in shares in the portfolio of the investment intermediary. The portfolio of INVESTMENT INTERMEDIARY "FACTORI" AD as of 31.12.2009 includes investments in debt securities that are directly dependent on changes in interest rates.

Currency risk: This is the risk associated with the possibility of depreciation of the local currency. Currently, by virtue of the currency board in the Republic of Bulgaria, the exchange rate of the national currency (Bulgarian Lev) against the single currency of the EU (Euro) is fixed (1 EUR = 1.95583 BGN), which significantly reduces the currency risk for the PE. Currency risk arises in the following situations:

- Maintaining open positions in foreign currency due to increased fluctuations in exchange rates, in which the PE may suffer losses as a result of the sharp change in exchange rates during the period in which the position of the PE is open.
- In foreign currency transactions, for untimely payment by the partners of already concluded transactions, which does not directly affect the quantitative parameters of the agreed transactions. When it occurs, it may be necessary to conclude additional transactions at a changed rate in order to replace the unexecuted transactions.

INVESTMENT INTERMEDIARY "FACTORI" AD uses the following measures to manage currency risk:

- Determination of limits for open positions and an acceptable level of imbalance between active and passive operations;

As of 31.12.2009, all positions (securities, foreign currency positions, etc.) in the investment intermediary's portfolio are valued in BGN, and only those in a currency other than the Euro bear currency risk; their value in Bulgarian leva is calculated according to the fixing or central exchange rate of the BNB for the relevant currency for the day. According to chapter eight of Ordinance 35, if the total net currency position and the net position in gold of the investment intermediary, calculated according to the provisions of para. 2, exceed 2% of its own capital, the investment intermediary must multiply the sum of these net positions by 8% to calculate the capital requirement to cover the risk related to the exchange rate. The total value of capital requirements for currency risk in FACTORI AD as of 12/31/2009 is BGN 32,924.

Interest rate risk: this is the probability of a potential change in net interest income or net interest margin and the market value of equity due to a change in general market interest rates. To assess the interest rate risk in INVESTMENT INTERMEDIARY "FACTORI" AD, the following are analyzed:

- GAR risk - this is the risk arising from holding assets and liabilities with different technologies for determining the interest rate and non-matching maturities. In this way, the PE is exposed to the impact of unexpected changes in the levels of market interest rates.
 - Basis risk – this is the probability that interest rates for different types of assets, liabilities and off-balance sheet items will change to a different degree over a given period of time.
 - Risk in instruments with options - this risk is defined as the possibility of prematurely returning an asset through the activation of an option in the event of significant changes in the levels of market interest rates.
 - Risk related to the yield curve - this risk arises when interest rates on assets and liabilities are tied to different base indices.
 - Reinvestment risk - this is the risk arising from the uncertainty regarding the interest rates at which the future cash flows will be reinvested.
- INVESTMENT INTERMEDIARY "FACTORI" AD manages the interest imbalance by managing the structure of assets and liabilities, managing maturities and the structure of interest rates according to the expectations of market interest rates.

Commodity risk: this is the risk associated with trading commodities and commodity derivatives on regulated markets. Pursuant to the provisions of Chapter Ten, Section I of Regulation No. 35 of the FSC, FACTORI AD calculates capital requirements to cover the risk of positions in exchange-traded commodities or commodity derivative instruments in its investment and trading portfolio. When calculating the

capital requirements for commodity risk, the PE uses a simplified or maturity method. As of 31.12.2009, the maturity method was used, but there are no positions in commodities and commodity derivatives in the PE portfolio, so the value of the exposures is equal to zero (BGN 0)

Operational risk: this is the risk of loss as a result of inappropriate or incorrect internal procedures, human and systems errors, or from internal events, including legal risk. The goals that should be realized through operational risk management are the following:

Identification and assessment of operational risk inherent in all material activities, products, processes and systems in the INVESTMENT INTERMEDIARY

Taking appropriate and timely actions to reduce operational risks.

Increasing the profit of the INVESTMENT INTERMEDIARY in the long term through effective management of operational risk.

Maintaining continuity of INVESTMENT INTERMEDIARY workflow.

Improvement of management control of INVESTMENT INTERMEDIARY

The PE calculates capital requirements for insurance against operational risk, according to the methods specified in Art. 128 – 130 of Ordinance No. 35. The capital requirement for operational risk according to the basic indicator method is a percentage of the value of the indicator used, determined according to item 1 of Annex No. 8 to Ordinance No. 35. The total value of the capital requirements of INVESTMENT INTERMEDIARY

"FACTORI" AD as of 31.12.2009 is BGN 132,662.

*Liquidity risk: this is the probability of a potential loss or decrease in the market value of the PE in view of its ability to meet payments on liabilities, as well as to ensure the financing of the increase in its portfolio and possible claims on off-balance sheet liabilities. Liquidity risk for the PE arises in the event that the long-term assets of the PE are financed on the basis of short-term liabilities, as a result of which it is necessary to refinance the liabilities from other sources or, if possible, to extend their terms. The preventive function in liquidity risk management is expressed in maintaining an acceptable level of liquidity to ensure protection against possible losses in the event of an unforeseen sale of assets. The INVESTMENT INTERMEDIARY develops alternative scenarios and periodically reviews the assumptions, influencing decision-making on net funding positions. INVESTMENT INTERMEDIARY "FACTORI" AD is developing an action plan for extraordinary liquidity crises. As of 31.12.2009, there were no such crises and it was not necessary to develop and implement a plan to deal with liquidity crises.

2) The structure and organization of the risk management unit or other appropriate actions;

A basic principle in the management of risks in INVESTMENT INTERMEDIARY "FACTORI" AD is the principle of dividing responsibilities between those who take the risk and those who manage it.

3) Scope and nature of risk reporting and measurement systems:

"Risk Management" Department at "FACTORI" AD. The "Risk Management" Department carries out monthly inspections, based on which it prepares reports and reports to the managing body of the INVESTMENT INTERMEDIARY and/or to the Head of the "Internal Control" Department:

- on the basis of Article 82, Paragraph 4 of Regulation 38 of the FSC;

- a monthly independent review of the accuracy and independence of the market prices and input data of the model used in the application of the evaluation methods adopted in the Rules and procedures for the evaluation of the company's commercial portfolio, according to the Procedures adopted on the basis of Art. 18, para. 1 of Ordinance No. 35

- daily monitoring of compliance with the limits of risk exposures in the PE portfolio (the investment intermediary's exposure to one client or to a group of related clients should not exceed 25% of its own capital; the sum of the investment intermediary's large exposures to does not exceed 800% of its own capital; notifies the FSC immediately in case of exceeding them)

The methods of monitoring, assessment and control of risks that the PE uses, but not limited to, are the following:

Daily monitoring of the input data used to estimate the

Standard Deviation in annual terms, based on historical price data, of each individual asset in the PE's portfolio;

Index of mutual correlation between any two assets;

Analysis of capital adequacy based on financial statements, capital structure, reputation of the issuer and collateral of the issue, diversification of the stock and bond portfolio

Analyzes and forecasts of macroeconomic indicators in order to minimize their negative impact

4) Risk hedging policies and strategies and processes to monitor the ongoing effectiveness of hedging and risk reduction processes:

The general policy for hedging and limiting the impact of risks, applied in INVESTMENT INTERMEDIARY "FACTORI" AD, is based on strict compliance with regulations, legal acts, structuring the portfolio in accordance with the principle of optimal diversification and with the correlation coefficients of individual assets. The methods for controlling and hedging each individual risk are described in detail in the Risk Management Rules at FACTORI AD under Art. 142, para. 1 of Ordinance No. 35 and Art. 82, para. 1 of Ordinance No. 38.

II. The INVESTMENT INTERMEDIARY discloses information in connection with the implementation of Ordinance No. 35, which includes:

- 1) Name of the investment intermediary that discloses information: INVESTMENT INTERMEDIARY "FACTORI" AD
- 2) As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD has no current or foreseeable substantial practical or legal obstacles to the immediate transfer of funds or the payment of obligations between the parent company and its subsidiary.

III. Information about the equity, which includes:

- 1) General information on the conditions and main characteristics of all elements and components of the equity: The equity (capital base) of the PE, according to the provisions of Ordinance No. 35, has the following structure:

Primary capital, consisting of the sum of:

Subscribed and contributed by the shareholders or other owners of equity shares;

Mandatory reserves according to Art. 57, para. 1 of the

Civil Procedure Code Other reservations

Audited profit for the current period according to an interim financial statement, less any foreseeable taxes or dividends

Reductions in primary capital:

Balance value of non-current intangible assets

Additional capital:

Reductions from primary and additional capital

Equity in a financial institution when the value of the equity participation represents more than 10% of the capital

- 2) Value of the primary capital with separate disclosure of the positive elements and reductions:

As of 31.12.2009, the primary capital in the report of INVESTMENT INTERMEDIARY "FACTORI" AD has a total value of BGN 2,364,589. the following structure:

Registered and contributed capital by the shareholders or other share holders: BGN 2,100,000.

Other reserves: BGN 264,589.

Reductions in primary capital:

Balance sheet value of non-current intangible assets: BGN 0 /zero/

- 3) Total value of additional capital and equity determined pursuant to Art. 8:

As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD did not apply Art. 8 of Ordinance No. 35.

- 4) The elements by which the primary and additional capital are reduced with separate disclosure of the elements under Art. 7, para. 5, item

5: As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD had no reductions in the primary and additional capital according to Art. 7, para. 5, item 5 of Ordinance No. 35.

- 5) Total value of the equity capital after the reductions and limitations under Art. 7, para. 6 and 7:

The total value of the equity capital (the capital base) after applying the reductions under Art. 7, para. 7 and without applying Art. 7, para. 6, is BGN 2,364,589.

IV. Information regarding compliance with the requirements under Art. 21 and Art. 142, para. 3 and 4, which includes:

- 1) Summary information on the methods used by the investment intermediary to assess the adequacy of its internal capital, necessary for carrying out its current and future activities:

INVESTMENT INTERMEDIARY "FACTORI" AD calculates all capital requirements, according to the provisions of Art. 21 and Art. 142, para. 3 and 4, namely:

To cover credit risk, counterparty credit risk, dispersion risk, settlement risk in case of free supplies: according to the standardized approach defined in Ordinance No. 35 on Capital Adequacy and Liquidity of Investment Intermediaries.

The general capital requirements for position, currency and commodity risk: according to the standardized approach;

The general capital requirements for operational risk: according to a basic indicator, according to Appendix No. 8 of Ordinance No. 35.

2) The value representing 8% of the value of the risk-weighted exposures for each class of exposure, determined under Art. 107 - for an investment intermediary calculating the value of risk-weighted exposures according to chapter twelve, section I:

As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD calculates the value of the risk-weighted exposures according to Chapter Twelve, Section I of Ordinance No. 35. The values of the exposures by classes, determined under Art. 107 are as follows:

Income standardized exposure classes excluding securitization positions Receivables or contingent receivables from national governments or central banks

0

Receivables or contingent receivables from regional or local authorities 0

Receivables or contingent receivables from administrative bodies and non-profit associations 0

Receivables or contingent receivables from international development banks 0

Receivables or contingent receivables from international organizations 0

Receivables or contingent receivables from institutions 0

Receivables or conditional receivables from commercial enterprises 0

Retail exposures 0

Exposures secured by real estate 0

Overdue positions 0

High-risk categories of positions 0

Secured bonds 0

Short-term receivables from institutions and commercial enterprises 0

Collective investment undertakings 0

Other positions BGN 8,357.

TOTAL: BGN 8,357

3) Exposures in instruments traded on the stock exchange, exposures in shares of over-the-counter companies with appropriately diversified portfolios and other exposures;

Exposures in exchange-traded instruments at the same date represent debt exposures and equity exposures. The value of capital requirements calculated for exposure in debt instruments in INVESTMENT INTERMEDIARY "FACTORI" AD as of 31.12.2009 is BGN 80,297

The value of capital requirements calculated for exposure in shares in INVESTMENT INTERMEDIARY "FACTORI" AD as of 31.12.2009 is BGN 45,888 4)

Exposures subject to temporary supervision for compliance with capital requirements;

As of 12/31/2009, FACTORI AD has no exposures to be temporarily supervised for compliance with capital requirements.

V. Minimum capital requirements calculated according to Art. 21, items 2 and 3;

1) Regarding the positions in the trading portfolio for position risk, settlement risk, credit risk of the counterparty and for large exposures exceeding the limits under Art. 78 - 82 in the cases where these limits can be exceeded - Art. 21 item 2, and regarding the overall activity of the investment intermediary for currency risk and commodity risk - Art. 21 item 2:

As of 31.12.2009, the values of the capital requirements in INVESTMENT INTERMEDIARY "FACTORI" AD are as follows:

For positional risk:

For positional risk of shares: BGN 45,888.

For positional risk of debt securities: BGN 159,109.

For settlement risk: BGN 0.

For counterparty credit risk: BGN 0.

Value of large exposures: BGN 0.

For currency risk: BGN 0.

For commodity risk: BGN 0.

2) minimum capital requirements, calculated according to Chapter Thirteen, Section I, disclosed separately:

As of 31.12.2009, the values of the capital requirements for operational risk and qualified equity participation under Art. 21 item 4 (respectively determined according to chapter thirteen, section I) calculated in INVESTMENT INTERMEDIARY "FACTORI" AD, are as follows:

For operational risk, determined according to the basic indicator method, is BGN 8,357.

VI. Information related to the exposure to the credit risk of the counterparty, determined according to Section I of Annex No. 3, which includes:

Treatment of the counterparty's credit risk in connection with transactions with derivative instruments, repo transactions, transactions on providing/borrowing of securities or goods, transactions with extended settlement and margin transactions as of 31.12.2009 in INVESTMENT INTERMEDIARY "FACTORI" AD:

- Transactions with extended settlement - none;
- Transactions with derivative instruments - none;
- Margin transactions – none;
- Repos: the net adjusted value of the exposure - none

VII. Information on exposure to credit risk and dispersion risk:

1) Definitions for accounting purposes:

- Overdue items are all items with an outstanding obligation on the agreed due date, delayed by the payer for more than 90 days.
- A position with reduced credit quality is an unsecured part of a claim where there is not necessarily a delay in payments, but there is a deterioration of other credit indicators.

INVESTMENT INTERMEDIARY "FACTORI" AD recognizes the following techniques and measures for credit risk reduction:

- Secured protection is a technique for reducing credit risk, in which the reduction of credit risk for the INVESTMENT INTERMEDIARY results from the right of the INVESTMENT INTERMEDIARY in the event of default by the counterparty or upon the occurrence of other specified credit events related to the counterparty, to realize, transfer, obtain or retain ownership of certain assets or amounts, reduce the value of the exposure to the difference between the value of the exposure and the amount of the IP's claim, or replace the relevant part of the exposure with this value. In the case of collateralized credit protection, the assets recognized as collateral must be sufficiently liquid and their value in the long term so reliable as to ensure the effectiveness of the credit protection, taking into account the method used to calculate the value of the risk-weighted exposures and the permissible degree of asset recognition. The assets that can be recognized are defined in items 8, 9 and 10 of Annex No. 6 to Ordinance No. 35.

- Guaranteed protection is a technique for reducing credit risk, where the reduction of the credit risk of an INVESTMENT INTERMEDIARY exposure results from a commitment to a third party to pay a certain amount in the event of default by the debtor or upon the occurrence of other certain credit events. In the case of collateral protection, the condition for recognition is that the party providing collateral is sufficiently reliable and the protection agreement is legally valid and enforceable in all jurisdictions to provide effective credit protection, taking into account the method used to calculate the value of the risk-weighted exposures and the permissible degree of asset recognition. Protection sellers and the types of protection contracts that can be recognized are those specified in items 19 and 20 of Annex No. 6 to Regulation No. 35.

The PE must take all necessary actions in order to ensure the effectiveness of credit protection measures and eliminate the risks related to the activity.

2) Description of the methods for correction of values and reserves:

According to the Procedures for corrections of estimates and reserves in IP "FACTORI" AD, corrections of estimates and formation of additional reserves are formed as follows:

- For each item from the commercial portfolio of the investment intermediary, for which there are no reliable price sources for 90 calendar days, the "Risk Management" department issues orders for the formation of additional reserves in the following amount:

- 30% of the book value of the position and all additional costs related to its opening, for the period from 91 to 180 calendar days from the date on which the last reliable assessment was announced.

The remaining 70% of the book value of the position and all additional costs related to its opening, for the period from 181 to 270 calendar days from the date on which the last reliable estimate was disclosed.

- Additional reserves are determined in the following cases:

- in case of an increase in the volatility of a certain position from the trading portfolio by more than 50% on average over the last 10 working days, and at the same time a decrease in the average value of the traded volumes by 60%: reserves are 10% from the book value of the position every 60 calendar days, until the position is fully hedged.

- in the event of a risk of market concentrations: The head of the "Risk Management" department takes action according to the Risk Management Rules and, if necessary, orders the formation of additional reserves.

As of 12/31/2009, there was no need for corrections in estimates and reserves in FACTORI AD.

3) Total value of the exposures after accounting revaluation of the value, without taking into account the credit risk reduction and the average value of the exposures for the reporting period by classes of exposures;

The amount of exposures to credit risk and risk of dispersion in INVESTMENT INTERMEDIARY "FACTORI" AD AD as of 31.12.2009 is BGN 8,357.

VIII. For an investment intermediary calculating the value of risk-weighted exposures in accordance with Chapter Twelve, Section I, information on each class of exposure defined in Art. 107:

INVESTMENT INTERMEDIARY "FACTORI" AD calculates the value of risk-weighted exposures according to chapter twelve, section I, but as of 31.12.2009, INVESTMENT INTERMEDIARY

"FACTORI" AD has no risk exposures under Art. 107, to which to apply the assessment of AKR and AEK.

IX. For an investment intermediary calculating the value of risk-weighted exposures according to Annex No. 5, information on the exposures qualified to each of the categories specified in Table No. 1 of Annex No. 5 or to each risk weight specified in Annex No. 5:

As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD has not received permission from the Deputy Chairman, Head of the "Investment Activity" Unit at the FSC, to calculate the value of the risk-weighted exposures using the internal rating method according to

Annex No. 5 of Ordinance No. 35. X For an investment intermediary calculating the capital requirements according to Art. 21, items 2 and 3, information on these requirements separately for each risk under these provisions;

As of 31.12.2009, in INVESTMENT INTERMEDIARY FACTORI AD the value of the capital requirements for settlement risk was BGN 0, for positional risk, currency and commodity risk was BGN 159,109, and the value of large exposures with distribution was BGN 0. The distribution is as follows: SETTLEMENT RISK 0

GENERAL CAPITAL REQUIREMENTS FOR POSITION, CURRENCY AND COMMODITY RISK UNDER THE STANDARDIZED APPROACH.

Traded debt instruments

80,297 Shares BGN 45,888

Currency position 32,924

Commodities 0

Value of large exposures 0

XI. For an investment intermediary that calculates capital requirements under Chapter Eleven, information about each sub-portfolio.

XII. Information on operational risk, including:

A) The methods for assessing the capital requirements for operational risk:

INVESTMENT INTERMEDIARY "FACTORI" AD calculates the capital requirements for operational risk according to the basic indicator method, according to Art. 128- Art. 130 in Section I, Chapter Thirteen of Ordinance No. 35.

B) Explanation of the method:

The capital requirement for operational risk according to the basic indicator method represents a certain percentage of the value of the indicator used, determined

according to item 1 of Annex No. 8 to Regulation No. 35.

As of 31.12.2009, INVESTMENT INTERMEDIARY "FACTORI" AD calculates the capital requirement as the value its percentage is 15% (fifteen percent), and the value in BGN is BGN 159,109.

XIII. For an investment intermediary calculating the value of the risk-weighted exposures in accordance with Chapter Twelve, Section IV, information including:

According to the Internal Rules for the Management of Risks in INVESTMENT INTERMEDIARY "FACTORI" AD, the investment intermediary calculates the risk-weighted value of the securitized exposures according to the provisions in Chapter Twelve, Section IV from Ordinance No. 35.

As of 12.31.2009, the total value of the securitized exposures, calculated in INVESTMENT INTERMEDIARY "FACTORI" AD, is BGN zero, as follows:

TOTAL EXPOSURE 0.00

INITIATOR: TOTAL EXPOSURE 0.00

BALANCE SHEET 0.00 FIRST

TRANCHE 0.00

INTERMEDIATE TRANCHEs 0.00 FOR

FIRST

BALANCE SHEET 0.00 Item and derivatives 0.00 early repayment

0.00

Investor: General Exposition 0.00

Balanced 0.00 Primary Tranche

XIV. Information according to Art. 148: for an INVESTMENT INTERMEDIARY calculating the risk-weighted value of exposures according to Chapter Twelve, Section II, discloses the following information:

As of 31.12.2009, INVESTMENT INTERMEDIARY FACTORI AD did not apply calculations of the risk-weighted value of exposures according to Chapter Twelve, Section II.

XV. Information according to Art. 149: The investment intermediary discloses information regarding the instruments recognized by the Deputy Chairman under Chapter Twelve, Sections II and III.

As of 12/31/2009, FACTORI AD did not apply the provisions of Chapter Twelve, Sections II and III of Regulation No. 35 of the FSC.

XVI. Information according to Art. 150: The investment intermediary is obliged to adopt written rules for fulfilling the requirements for disclosure of information under this section, as well as rules for assessing the adequacy of the disclosure of information, including their confirmation and frequency.

The rules under Art. 150 of Ordinance No. 35 were adopted by the Board of Directors of FACTORI AD.

The functions of control of the implementation of the requirements of Ordinance No. 35 on public disclosure of information, the scope of the information and the frequency of disclosure, are performed by the employees of the "Internal Control" department at INVESTMENT INTERMEDIARY "FACTORI" AD and the members of the Board of Directors.

XVII. Information according to Art. 151: The investment intermediary is obliged, at the request of a small, medium or other enterprise applying for a loan, to explain in writing the rating awarded to them. The costs of the request must correspond to the amount of the requested loan.

According to Art. 2 para. 3 of the Internal Rules under Art. 150 of Ordinance No. 35, this requirement is fulfilled in the event that the

investment intermediary participates in a transaction under the conditions and according to the procedure specified in Ordinance No. 16 on the terms and conditions for making margin purchases, short sales and loans of securities.

XVIII. According to Art. 153:

1) The investment intermediary publicly discloses the information under Art. 147 and 148 at least once a year.

According to Art. 5 para. 1 of the Rules Art. 150 of Ordinance No. 35 in INVESTMENT INTERMEDIARY "FACTORI" AD, the Investment Intermediary publicly discloses the circumstances under Art. 147 and 148 of Ordinance No. 35 once a year. The data in the disclosed information is on an annual basis and is at the end of the financial year.

2) The investment intermediary establishes the need for more frequent disclosure of part or all of the information than provided for in para. 1 in accordance with the volume and scope of its activity, carrying out activities in other countries, participation in other financial sectors, presence in international financial markets and participation in payment, settlement and clearing systems, and in particular the need to disclose information under Art. 147, para. 1, item 3, letters "b" and "e", item 4, letters "b" - "e" rapid change.

According to Art. 5 para. 2 of the Rules Art. 150 of Ordinance No. 35 in INVESTMENT INTERMEDIARY "FACTORI" AD, the investment intermediary discloses information more often than once a year, if necessary, and by decision of the Board of Directors. Such a decision can be taken in the presence of any of the following circumstances:

1. change in the volume and scope of activity of the investment intermediary;
2. carrying out activities in other countries;
3. participation in other financial sectors;
4. presence on international financial markets and participation in payment, settlement and clearing systems;
5. the need to disclose information under Art. 147, para. 1, item 3, letters "b" and "e", item 4, letters "b" - "e" of Ordinance No. 35;
6. other information that is subject to rapid change.

3) Investment intermediaries distribute the information under para. 1 through its website, providing it on request to its customers and interested parties in hard copy. INVESTMENT INTERMEDIARY FACTORI AD publishes the information subject to disclosure on its website/ currently being updated/ or on paper, at the request of its clients and interested parties.

4) The investment intermediary is deemed to have fulfilled its obligation to disclose information under this section when it has disclosed equivalent information for accounting, legal or other purposes.

5) If the disclosed information is not included in the financial statements of the investment intermediary, it must indicate the place where this information can be found. We consider that we have fulfilled our obligation to disclose information under Chapter Fifteen, Section III of Ordinance No. 35, as it corresponds to the financial statements of the INVESTMENT INTERMEDIARY as of 12/31/2009 and to the regulatory provisions valid on the same date.
