

To:
Financial Supervision Commission
Investment Activity Supervision Department
16 Budapest Str.
Sofia

Cc:
Bulgarian Stock Exchange - Sofia AD
6 Tri Ushi Str.
Sofia

Cc:
Central Depository
6 Tri Ushi Str.
Sofia

Cc:
The public via *x3news*

15 April 2020

Re: Changes in the key parameters of a new issue of shares for capital increase of First Investment Bank's AD via public offering

Dear Sirs,

We hereby inform you that the Management Board of First Investment Bank AD (the Bank) has made a resolution to change the key parameters of a new issue of shares via public offering, as it was approved by the Management Board on 12.12.2019 in accordance with the authorisation granted by the General Meeting of Shareholders under Article 17, Para 5 of the By-Laws of First Investment Bank AD of which we informed you at the end of December 2019. The change in parameters has been reflected in a new prospectus for public offering of shares which today, 15 April 2020, was approved by the Management Board and submitted to the Financial Supervision Commission for confirmation.

Pursuant to the Management Board resolution which was endorsed by the Supervisory Board of First Investment Bank on 15.04.2020, the Bank shall increase the total nominal amount of its capital from BGN 110 000 000, distributed in 110 000 000 ordinary, registered, dematerialized shares, each with one voting right in the general meeting and nominal value of BGN 1, to up to BGN 135 000 000, distributed in 135 000 000 ordinary, registered, dematerialized shares, each with one voting right in the general meeting, and with nominal value of BGN 1, through the issue of up to 25 000 000 (twenty-five million) new ordinary, registered, dematerialized shares, each with one voting right in the general meeting, with nominal value of BGN 1, and issue value of BGN 8.

The issue price was determined on the basis of complex analysis taking into consideration the interests of all of the Bank's shareholders. The analysis included:

1. The key factor in determining the price was the balance-sheet value per share;
2. Market data and valuations of recent transactions for acquisition of other banks in Bulgaria;
3. The Bank's financial indicators, market position and size;

4. Expected development, taking into account the Bank's innovative profile;
5. Risk factors and the measures taken to eliminate them;
6. The excellent condition of the Bulgarian banking system as a whole and the positive perspective in view of the forthcoming ERMII membership.

The capital of First Investment Bank AD will increase only if at least 2 500 000 shares with nominal value of BGN 1 and issue value of BGN 8 each are subscribed and paid, and in that case the capital will increase only with the value of the shares subscribed. The threshold of the announced amount of capital increase to be subscribed may not be exceeded. All shares issued by First Investment Bank AD, as well as the shares from the new issue shall be of the same class

During the Bank's capital increase, rights will be issued in accordance with POSA, entitling shareholders to subscribe shares proportionate to their stakes in the capital prior to the increase by which the capital increase with rights makes it impossible to damage the interests of any of the shareholders. One right shall be issued against each existing share. Every 4.4 rights entitle for subscription of 1 new share.

The capital increase will take place through the public offering of newly issued shares, after publication of a prospectus approved by the Financial Supervision Commission prepared in accordance with the legal requirements. The relevant provisions of POSA on increasing the capital of a public company will be applicable to the issue.

First Investment Bank intends to use the capital increase in order to ensure the implementation of its strategy for expanding the market presence in retail banking and lending to small and medium-sized enterprises.

In 2019 the Bank increased its balance sheet figure by over one billion levs, and the total assets reached BGN 10,660 million on consolidated basis. The regulatory own funds reached BGN 1,284 million with an increase of BGN 176 million in 2019. Over the year, the Bank managed to achieve growth in deposits by BGN 761 million, and thus attracted funds from other customers exceeded BGN 9,104 million. In December 2019 the Bank issued successfully a debt capital instrument with a total value of EUR 30 million; after permission from the Bulgarian National Bank it was included in the Bank's additional Tier 1 capital. The profit for 2019 on consolidated basis was BGN 137.9 million, and the profit before impairment was BGN 257.7 million. At the end of 2019, through capital enhancement and risk mitigation measures the Bank formed an additional capital buffer amounting to over EUR 197 million.

On consolidated basis as at 31 December 2019, the capital adequacy ratio of First Investment Bank AD reached 18.34 %, the Tier 1 capital ratio was 18.28%, while the CET1 ratio was 14.65%. The liquidity coverage ratio reached 221,64 % and was significantly above the requirements of the regulator. In 2019 the Bank's loan portfolio in the *Small and Medium-Sized Enterprises* sector grew by BGN 64,5 million, or 7,7%, while the loan portfolio in the *Retail Banking* segment grew by BGN 281.3 million, or 17,5%.

In the first quarter of 2020 the Bank's capital position was strengthened further after, following permission from the Bulgarian National Bank, the 2019 profit was included in the own funds. As at 31 March 2020 the capital adequacy ratio of First Investment Bank was 19.09 %, the Tier 1 capital ratio was 19.03 %, the CET1 ratio was 15.48 %, and the regulatory own funds reached BGN 1,365 million. In the first quarter of 2020 the profit before impairment was BGN 30.9 million. The liquidity coverage ratio was 273.87%, showing a stable liquidity position. Over the first three months of 2020 the Bank's loan portfolio in the *Small and Medium-Sized Enterprises* sector grew

by BGN 13,8 million, i.e. 7,2% on annual basis, while the loan portfolio in the *Retail Banking* segment grew by BGN 47,3 million, or 10,4% on annual basis.

Sincerely,

(signed)

Nikola Bakalov
Chief Executive Officer

(signed)

Chavdar Zlatev
Executive Director