



Fibank AQR/Stress Test results and Capital Enhancement Measures

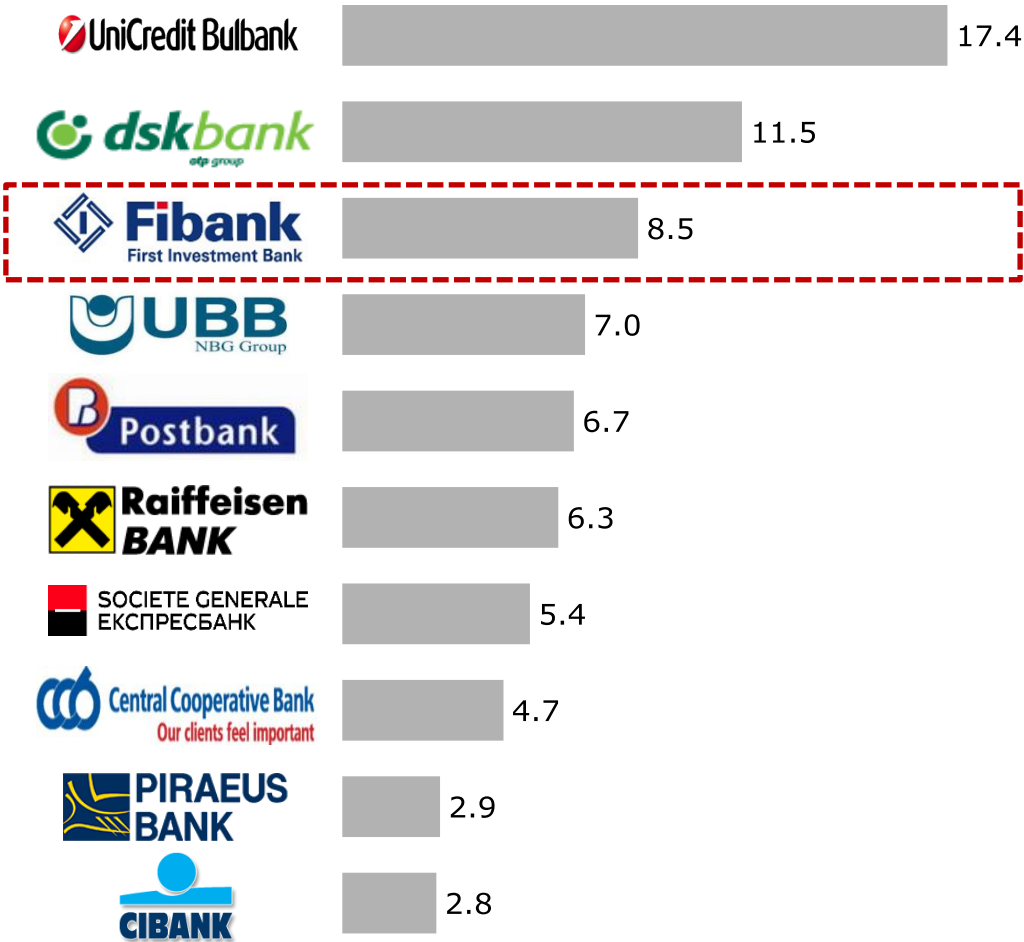
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Fibank, Bulgaria's 3rd largest bank, was subject to the sector-wide AQR/Stress Test by BNB

CONTEXT

- Fibank is Bulgaria's 3rd largest bank and the largest Bulgarian owned commercial bank with ~1.1M of individual and almost ~150k of corporate clients. It operates through a network of 162 branches
- Following the AQR/Stress Test of the Bulgarian banking sector, BNB issued specific recommendations, for each bank
- For Fibank, BNB recommends generating BGN 206M incremental capital buffer
 - *The 1H2016 profit before impairments and taxes amounts to BGN 146.6M
- Those measures will further strengthen the Bank's sustainability and resilience as well as fuel the growth potential
- Concrete actions to rebuild the capital buffers have been advised by the BNB

BULGARIAN BANKS BY ASSETS, AS OF JUN 2016 (BGN B)



Source: BNB, Fibank

The BNB AQR/Stress Test results give background for improving the Bank's capital position

STRESS TEST RESULTS

- The approach and results for Stress Tests are in line with similar results observed recently in other European banks
 - The Bank has sufficient capital to meet the Baseline Stress Test scenario
 - Fibank already has a concrete set of measures, advised with the BNB, to enhance its capital surplus position for the Adverse ST scenario
- The hypothetical Adverse scenario is based on the assumptions of prolonged and deep slump in the economy, modelled already in 2016 (which have not materialized) and should not be treated as indicative of the future financial performance of Fibank or the country, for that matter

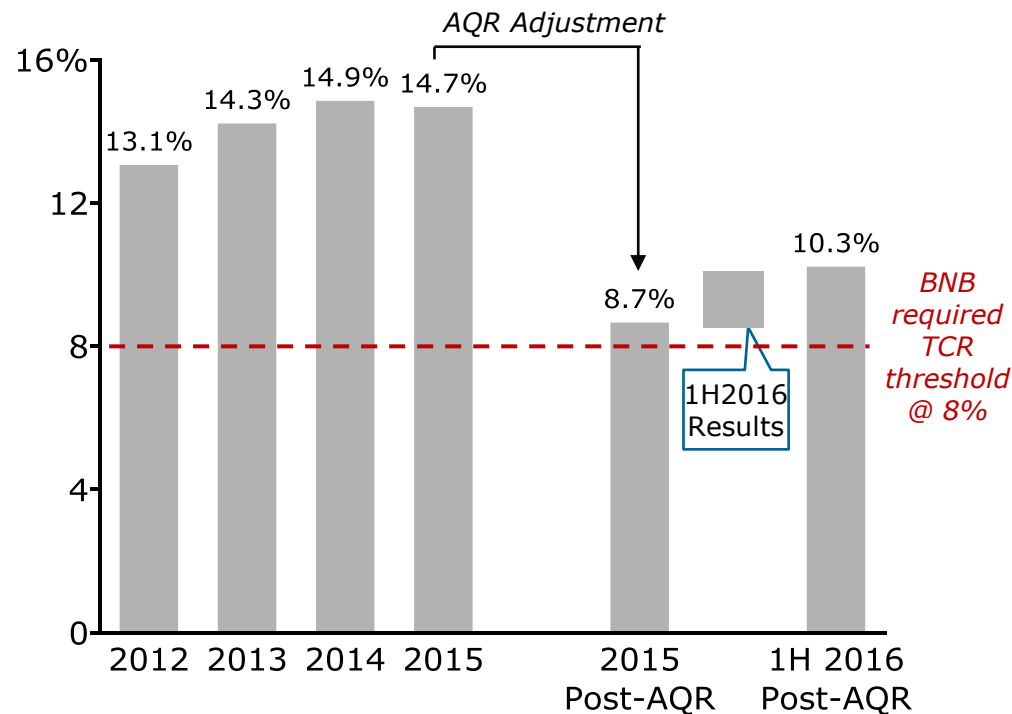
ASSET QUALITY REVIEW RESULTS

- BNB recommends that Fibank generates BGN 206M incremental capital buffer as measures to address the AQR results
- Bank's capital position as of EY 2015 ensures that the Post-AQR Total Capital Ratio (TCR) remains at strong level of 8.7% vs. 8% minimum BNB requirement
- Given its positive results, the Bank will continue operating business as usual as well as serving the Bulgarian business, families and individuals with the same level of commitment, professionalism and passion

The Assessment confirms the quality and strength of Fibank's assets and capital position

Fibank's stable and improving capital position translates into strong profit generation which accommodates AQR results

TCR CAPITAL RATIO (%)



Fibank's capital ratio has been growing over the last years. The Bank will generate an additional capital buffer of BGN 206M to improve it further

FIBANK FINANCIAL HIGHLIGHTS

- Even allowing for entire AQR adjustment, the capital adequacy remains strong with 2015 Post-AQR TCR ratio at 8.7% vs. 8% BNB regulatory threshold
- BGN 135M from the Bank's 1H 2016 Results will be devoted towards increasing the capital even further, to 10.3%
- Moreover, as agreed with BNB, the Bank will generate additional capital of BGN 206M and re-build the TCR ratio to 13.5% level
- Fibank's financial results were achieved alongside a successful reorganization program, which:
 - Aimed at improvements of corporate management and risk management under the guidance and collaboration of IFC
 - Was positively reflected in the external ratings

To address the additional prudential provision, Fibank will build up the capital buffer

- Fibank's concrete Enhancement Measures, addressing the full recommended capital surplus, have been officially advised with the Bulgarian National Bank
- The measures consist of four key levers:

CAPITAL LEVER	SUMMARY
1 Retention of profit	<ul style="list-style-type: none">• The Bank will use the profit generated from its "business as usual" operations
2 De-risking of exposures	<ul style="list-style-type: none">• The Bank will continue to diversify and de-risk its portfolio
3 Sale of held assets	<ul style="list-style-type: none">• The Bank will sell its non-core, fixed (repossessed) assets
4 <i>External capital raise</i>	<ul style="list-style-type: none">• <i>The Bank will take necessary actions to arrange external capital raise on the financial markets in presence of favourable conditions</i>

The Measures will further strengthen the Bank's sustainability and resilience as well as fuel the growth potential