

To:
Financial Supervision Commission
Supervision of Investment Activities Division
Sofia, 16 Budapest Str.

CC:
Bulgarian Stock Exchange
Sofia, 6, Tri Ushi Str.

04 July 2017, Sofia

Re: First Investment Bank ratings from Moody's

Dear Sirs,

Moody's Investors Service has raised the long term deposit ratings of First Investment Bank.

The international agency Moody's has based its ratings on several criteria, including:

- the Bank's strong earning power and operational efficiency;
- the wide deposit base which dominates the funding structure;
- the stable liquidity buffers;
- the effective corporate governance and risk management, which First Investment Bank develops in cooperation with the International Finance Corporation (IFC).

Moody's point out that Fibank has stable income generation and good return on assets, as indicated by the 3.6% ratio of pre-provision income to risk weighted assets as of December 2016. The Agency states that the Bank's income streams are well diversified. The liquid assets ratio amounts to a sizable 28%.

Fibank maintains stable capital buffers, with a Common Equity Tier 1 ratio of 12.0% as of December 2016 and Tier 1 ratio of 15.1%, significantly above the 11.5% regulatory minimum.

The international rating agency Moody's reminds that Fibank FiBank is the third largest bank with a market share of 13% of domestic retail deposits.

According to preliminary data as at 30 June 2017 the profit of FiBank before impairment and taxes amounts to BGN 82 million, and the net profit – to BGN 40 million. During the first six months of 2017 the net interest income was BGN 124 million and the net fee and commission income – BGN 49 million.

As at 30 June 2017 the total amount of NPLs decreases significantly by 9.4% compared to 31 March 2017, and their share of the loan portfolio in Q2 2017 decreases to 23.5% from 26.0%.

Regards,

(signed)

Vassil Christov
Executive Director
Managing Board Member

(signed)

Svetozar Popov
Executive Director
Managing Board Member