



Fibank Presentation

Meeting with Minority shareholders

15 November 2018

Fibank & the banking system

GROUP 1: TOP 5 BANKS

	TOTAL ASSETS (Q3'18, BGNm)	MARKET SHARE (Q3'18%)
UniCredit Bulbank	19,150.1	18.6%
DSK Bank	12,864.7	12.5%
United Bulgarian Bank	10,893.8	10.6%
Fibank	9,233.6	8.9%
Eurobank Bulgaria	8,159.0	7.9%

GROUP 3: FOREIGN BRANCHES

	TOTAL ASSETS (Q3'18, BGNm)	MARKET SHARE (Q3'18, %)
Paribas S.A., Sofia Branch	878.1	0.9%
ING Bank N.V., Sofia Branch	818.1	0.8%
Citi Bank Europe- Sofia Branch	785.9	0.8%
Paribas Personal Finance S.A., Bulgaria Branch	586.4	0.6%
T.C. Ziraat Bank, Sofia Branch	124.3	0.1%

GROUP 2: OTHER BANKS

	TOTAL ASSETS (Q3'18, BGNm)	MARKET SHARE (Q3'18, %)
Raiffeisenbank Bulgaria	7,496.9	7.3%
SG Expressbank	6,573.1	6.4%
Central Cooperative Bank	5,593.4	5.4%
Piraeus Bank	3,144.3	3.0%
Allianz Bank	2,702.5	2.6%
Bulgarian Development Bank	2,844.5	2.8%
Investbank	2,204.2	2.1%
ProCredit Bank	2,079.7	2.0%
Municipal Bank	1,959.0	1.9%
International Asset Bank	1,404.0	1.4%
BACB	1,344.1	1.3%
D Commerce Bank	793.3	0.8%
TBI Bank	773.0	0.7%
Tokuda Bank	398.1	0.4%
Texim Bank	269.4	0.3%
Bank Victoria	117.5	0.1%

In Q3 2018 Fibank grows above the average for the banking system...

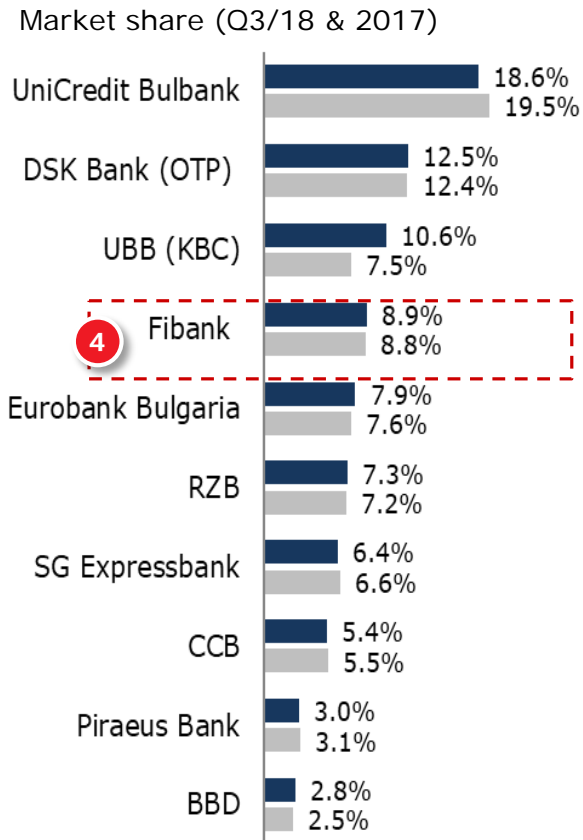
Fibank and the Banking Sector as at 30 September 2018

in BGN M		June 2018	September 2018	Growth, %
Assets	Banking system	100 135	103 191	3.1
	Fibank	8 870	9 234	4.1
Deposits (other than from credit institution)	Banking system	80 749	83 236	3.1
	Fibank	7 671	8 077	5.3
Deposit of individuals and households	Banking system	50 751	51 780	2.0
	Fibank	6 062	6 244	3.0
Loans to non-banks	Banking system	56 192	57 201	1.8
	Fibank	5 753	5 961	3.6
Consumer loans	Banking system	10 021	10 208	1.9
	Fibank	957	995	3.9
Mortgage loans	Banking system	10 233	10 498	2.6
	Fibank	646	683	5.6
Company loans	Banking system	34 245	34 782	1.6
	Fibank	4 141	4 271	3.1

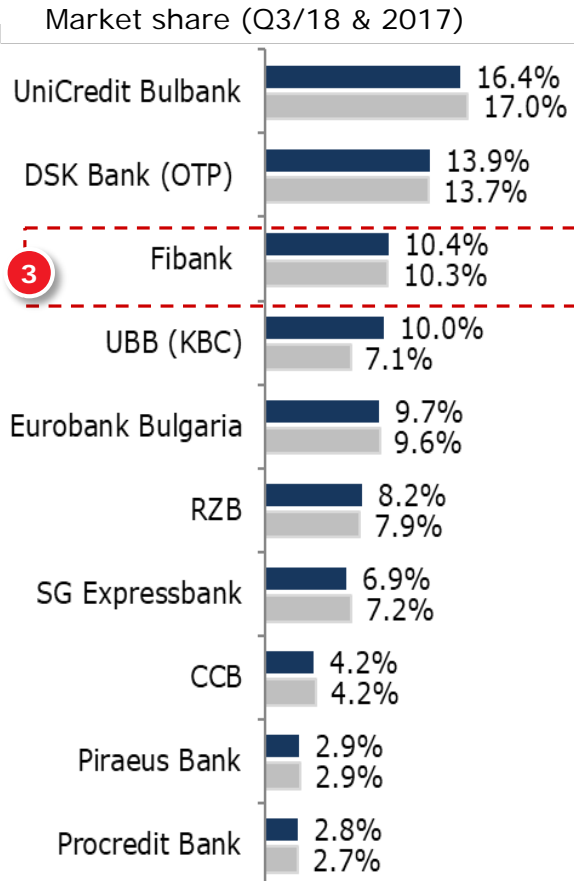
Source: Bulgarian National Bank, June 2018 and September 2018

...keeps the #3 for preferred lender and on track to return to #3 in deposits...

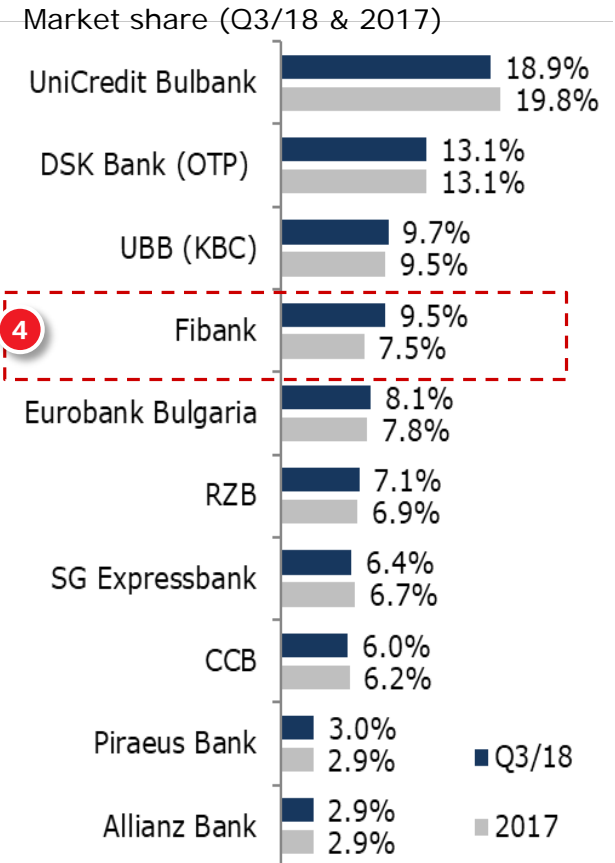
TOTAL ASSETS



LOANS

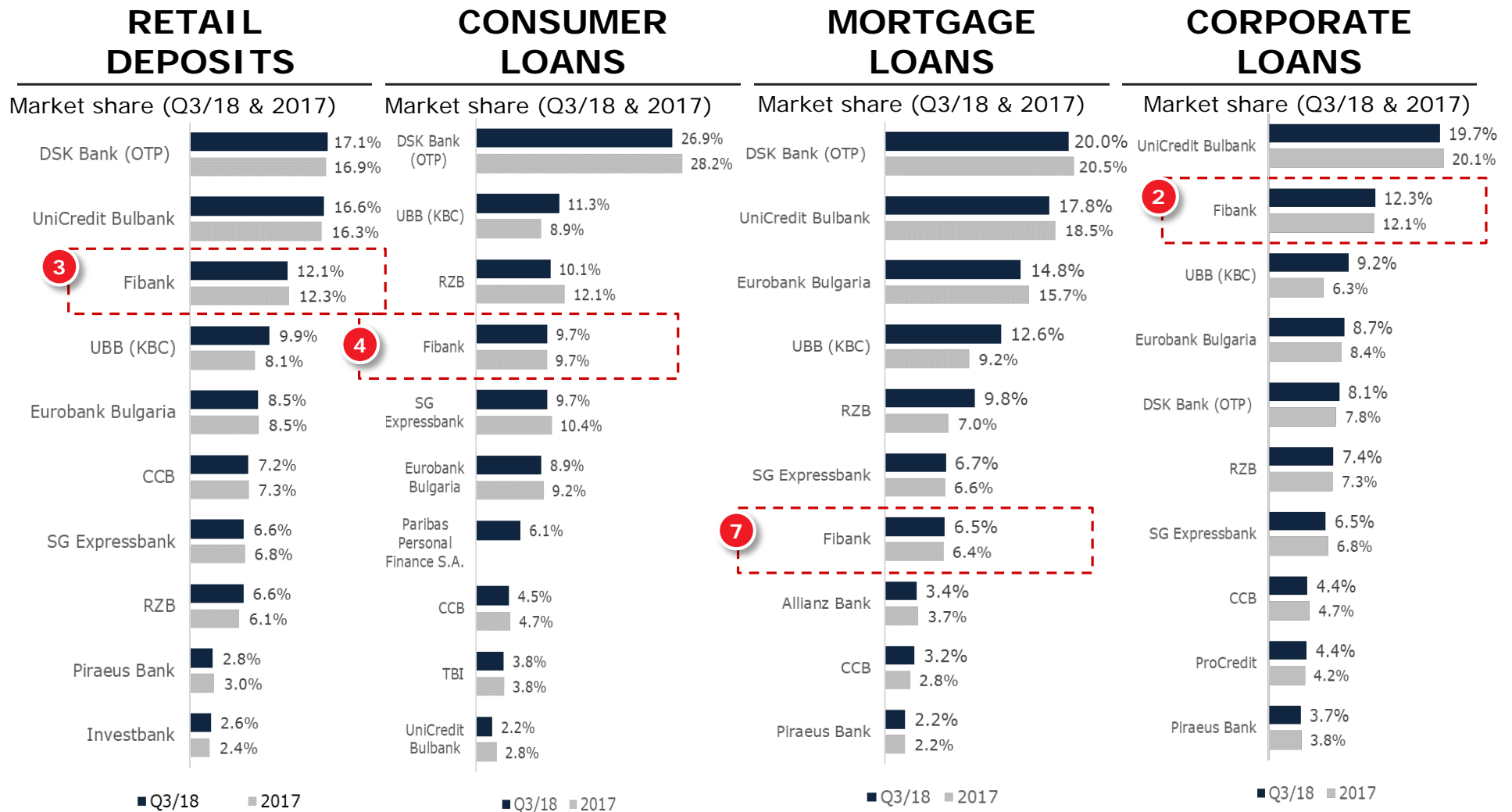


DEPOSITS



*At the beginning of 2018 has finished the legal merger of CIBANK into United Bulgarian Bank

...standing up for its' market shares



*At the beginning of 2018 has finished the legal merger of CIBANK into United Bulgarian Bank

Key figures

Stand alone

	Actual (YTD) 30-09-18	Actual (YTD) 30.09.2017	+/-	+/- %
In BGN '000				
Net interest income	189,622	188,305	1,318	1%
Net fee and commission income	68,624	73,891	-5,266	-7%
Net trading income	8,461	12,159	-3,698	-30%
Other operating income	11,918	19,685	-7,767	-39%
Total income from banking operations	278,625	294,039	-15,414	-5%
Total General administrative expenses	-147,940	-146,977	-963	1%
Other (expenses)/income, net	-3,340	-20,390	17,050	-84%
Profit/(loss) before allowances	127,345	126,672	673	1%
Impairment cost	-69,386	-58,975	-10,411	18%
Profit/(loss) before taxation	57,959	67,698	-9,738	-14%
Tax	4,197	-6,538	10,735	-164%
Net profit	62,156	61,160	997	2%

1

1 Growing Net interest income due to higher lending volumes

2

2 Total income from banking operations lower due to the strong competition in transactional services

2

3 Higher impairment costs related to active NPL management

4

4 Net profit above 2017

3

4

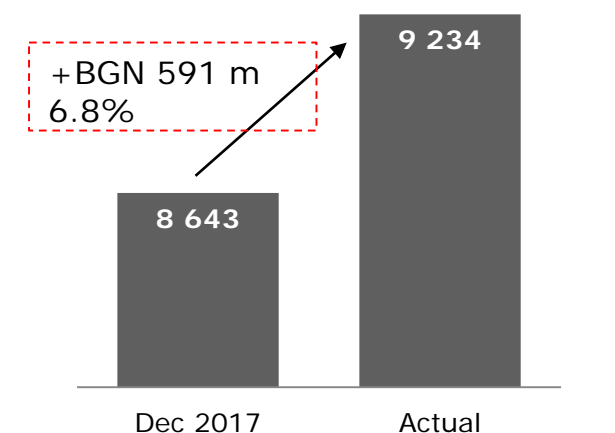
Key figures

Stand alone

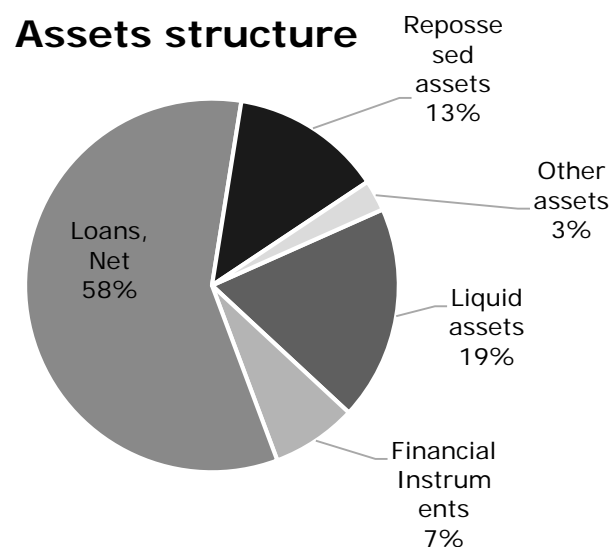
Balance Sheet

BGN M	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Liquid assets	2 177	2 179	1 991	2 202	2 399
Loans and advances to customers	4 882	5 018	5 013	5 189	5 375
Other assets	1 492	1 445	1 438	1 480	1 460
Total assets	8 551	8 643	8 442	8 871	9 234
Due to other customers	7 286	7 338	7 230	7 598	8 004
Other liabilities	362	375	368	403	347
Shareholders' equity	903	929	844	870	883
Total liabilities	8 551	8 643	8 442	8 871	9 234

Total assets



Assets structure

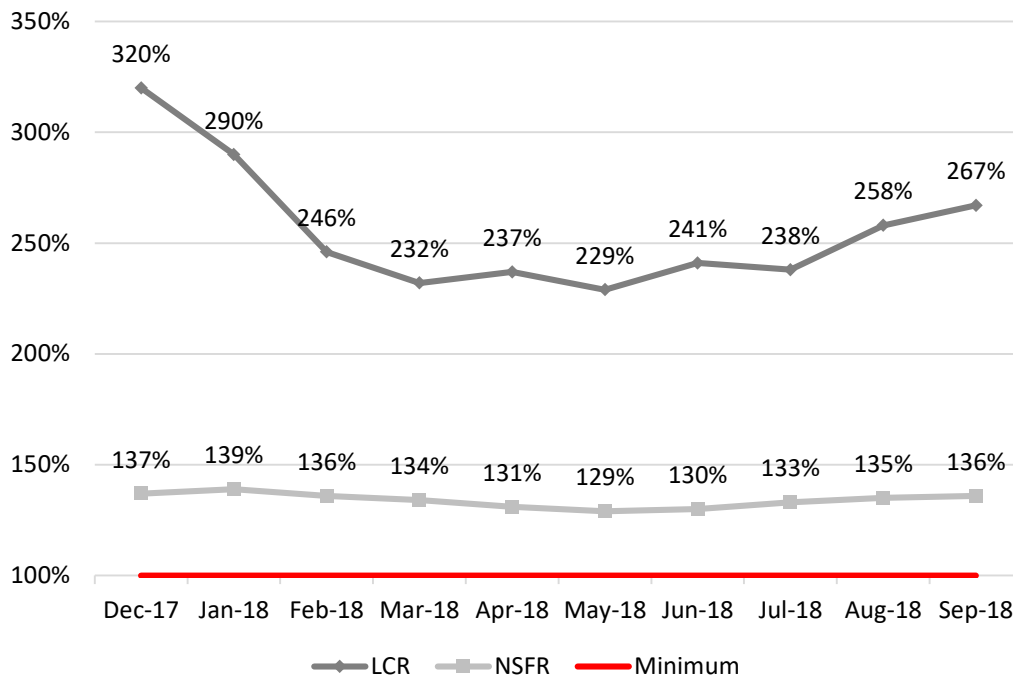


Liquidity

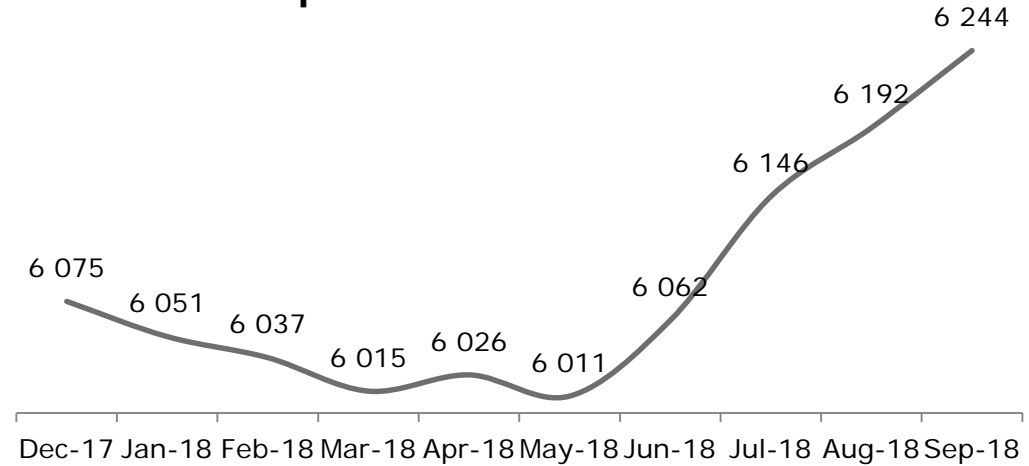
Stand alone

- Solid liquidity ratios
- Strong liquidity of 26.35% at the end of September (BNB recommendation of >20%)
- > BGN 2 bn of liquid assets
- Growing deposit base

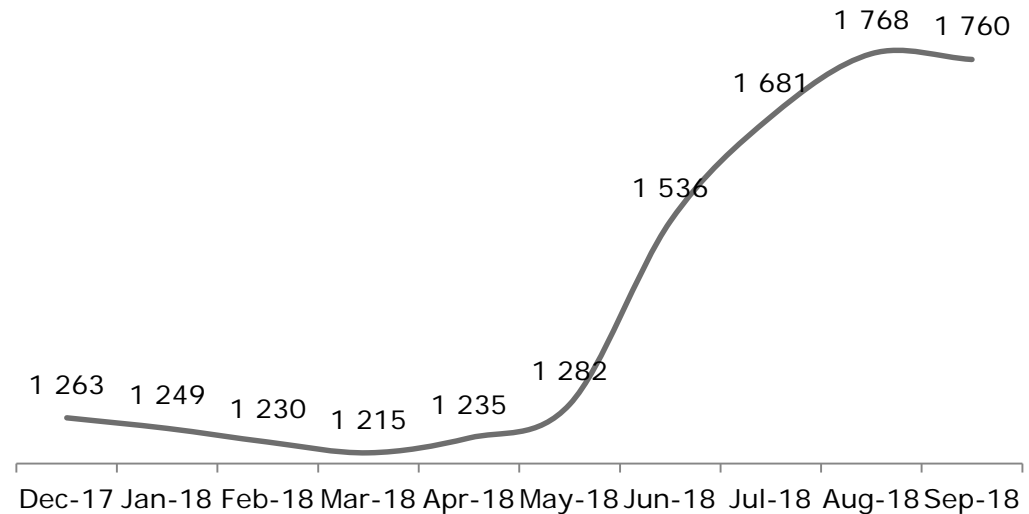
Liquidity ratios



Deposits from individuals



Business deposits



Key ratios

FIBank AD Key Ratios	30/09/2018		30/06/2018		31/03/2018		31-12-17
Capital Adequacy							
Overall Capital Adequacy*	15.00%	16.28%	15.60%	16.91%	14.61%	15.96%	16.18%
Tier 1 capital adequacy*	15.00%	16.28%	15.60%	16.91%	14.61%	15.96%	16.16%
CET1 adequacy*	12.07%	13.38%	12.57%	13.92%	11.48%	12.88%	13.08%
Liquidity Ratio							
Liquidity ratio	25.74%		23.50%		22.74%		25.12%
Liquidity ratio BNB recommendation	26.80%		24.70%		23.83%		26.26%
Key Ratios							
CI ratio	53.74%		53.04%		57.38%		53.31%
Loan provisioning ratio	11.40%		11.41%		11.73%		10.55%
Return-on-equity after taxation	9.60%		10.66%		10.38%		9.70%
Return-on-assets after taxation	0.95%		1.07%		1.05%		0.98%
Income Diversity Ratio	68.06%		66.96%		68.44%		63.59%
Interest Margin (interest earning assets base)	4.10%		4.02%		4.15%		4.05%
Interest Margin (total assets base)	2.90%		2.86%		2.95%		2.85%
Loans/Deposits	67.15%		68.30%		69.34%		68.38%
Cost of Risk	1.53%		1.58%		1.59%		1.38%
NPE ratio	20.09%		20.15%		20.82%		21.96%
NPL ratio 90+	15.46%		15.82%		16.44%		17.63%

Three key strategic imperatives in Fibank's strategy 2018-2021



Strengthen Retail / Protect Corporate

- Grow in **Retail** as an **attractive growth area**
 - Achieve **over 50% of revenue in Retail** by 2021
- Protect existing **Corporate market position**
- Step-up **efforts in SME business**

Achieve strong position in Retail to drive growth



Keep Profitability

- **Drive fee & commission income** (esp. transactional business)
- **Defend NII margin** from market downward pressure
- Achieve best-in-class **cost efficiency** in Bulgaria

Achieve return for shareholders



Ensure Stability

- **Strengthen existing portfolio** without compromising capital position
 - Step-up NPE management
 - Liquidate legacy loans that do not meet the new heightened standard
- Actively **manage risk** and reach **best-in-class risk management**

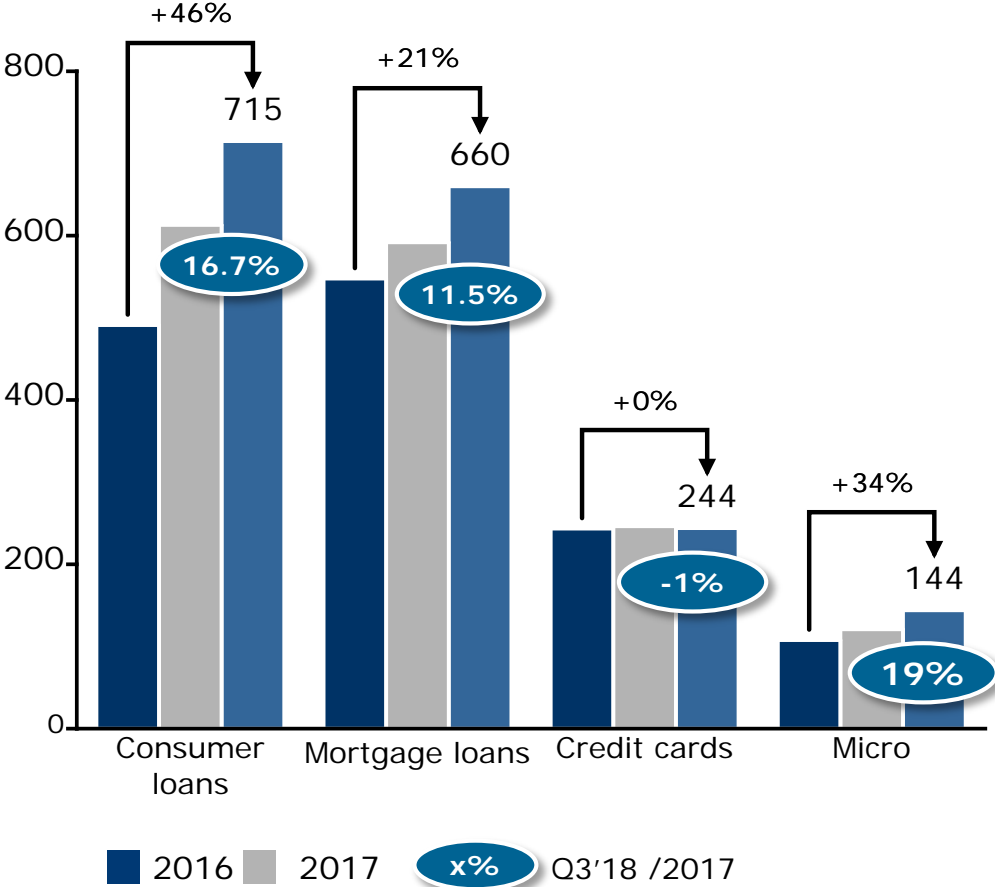
Protect solvency and shareholder interest

Retail and SME business loans grew strongly, with rationalization of corporate lending

Stand alone

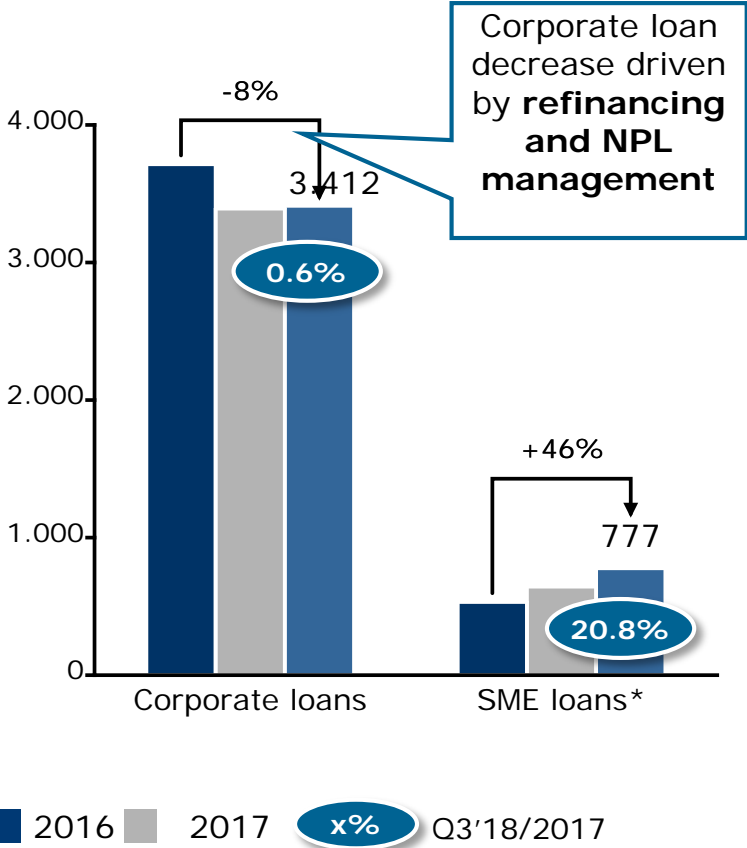
RETAIL & MICRO LOANS

Retail & Micro Loans
(BGN M, 2016-Q3'18)



CORPORATE AND SME LOANS

Business Loans
(BGN M, 2016-Q3'18)



NPE Strategy

- Fibank together with BAIN &CO developed a new NPE strategy till 2021
- Strategy developed for **the existing stock of NPEs** could decrease NPE ratio by ~18 p.p. by the end of 2021 (decrease **from 21% in Q1 2018 to 3% by EOY2021**)
- De-risking of current exposures can be done in multiple ways: by recovering proceeds, selling collateral or exposure, adding co-debtor or collateral or provisioning the exposure
- **Timeframe of 3-4 years** to realize the strategy – expected outcome by ~2021
- **Phasing:** NPE Strategy is projected to decrease NPE ratio by ~18pp, with most (~13pp) of the reduction likely to be achieved in 2019 and 2020 (~7pp and ~6pp)
- Three scenarios for pricing the collateral will have varying impact on the capital
- Total Capital Ratio doesn't decrease as the significant drop in RWA offsets the decrease in capital

Fibank Risk Resilience Program

Steering Committee #4

14th September, 2018





25 **Fibank**
years *My bank*

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