



**FIRST INVESTMENT BANK**

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**Q4, 2019**

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SECTION 1

# **COUNTRY PROFILE AND BULGARIAN ECONOMIC OVERVIEW**

# Country profile

- Full name: **Republic of Bulgaria**
- Memberships: **European Union** (since 2007), **NATO** (since 2004)
- Population: **7.2 M**
- Capital: **Sofia**
- Area: **110,994 sq km (42,855 sq miles)**
- Official language: **Bulgarian**
- Traditional religion: **Orthodox Christianity**
- Monetary unit: **Bulgarian Lev (BGN)**
- A currency board arrangement was established in 1997 through the Bulgarian National Bank Act.
- Fixed Exchange rate: **EUR 1 = BGN 1.95583** (BGN 1 ≈ EUR 0.51)
- Main tax rates:
  - corporate tax rate of 10%;
  - personal income tax rate of 10%;
  - Value Added Tax Act (VAT) rate of 20%;
- Main exports: **Ferrous and non-ferrous metals, petrol products, foods and drinks, textiles, machines and equipment**
- Payment Systems: **RINGS, TARGET2 BNB, BISERA, BISERA7EUR, BORICA, SEPA, ESROT, CENTRAL DEPOSITARY**

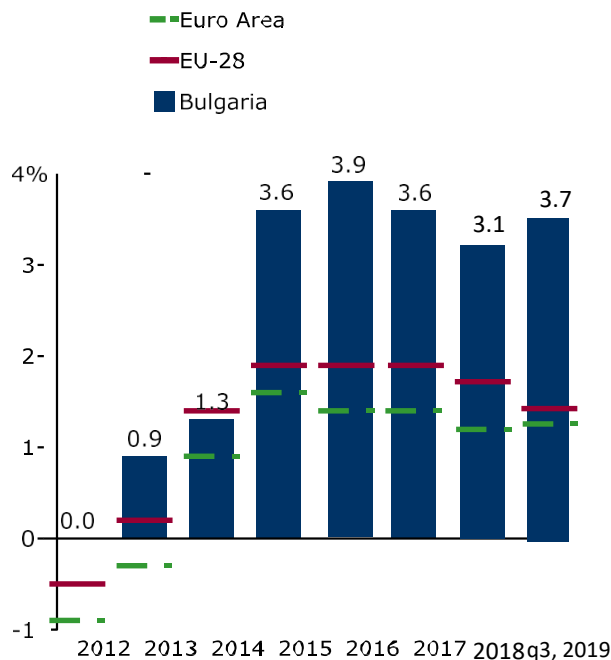


Source: National Statistical Institute, Bulgarian National Bank, Ministry of Finance

# Bulgarian economy had strong results over past few years with high growth and low unemployment

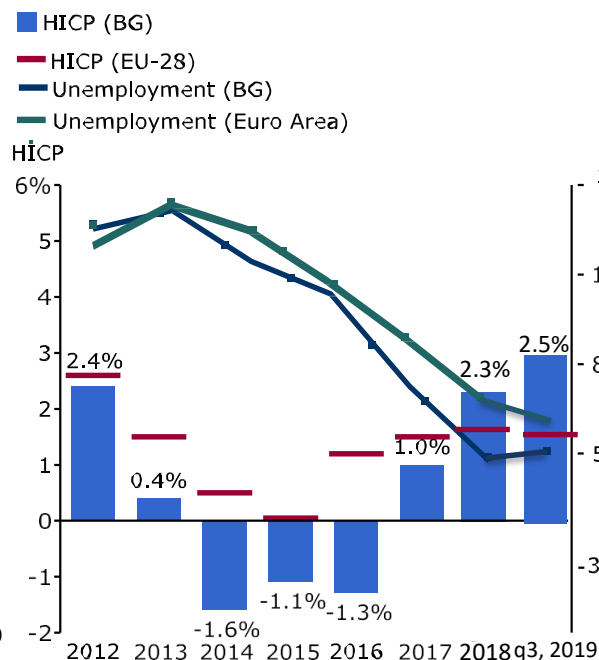
## BULGARIAN GDP GROWTH ABOVE EU AVERAGE

GDP real growth (% , 2012-2018)



## INFLATION & UNEMPLOYMENT DECREASED SINCE 2012

HICP & Unemployment (% , 2012-2018)



## KEY DRIVERS OF THE BULGARIAN ECONOMY

- In q3, 2019, the country's economy reported a real annual growth rate of 3.7% for the period (2011: 3.1%), influenced by the improving external environment on a global scale, as well as the growing economic activity in the countries of the European Union. The main driver of the economy was private consumption growing by 5.7% for Q3 (2018: 6.9%), due to higher internal demand and positive dynamics in the labor market;
- The **unemployment rate declined** to 3.7% at the end of q3 2019, driven by employment in trade, agriculture, hospitality industry and education;
- The **current account** remained positive, at the amount of BGN 4 862 M, or 8,2% of GDP in q3, 2019.

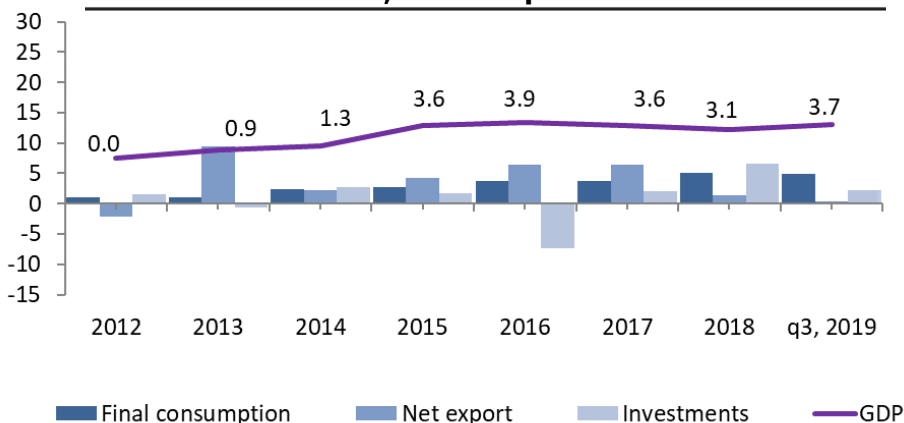
Source: International Monetary Fund; European Commission; Bulgarian Ministry of Finance; National Statistical Institute; Bulgarian National Bank



# Bulgarian Economic Overview

Macroeconomic indicators		2013	2014	2015	2016	2017	2018	q3, 2019
GDP	EUR M	42,010	42,824	45,288	48,128	51,662	55,181	14,882
	Growth, %	0.9	1.8	3.5	3.9	3.8	3.1	3.7
Current account	EUR M	535.6	530.6	(15.4)	1,244.0	1,578.2	2,547.5	1,758.6
	% of GDP	1.3	0.1	0.0	2.6	3.1	4.6	3.0
FDI	EUR M	1,384	347	2,399	1,003	2,314	1,744	457.1
	% of GDP	3.3	0.8	5.3	2.1	4.5	3.2	0.8
Budget deficit/ surplus	% of GDP	(0.4)	(5.4)	(1.7)	0.2	1.1	1.0	1.2

## Growth of Real GDP, Consumption and Investments



## Bulgaria Current Ratings

Date	Outlook	Rating
30 August 2019	Positive	Baa2
29 November 2019	Positive	BBB-
28 August 2019	Positive	BBB

MOODY'S

STANDARD & POOR'S

FitchRatings

Source: Bulgarian National Bank, National Statistical Institute, Ministry of Finance

# Macro environment: Key indicators historic development

<b>Indicators</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>q3, 2019</b>
Gross domestic product (BGN million)	82,166	83,634	88,571	94,130	98,361	107,925	31,485
Gross domestic product, real growth (%)	0.9	1.3	3.6	3.9	3.6	3.1	3.7
- Consumption, real growth (%)	(1.9)	2.2	3.8	3.3	4.5	5.0	4.9
- Gross fixed capital formation, real growth (%)	0.3	3.4	2.7	(6.6)	3.8	10.2	2.2
Export (% of GDP)	50.5	49.2	48.4	48.0	52.2	49.6	35.9
Inflation at period-end (%)	(1.6)	(0.9)	(0.4)	0.1	2.8	2.7	1.7
Average annual inflation (%)	0.9	(1.4)	(0.1)	(0.8)	2.1	2.8	3.1
Unemployment (%)	11.8	10.7	10.0	8.0	7.1	6.1	3.7
Current account (% of GDP)	1.3	1.2	0.0	2.6	6.7	4.6	8.2
Trade balance (% of GDP)	(7.0)	(6.5)	(5.8)	(2.0)	(1.5)	(4.1)	(0.5)
Foreign exchange reserves of BNB (EUR million)	14,426	16,534	20,285	23,899	23,662	23,510	25,027
Foreign direct investments (% of GDP)	3.3	0.8	5.3	2.1	4.5	3.2	1.2
Gross external debt (% of GDP)	87.9	91.9	74.0	71.1	65.5	60.4	57.5
Public debt (% of GDP)	9.7	15.3	13.2	15.0	12.3	11.1	10.2
Consolidated budget balance (% of GDP)	(1.8)	(3.7)	(2.8)	1.6	0.8	-	2.9
Exchange rate of USD (BGN for USD 1)	1.42	1.61	1.79	1.86	1.63	1.71	1.78

Source: National Statistical Institute, Bulgarian National Bank, Ministry of Finance

# Mid-term macro forecast

## MACRO ASSUMPTIONS 2018-2021F

<b>Spring forecast 2019, Ministry of Finance</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
GDP real growth, %	3.1	3.4	3.3	3.3
- consumption	4.6	5.7	5.2	4.5
- investment	5.4	1.9	3.9	3.7
- exports	1.7	-0.4	3.9	3.7
- imports	5.7	0.2	4.9	4.2
Unemployment, %	5.2	4.4	4.1	4.0
Average HICP, %	2.6	2.5	2.1	2.2
Current account, % of GDP	5.4	5.2	4.1	3.2
Trade balance, % of GDP	-3.3	-2.7	-3.5	-4.2
FDI, % of GDP	1.9	2.4	2.6	2.6
M3 aggregate	6.5	6.6	6.8	6.8
Loans to corporates	7.7	5.9	6.8	8.1
Loans to individuals	11.2	9.8	8.8	8.4

## FAVOURABLE MACRO ENVIRONMENT IN THE MID TERM (2018-2020F)

- Positive assumptions of the economic development during the period 2018-2021;
- Stable growth in GDP to slow down in 2018 & then to gradually increase exceeding 3.4% y/o/y;
- The consumption will accelerate its growth up to 5.7% y/o/y until 2020;
- The growth will slow down to 3.7% y/o/y in 2021;
- FDI are expected to remain stable around 2.4% of GDP;
- Full production capacity in the business;
- Additional increase in the share of goods with a high value added;
- Recovery of the labour market;
- Reduction in unemployment rate down to 4.0% in 2021;
- Strong fiscal position;
- Increased activity on the real estate market of residential and office space;
- Augmentation of public investments;
- Acceleration in the absorption of EU funds;
- Expected completion of important infrastructure projects.





SECTION 2

# **FIBANK AND THE BULGARIAN BANKING SYSTEM**

The banking sector: 24 banks & foreign branches operated in the country. Fibank in Top5 banks at December 2019.

### GROUP 1: TOP 5 BANKS

	TOTAL ASSETS (Q4'19, BGNm)	MARKET SHARE (Q4'19%)
UniCredit Bulbank	21,639	18.9%
DSK Bank (OTP)	15,902	13.9%
United Bulgarian Bank (KBC)	12,172	10.7%
Eurobank Bulgaria	11,186	9.8%
First Investment Bank	10,056	8.8%

### GROUP 3: FOREIGN BRANCHES

	TOTAL ASSETS (Q4'19, BGNm)	MARKET SHARE (Q4'19%)
Citi Bank Europe - Bulgaria Branch	996	0.9%
ING Bank N.V. - Sofia Branch	923	0.8%
BNP Paribas S.A. - Sofia Branch	817	0.7%
BNP Paribas Personal finance	728	0.6%
T.C. Ziraat Bankasi - Sofia Branch	146	0.1%

### GROUP 2: OTHER BANKS

	TOTAL ASSETS (Q4'19, BGNm)	MARKET SHARE (Q4'19%)
Raiffeisenbank	8,818	7.7%
Expressbank	6,343	5.6%
Central Cooperative Bank	6,106	5.3%
Bulgarian Development Bank	3,174	2.8%
Allianz Bank	2,884	2.5%
Procredit Bank	2,498	2.2%
Municipal Bank	2,046	1.8%
Investbank	1,898	1.7%
Bulgarian-American Credit Bank	1,671	1.5%
International Asset Bank	1,548	1.4%
D Commerce Bank	1,018	0.9%
TBI Bank	877	0.8%
Tokuda Bank	393	0.3%
Texim Bank	363	0.3%
Raiffeisenbank	8,818	7.7%

- Fibank is the **largest Bulgarian-owned bank**

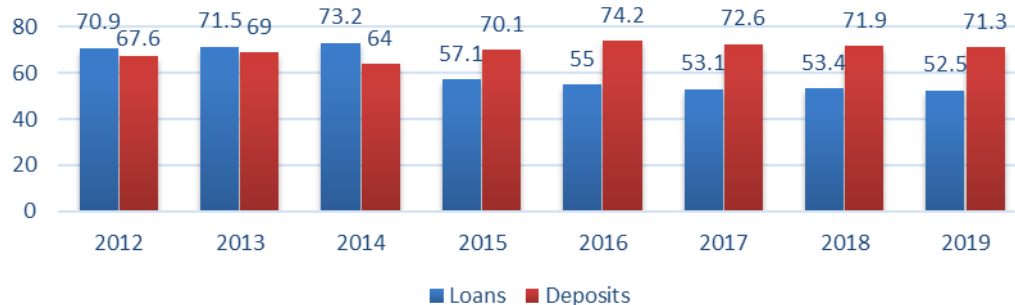
- Fibank is the fourth largest overall, **systemically important** to the Bulgarian banking system

# Current Status of the Bank System

## Banking Sector as at 31 December 2019

y/oy	2013	2014	2015	2016	2017	2018	2019
Bank system assets, BGN M	85 747	85 135	87 524	92 095	97 807	105 557	114 201
Growth of assets in the bank system, %	4.0	(0.7)	2.8	5.2	6.2	7.9	8.2
Bank system profit, BGN M	584.9	746.3	898.4	1 262.3	1 174.0	1 678	1 675
Profit growth, %, y/oy	3.2	27.6	20.4	40.5	(7.0)	42.9	(0.2)
Bank system deposits, BGN M	62 230	63 710	69 276	74 129	78 405	84 571	88 853
Growth of deposits, %	8.7	2.4	8.7	7.0	5.8	7.9	8.6
Bank system loans, BGN M	57 376	54 158	52 256	52 442	53 553	57 688	61 699
Growth of loans, %	0.9	(5.6)	(3.5)	(1.8)	2.1	7.7	7.0
Capital adequacy, %	16.85	21.95	22.18	22.15	22.08	20.01	20.38
Liquidity, %	-	-	-	-	-	294.1	269.9

### Loans and Deposits % of GDP



In the period September 2019 – December 2019, the dynamics of processes in the banking system was impacted by the increase in assets, deposits and loans.

Source: Bulgarian National Bank, December 2019

# Fibank and the Bulgarian Banking System

## Fibank and the Banking Sector as at 31 December 2019

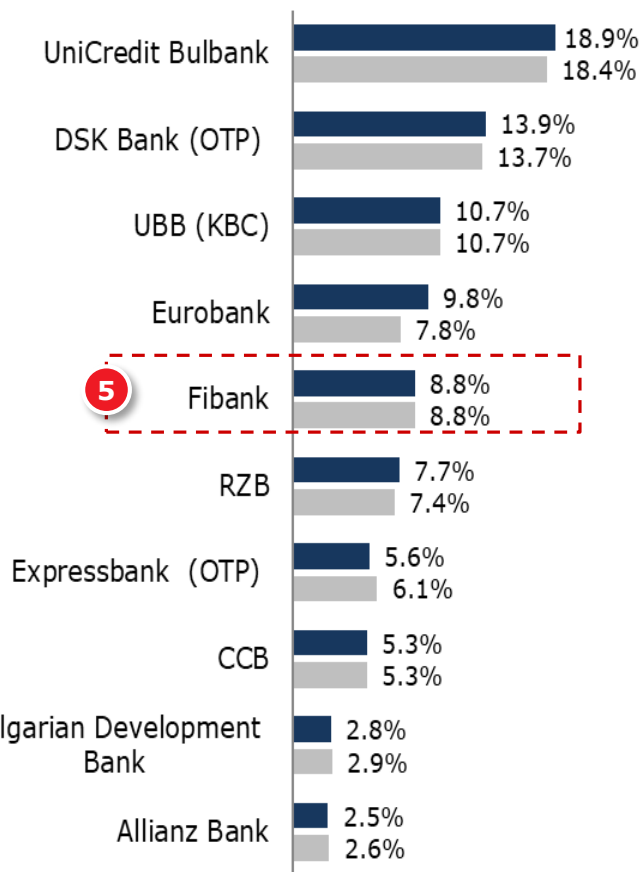
in BGN M		June 2019	September 2019	Growth, %
Assets	Banking system	111 509 349	114 201 141	2.4%
	Fibank	<b>9 626 378</b>	<b>10 055 776</b>	<b>4.5%</b>
Deposits (other than from credit institution)	Banking system	88 808 176	91 853 230	3.4%
	Fibank	<b>8 475 060</b>	<b>8 757 750</b>	<b>3.3%</b>
Deposit of individuals and households	Banking system	55 821 985	57 616 147	3.2%
	Fibank	<b>6 549 486</b>	<b>6 723 937</b>	<b>2.7%</b>
Loans to non-banks	Banking system	60 919 444	61 698 640	1.3%
	Fibank	<b>6 374 119</b>	<b>6 172 852</b>	<b>-3.2%</b>
Consumer loans	Banking system	12 270 566	12 427 283	1.3%
	Fibank	<b>1 071 495</b>	<b>1 057 060</b>	<b>-1.3%</b>
Mortgage loans	Banking system	12 032 749	12 486 585	3.8%
	Fibank	<b>833 880</b>	<b>863 028</b>	<b>3.5%</b>
Company loans	Banking system	36 453 240	36 572 986	0.3%
	Fibank	<b>4 457 018</b>	<b>4 241 360</b>	<b>-4.8%</b>
in BGN M		September 2018	September 2019	Growth
Profit	Banking system	1 677 846	1 674 983	-0.2%
	Fibank	<b>156 619</b>	<b>129 262</b>	<b>-17.5%</b>

Source: Bulgarian National Bank, September 2019 and December 2019

# Fibank is top 4 player in assets, loans and deposits at December 2019. Committed to innovation & product leadership

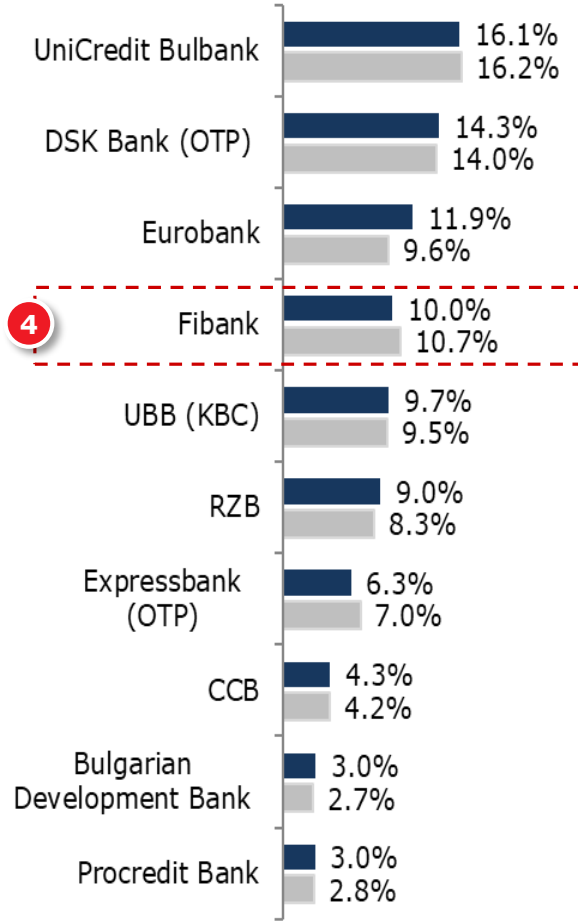
## TOTAL ASSETS

Market share (Q4/19 & 2018)



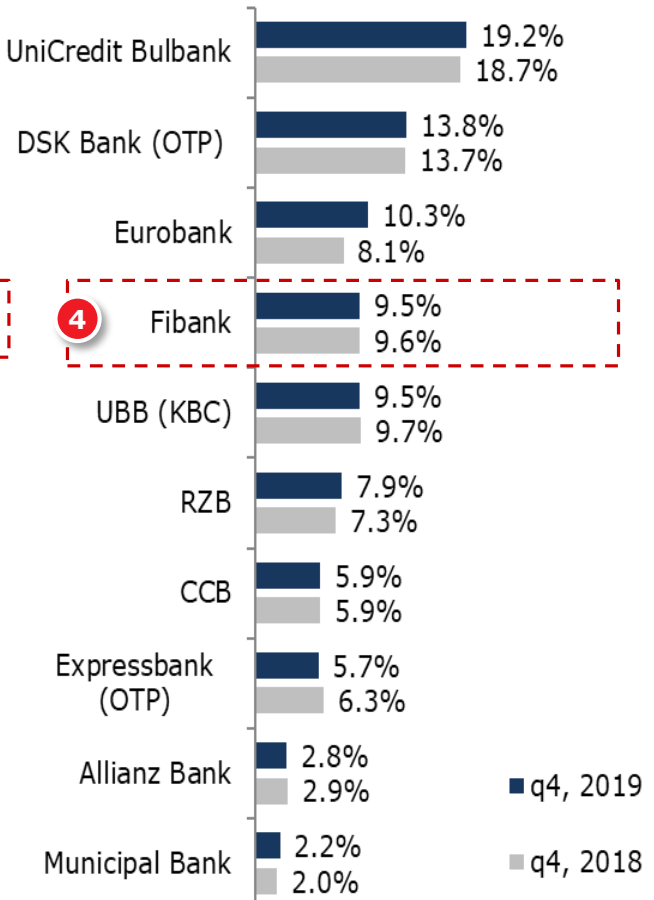
## LOANS

Market share (Q4/19 & 2018)

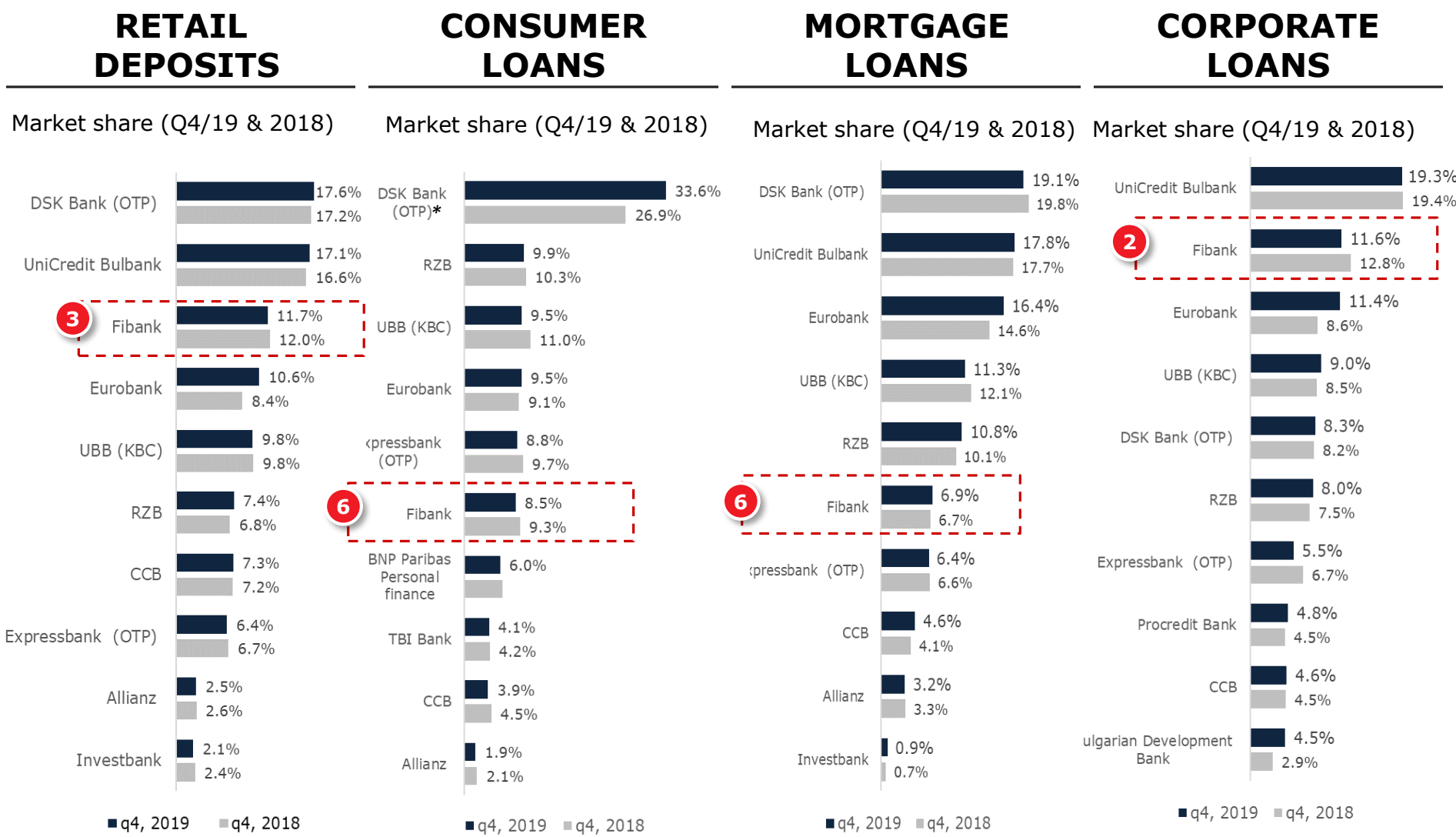


## DEPOSITS

Market share (Q4/19 & 2018)



# Increased market shares in consumer loans & retail deposits at December 2019 as part of long-term strategy.

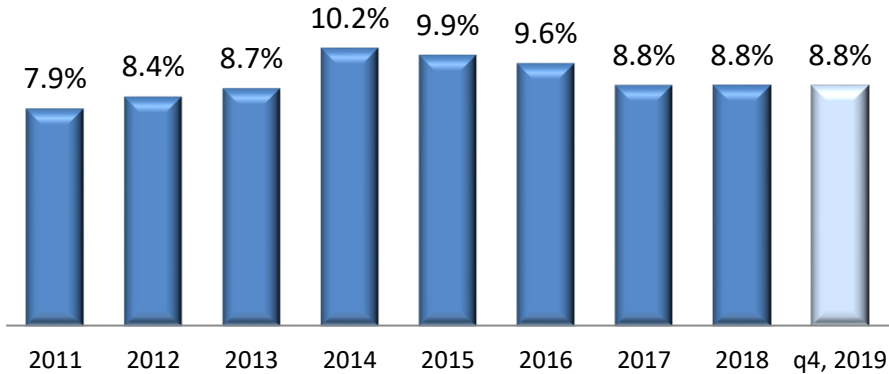


*\*In the second quarter of 2019, there was a significant increase in credit for consumption owing to a correction in relation to the scope and manner of its presentation.*

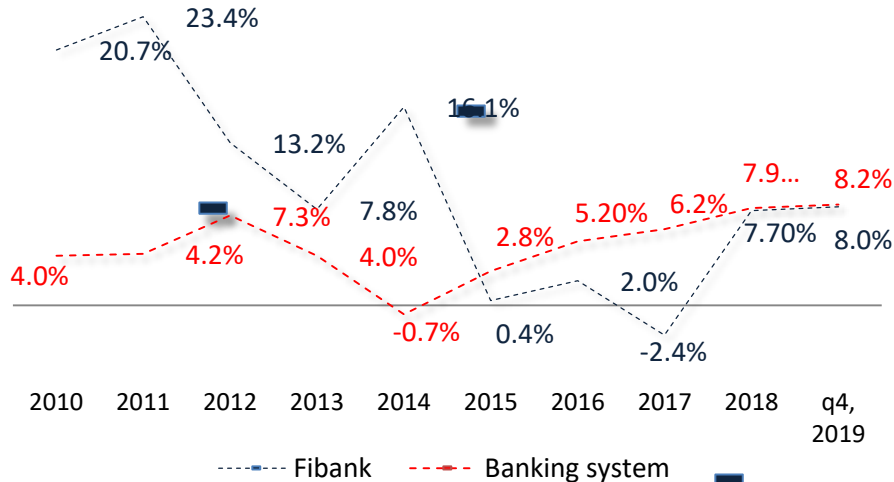
# Fibank: Market Share and Market Position

## Assets

### Market share



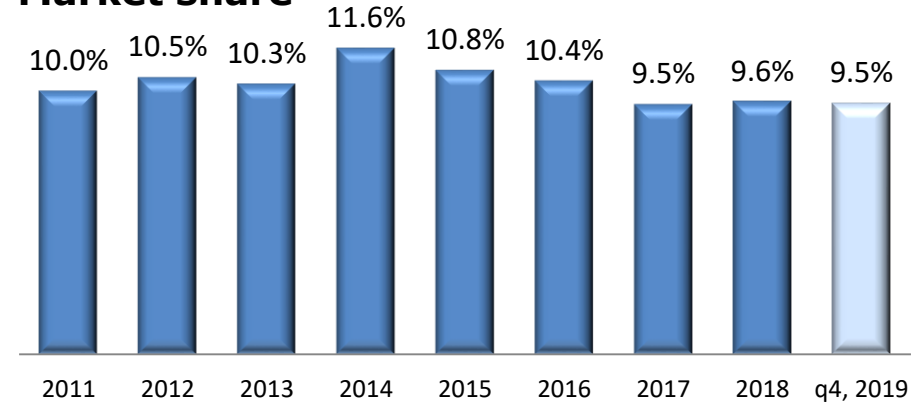
### Growth y/y



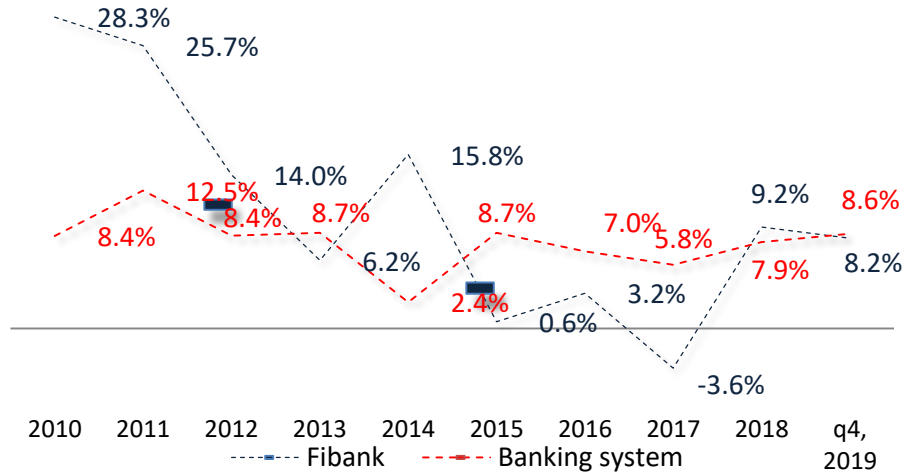
## Deposits

(other than from credit institution)

### Market share



### Growth y/y

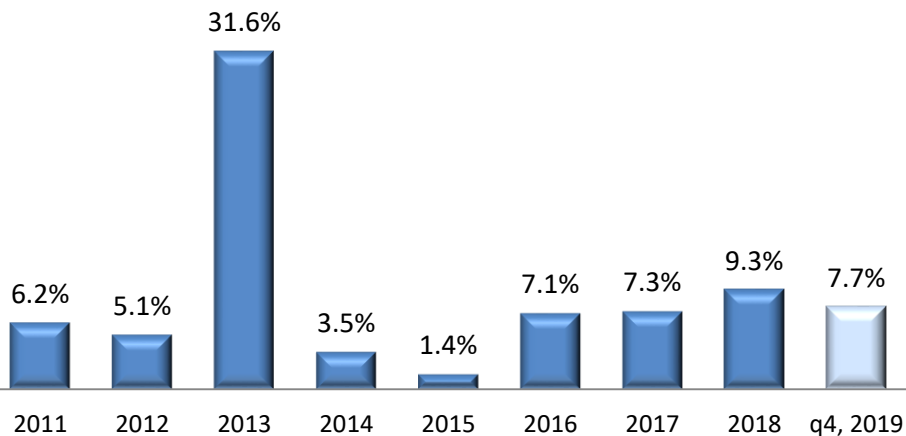


Source: Bulgarian National Bank, December 2019, Unconsolidated data

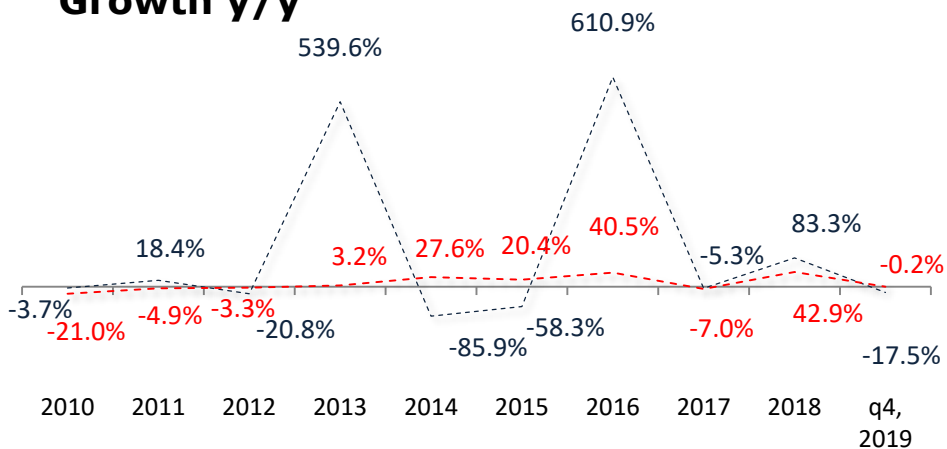
# Fibank: Market Share and Market Position

## Profit

### Market share



### Growth y/y

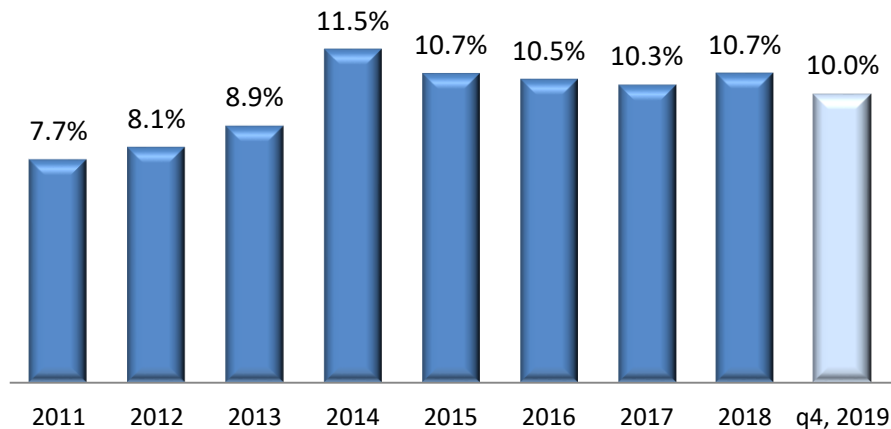


--- Fibank    - - - Banking system

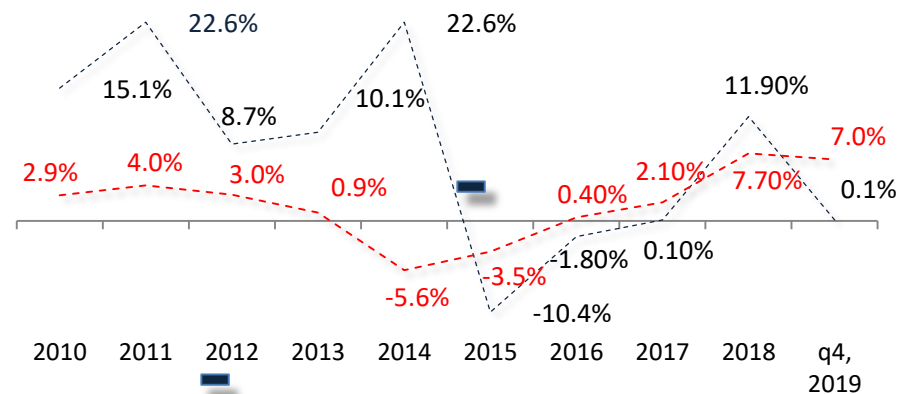
Source: Bulgarian National Bank, December 2019, Unconsolidated data

## Loans to non-banks

### Market share



### Growth y/y



--- Fibank    - - - Banking system





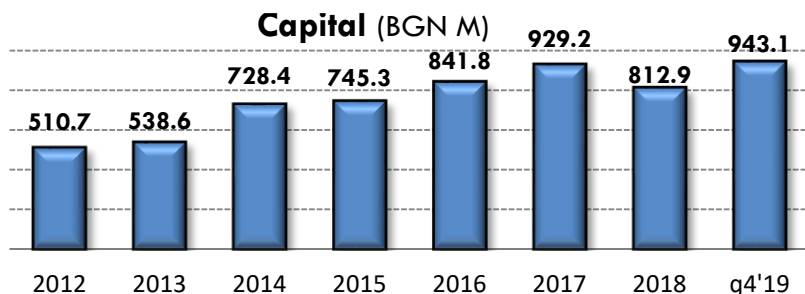
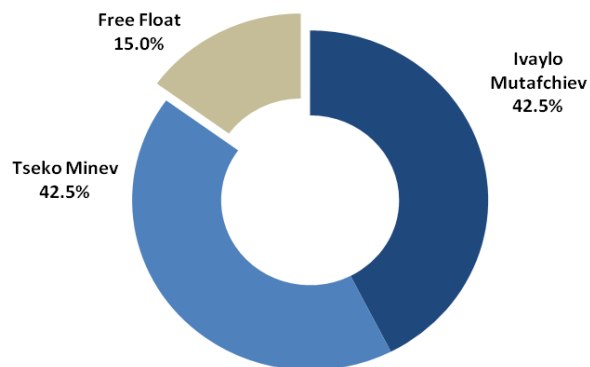
SECTION 3

# **FIBANK AT A GLANCE**

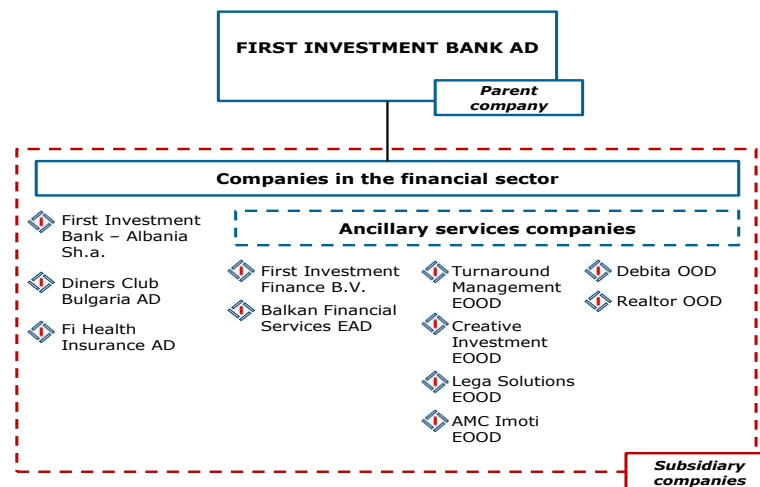
# Fibank at a Glance

After years of leading successfully **First Financial Brokerage House (FFBH)** (a leading non-banking financial institution on the Bulgarian capital market), **mr. Ivailo Mutafchiev** and **mr. Tseko Minev** established on **October 8, 1993, First Investment Bank**. The Bank has a **general banking license issued by the Bulgarian National Bank (BNB)** according to which it is allowed to conduct all banking transactions permitted by Bulgarian legislation.

## SHAREHOLDERS' STRUCTURE



## CORPORATE GROUP STRUCTURE



## 3 KEY SUBSIDIARIES IN FINANCIAL SECTOR

- Replication of the successful business model in Bulgaria & its adaptation to the Albanian banking market through a **subsidiary bank in Albania** with limited presence and focus on retail & SME business.
- Further develop the strategic focus on the card business through promoting and consistently **increasing penetration of the Diners Club brand** in the local market in Bulgaria by offering new services for cardholders, and expanding the network of POS terminals accepting payments with Diners Club cards.
- Offering of **insurance products** & services in line with license of FiHealth Insurance for attracting new customers in the retail & SME segments.

*\*No dividends have been paid to shareholders since the establishment of the Bank*

# Fibank at a Glance

- ◆ 2003 – 2005: Fibank entered into 10 Subordinated term debt agreements for the total amount of EUR 28 mln. included in the Tier 2 capital.
- ◆ In August 2005, the Bank issued its first perpetual subordinated bonds with par value of €27 mln. included in the Tier 2 capital. The arranger of the instrument was Dresdner Bank.
- ◆ 2006: Fibank issued a perpetual debt for the total amount of €21 mln. included in the Tier 2 capital.
- ◆ **In October 2006 Fibank issued 1 million ordinary shares with nominal value of BGN 10 each – total increase the capital BGN 10 mln. Each of the founding shareholders acquired new shares pro rata from the capital increase.**
- ◆ In December 2006 reserves and retained earnings were converted into 8 million ordinary shares distributed pro rata to existing shareholders.
- ◆ In March 2007 Fibank decided on 10 for 1 stock split, where 10 million shares with nominal value of BGN 10 each were replaced by 100 million shares with nominal value BGN 1 each.
- ◆ In May 2007 Fibank issued 10 million new ordinary shares through an IPO. FFBH offered 6.5 million shares of its stake in Fibank's share capital. The issue was oversubscribed nearly 6 times.
- ◆ 2011: Fibank issued a new €20 mln. perpetual debt instrument which was included in the additional Tier I capital of the Bank, meeting all requirements of Basel 3.
- ◆ 2012: A second tranche of €20 mln. perpetual debt instrument was issued which was included in the additional Tier I capital of the Bank, meeting all requirements of Basel 3.
- ◆ 2012: Fibank issued a new hybrid instrument (bond issue) under private subscription with a nominal value of €20 mln., constituting the first tranche of a bond issue with a total amount of up to €60 mln. The amount was included in the Bank's tier 1 capital, meeting all requirements of Basel 3.
- ◆ On 09 January 2014 each of the major shareholders, Messrs Ivaylo Mutafchiev and Tseko Minev, acquired directly 14 920 000 additional Fibank shares. As a result each of the abovementioned shareholders owns 46 750 000 registered dematerialized shares of the Bank's share capital, i.e. the two of them own a total of 93 500 000 shares constituting 85% of the Bank's share capital.
- ◆ 2019: Fibank has successfully placed a private bond issue with a nominal value of €30 mln. constituting a debt capital (hybrid) instrument which the Bank intends to recognize and include in the Additional Tier 1 capital

# Fibank at a Glance

## Domestic network

- As at 30 December 2019, Fibank clients are served in 143 outlets all over the country

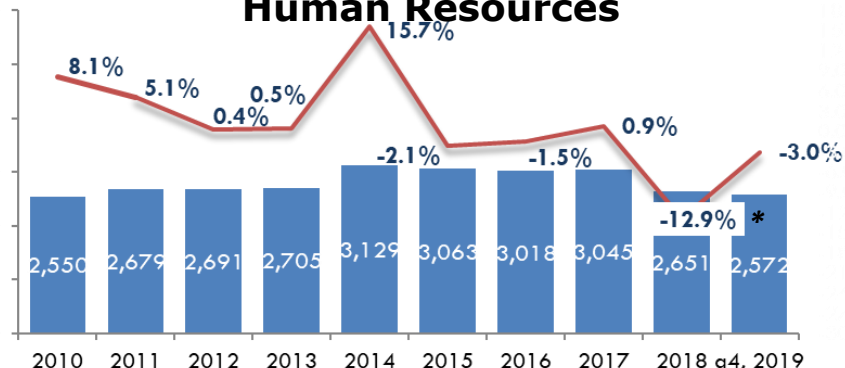
## Regional presence

- Fibank has 1 branch in Cyprus
- Fibank Cyprus branch has **operated since 1997**, initially mainly in the area of corporate banking. Over the years, it systematically and consistently expanded its products and services.
- Currently, the branch offers standard credit and savings products, payment services and e-banking, with a **strategic focus on retail & SMEs** customers.
- Fibank has a wholly owned subsidiary in Albania with 10 branches



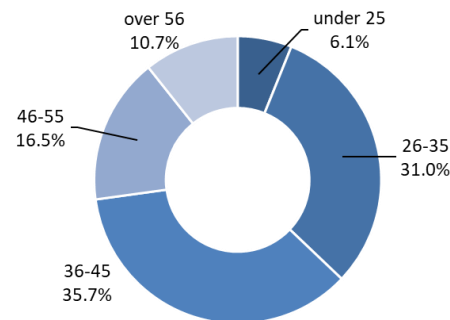
Source: Unconsolidated data, September 2019

## Human Resources



- 1482 (57.6%) employees work in the Head Office and 1090 (42.4%) in the branch network;
- Employees per sex: 21.2% male and 78.8% female;
- Average age: 40 years;
- Voluntary turnover for Q4 2019 is 2.7%;
- For Q4 2019 the number of participants in training programs reached 1 738 (67.6% of total Fibank employees).

## Personnel per age groups



**\*At Q4 2018 432 people of the security guards were outsourced in independent company.**

SECTION 4

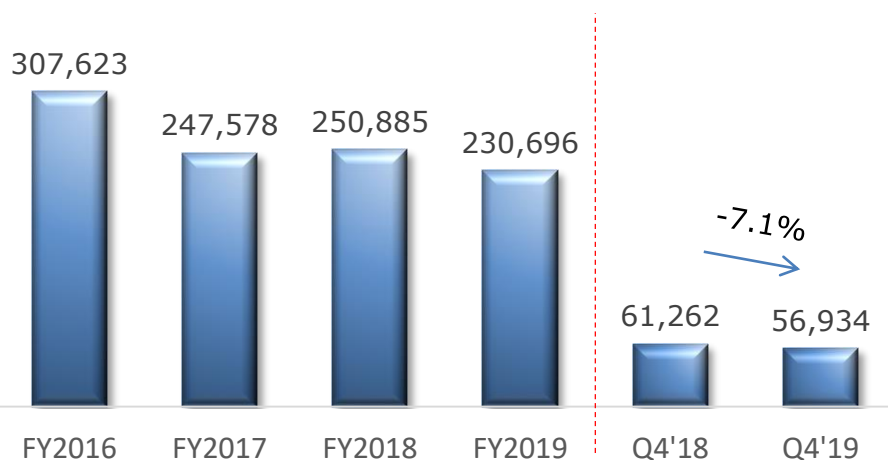
# KEY FIGURES AND LOAN PORTFOLIO

# Key Figures

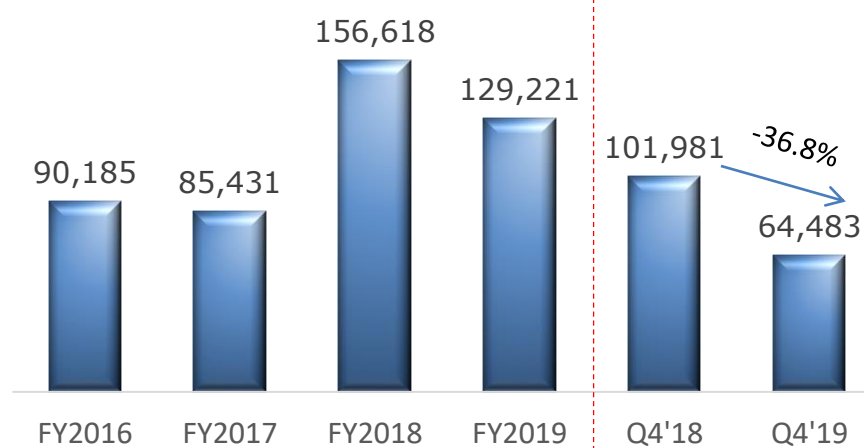
## Income Statement

BGN (thousands)	FY 2016	FY 2017	FY 2018	FY 2019	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Net interest income	307 623	247 578	250 885	230 696	61 262	59 318	56 446	57 998	56 934
Net fees & commissions income	88 498	98 851	93 546	103 230	24 922	22 763	25 220	23 936	31 311
Net trading income	14 047	15 435	12 279	14 929	3 818	3 700	3 905	3 540	3 784
Other net operating income	39 616	27 450	15 653	71 930	3 735	3 098	1 201	6 144	61 487
Total income from banking operations	449 784	389 314	372 363	420 785	93 737	88 879	86 772	91 618	153 516
General administrative expenses	(185 055)	(196 636)	(202 315)	(209 157)	(54 375)	(51 926)	(54 169)	(52 151)	(50 911)
Other income/(expenses), net	(9 561)	(20 480)	64 776	49 997	68 116	(6 630)	65 540	(6 322)	(2 591)
Allowance for impairment	(154 776)	(77 511)	(82 500)	(117 490)	(13 114)	(12 434)	(11 054)	(65 697)	(28 305)
Profit before tax	100 392	94 688	152 324	144 135	94 364	17 889	87 089	(32 552)	71 709
Income tax expense	(10 207)	(9 222)	11 814	(14 914)	7 617	(1 953)	(8 860)	3 125	(7 226)
Profit after tax	90 185	85 466	164 138	129 221	101 981	15 936	78 229	(29 427)	64 483

Net interest income (BGN, thousand)



Profit after tax (BGN, thousand)



Source: Unconsolidated data, December, 2019

# Key Figures

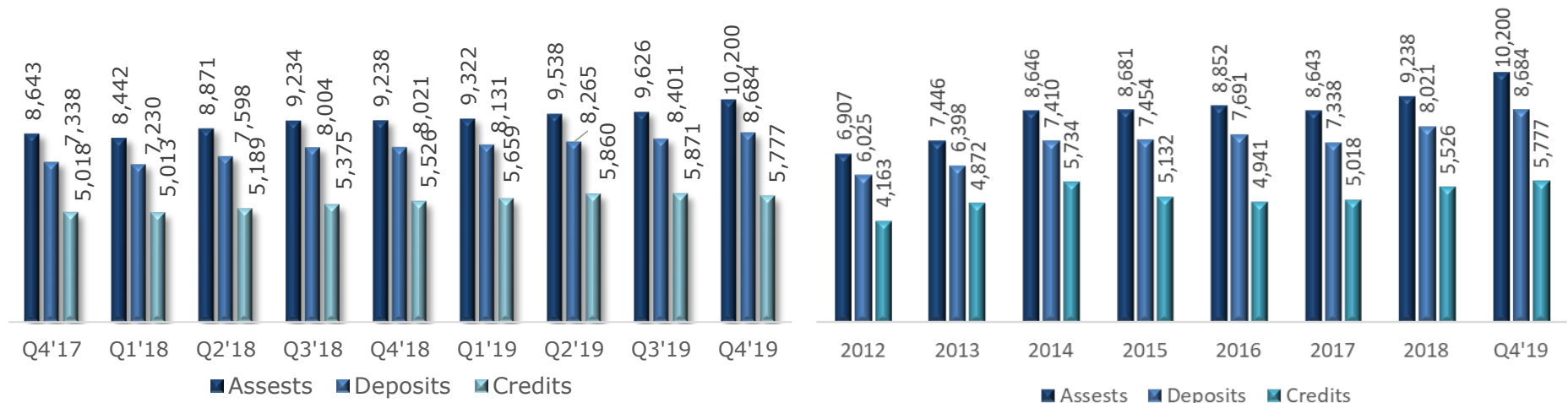
## Balance Sheet

BGN M	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Liquid assets	2 423	2 378	2 306	2 383	2 921
Loans and advances to customers	5 526	5 659	5 860	5 871	5 777
Other assets	1 289	1 285	1 372	1 372	1 502
<b>Total assets</b>	<b>9 238</b>	<b>9 322</b>	<b>9 538</b>	<b>9 626</b>	<b>10 200</b>
Due to other customers	8 021	8 131	8 265	8 401	8 684
Other liabilities	403	361	363	345	573
Shareholders' equity	813	830	910	880	943
<b>Total liabilities</b>	<b>9 238</b>	<b>9 322</b>	<b>9 538</b>	<b>9 626</b>	<b>10 200</b>

BGN M	2015	2016	2017	2018	2019
Total assets	8 681	8 852	8 643	9 238	10 200
Due to customers	7 454	7 691	7 338	8 021	8 684
Loans and advances to customers	5 132	4 941	5 018	5 526	5 777

Growth, y-o-y  
BGN M

**Assets: 8.0%**    **Deposits: 8.2%**    **Loans: 0.1%**



Source: Unconsolidated data, December, 2019

# Key Figures

## Key Ratios

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Overall cap adequacy	16.31%	15.62%	17.38%	18.00%	18.80%
Tier I cap adequacy	16.31%	15.62%	17.38%	18.00%	18.80%
CET1 adequacy	13.37%	12.73%	14.54%	15.07%	15.00%
ROE (after tax)	18.99%	7.57%	21.91%	9.85%	14.60%
LCR	251.43%	226.06%	218.64%	215.00%	198.25%
NSFR	134.23%	133.84%	133.48%	134.27%	130.44%
Liquidity ratio Letter BNB regulatory***	27.09%	25.47%	24.90%	24.96%	27.43%
Loan Provisioning Ratio (%)	11.80%	10.53%	8.42%	9.36%	7.96%
NPL ratio	13.02%	12.34%	13.47%	15.92%	11.99%
Cost/income ratio**	46.28%	63.13%	45.23%	49.47%	44.43%
Net Interest margin	3.99%	3.59%	3.46%	3.43%	3.40%

\*\*General administrative expenses/Total income from banking operations

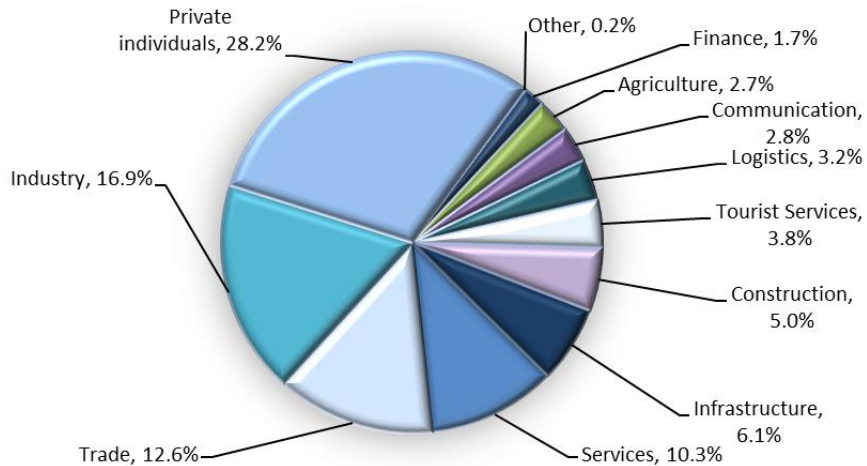
\*\*\*Liquidity ratio Letter BNB regulatory unconsolidated data

Source: Unconsolidated data, December, 2019

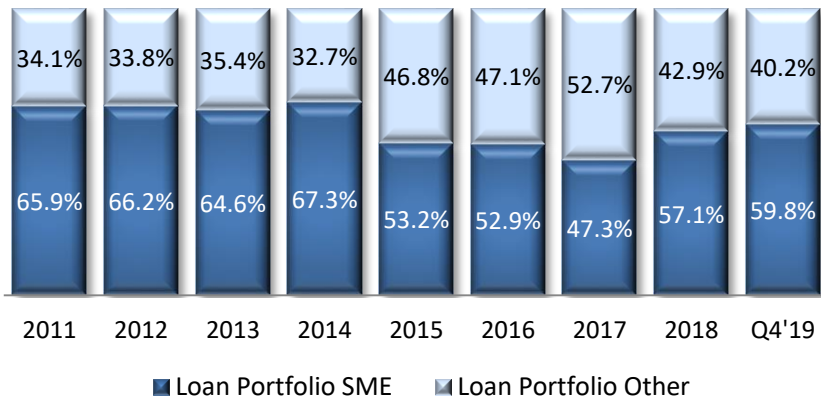


# Loan Portfolio

## Loan portfolio by sectors of economy

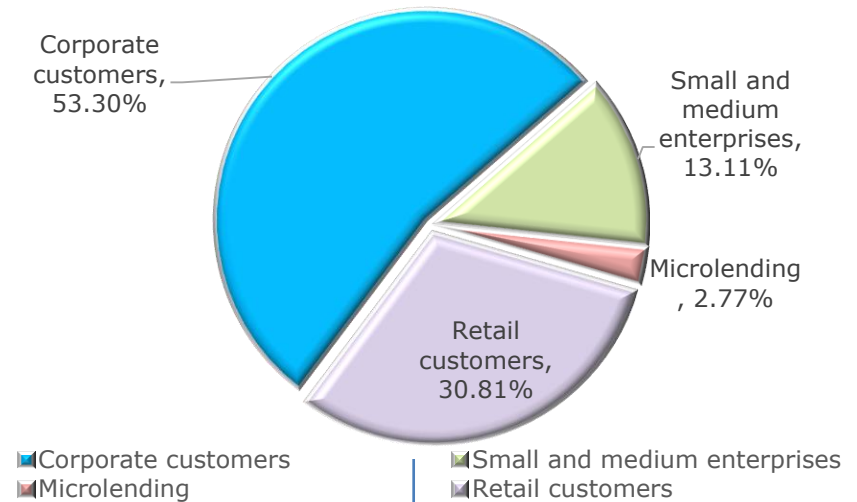


## Corporate Loan portfolio as per EU definition for SME (Unconsolidated data)

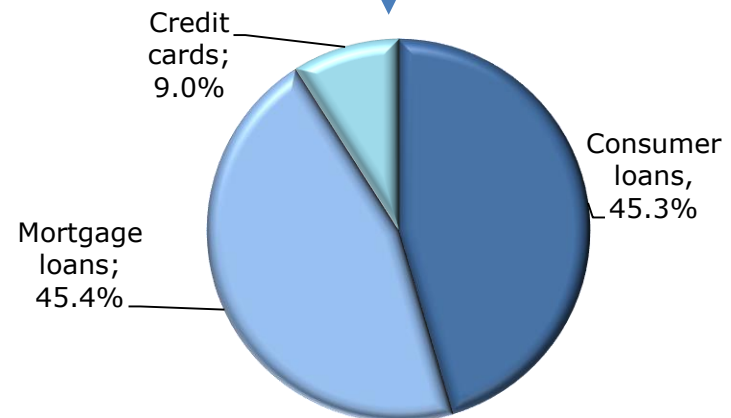


Source: Unconsolidated data, December, 2019

## Loan portfolio by business lines



### Retail



SECTION 5

# COMPANY PROFILE

# Fibank aspires to be one of the best banks in Bulgaria, recognized as innovative & customer-oriented bank

## BUSINESS MODEL IN LINE WITH BANK MISSION

- Fibank aspires to be among the best banks in Bulgaria, recognized as a steadily growing, **innovative, client-oriented bank**, offering outstanding products and services.
- Fibank aims to ensure **excellent careers** for its employees & social contribution to the community.
- The Bank seeks to continue to develop **high-technological solutions** providing its customers with opportunities for banking from any place at any time.

## VISION AHEAD TO GROW FORWARD IN RETAIL & SME

### RETAIL BANKING

- 1** Emphasis on mortgage & consumer lending, the card business & innovative payment solutions in line with client needs & digital trends in banking business

### COMMERCIAL BANKING

- 2** Strong focus on products & services to micro, small & medium enterprises (SME), with flexible approach and knowledge of the market & local specifics

### BEST STANDARDS

- 3** Continue to develop model in line with the best corporate governance & risk mgmt. standards in banking industry

## STRONG COMPETITIVE ADVANTAGES SUPPORTIVE TO OUTPACE PEERS



# Multi-channel distribution network with adequate balance between physical locations & remote banking channels

## PHYSICAL DISTRIBUTION CHANNELS

- Branch network is the main channel for distribution of bank products & services.
- Fibank maintains a **country-wide** branch network with 154 locations in Bulgaria & 10 abroad.
- Further focus on optimization & **increase efficiency** of the branch network.
- **Strong network of ATM & POS** devices places Fibank among the market leaders
- **Direct sales** to corp.& institutional clients

Physical channels

Branch network

ATM network

POS network

Direct sales

## MULTI-CHANNEL DISTRIBUTION NETWORK

Remote channels

Integrated platform for electronic banking  
My Fibank

Contact center

Corporate website

Corporate blog

Online store for gold products

## REMOTE DISTRIBUTION CHANNELS

- New **integrated e-platform** for digital banking featuring:
  - E-banking
  - Mobile banking
  - Utility payments
  - E-statements
- New opportunity to **apply for consumer loan** via Contact center. In 2016, over 25 campaigns carried out; 150'000 outgoing calls with 75% respondents reached.
- Corporate blog functioning since 2008 to **test client's satisfaction** on Bank products & services

# Cooperation with the IFC: Successful CG & RM enhancement project during 2015

2015  
Implementation  
Project

## IFC COOPERATION MILESTONES

- In 2010, Fibank asked the IFC to prepare a **diagnostic assessment** of the Bank's corporate governance & risk management. As a result, changes were implemented to the organizational structure and in 2012, ahead of its peers new committees to the SB were created in line with EBA latest guidelines.
- In 2014, at the initiative of Fibank and as a **follow-up project**, another independent review was performed. IFC's recommendations were included as part of the Bank's Restructuring Plan, committed to the European Commission.
- In 2015, the joint CG & RM **implementation project** was launched with detailed plan adopted and deliverables identified. Both Fibank & IFC teams worked together side-by-side with multiple on-site workshops delivered and off-line exchange of information. A steering committee was assigned to track implementation progress.

## CORP.GOVERNANCE DELIVERABLES

- ✓ Fibank introduced **full CCO function** in line with the latest Basel Committee principles on CG in banks.
- ✓ A new **independent member** to the SB was elected with strong expertise and >20 years experience within the IFC.
- ✓ A full **CG Code** & Disclosure policy were adopted in compliance with the latest best standards in this sphere.
- ✓ The role of the **Audit Committee** was strengthened with new independent member elected and regular quarterly meetings with IA introduced.
- ✓ Steps to strengthen the dialogue with **minority shareholders** were undertaken, e.g. a new Investor Club created and new initiative for regular meetings with minority shareholders.
- ✓ **Organizational changes** were made, incl. full CEO, CRO & CCO functions being introduced. CFO was added as member of the MB.

## RISK MANAGEMENT DELIVERABLES

- ✓ Fibank introduced full **CRO function** based on the "three lines of defense" principle.
- ✓ A new **pricing policy** was implemented for the setting of individual product price.
- ✓ A new **profitability tool** was launched to better monitor the profitability per client, business line, portfolio.
- ✓ **RCSA methodology** was enhanced to better assess operational risks at the process level, before & after controls.
- ✓ A new rules for using **KRIs in OP risk** framework were adopted for improving processes for escalating & tracking tolerance limits.
- ✓ Risk strategy was enhanced with **risk appetite** statement introduced and full risk map of the organization defined.
- ✓ ALCO work was strengthened, i.e. a full fledged **info pack** in place for enhanced activity.



# Organizational structure ensures effective running of key functions & clear separation of duties.

## SUPERVISORY BOARD

(Chair: Evgeni Lukanov, Deputy Chair: Maya Georgieva, Members: Georgi Mutafchiev, Radka Mineva, Jordan Skortchev, Jyrki Koskelo)

### AUDIT COMMITTEE

Chair: Georgi Trenchev

### PRESIDING COMMITTEE

Chair: Maya Georgieva

### RISK COMMITTEE

Chair: Jyrki Koskelo

### REMUNERATION COMMITTEE

Chair: Evgeni Lukanov

### NOMINATION COMMITTEE

Chair: Jordan Skortchev

### INTERNAL AUDIT (Plamen Dimitrov)

## MANAGING BOARD

(Chair: Nedelcho Nedelchev, Members: Chavdar Zlatev, Svetozar Popov, Nikola Bakalov, Jivko Todorov, Nadia Koshinska)

### ALCO

### CREDIT COUNCIL

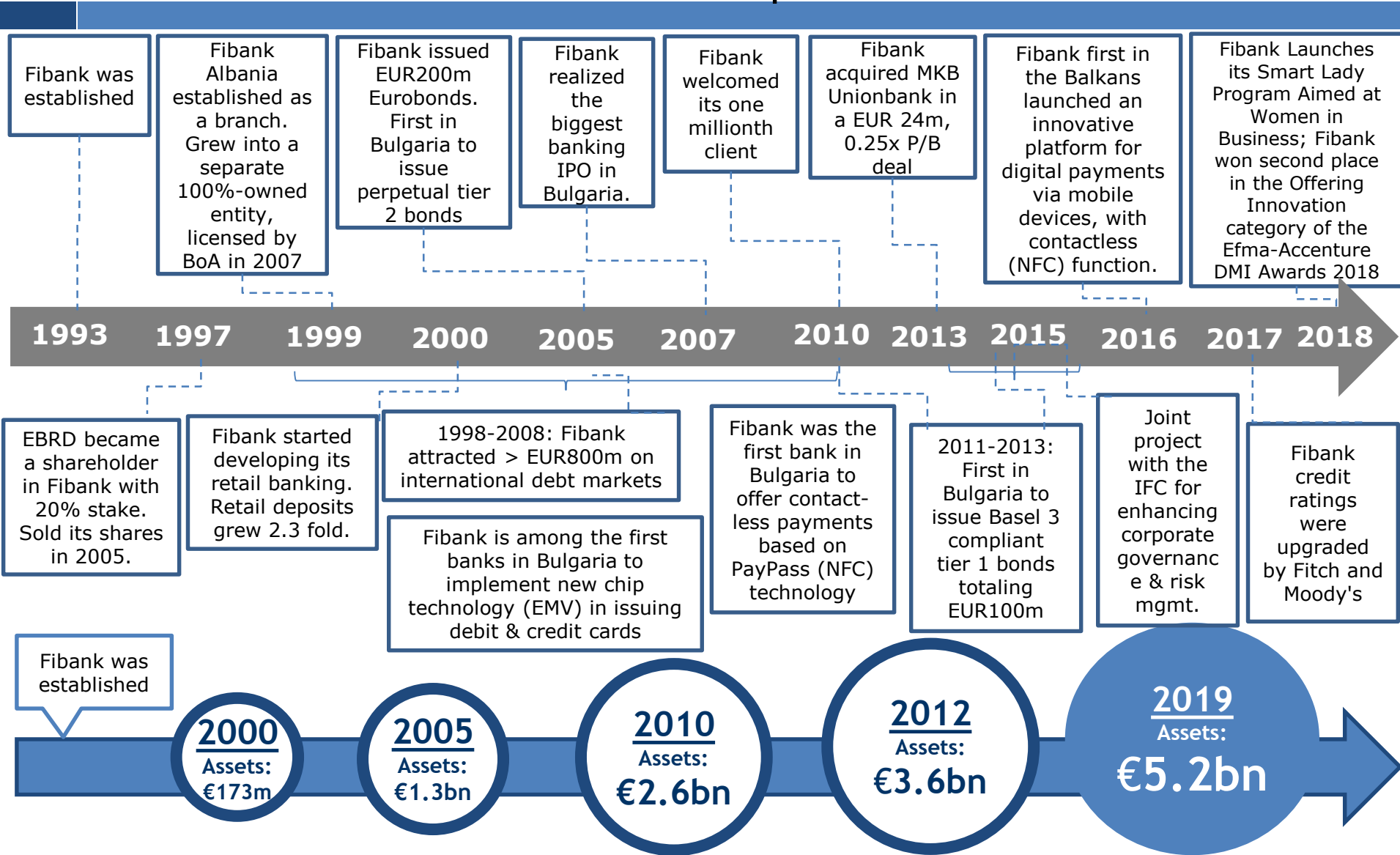
### RESTRUCTURING COMMITTEE

### OPERATIONAL RISK COMMITTEE

### BUSINESS UNITS

### SUPPORTING UNITS

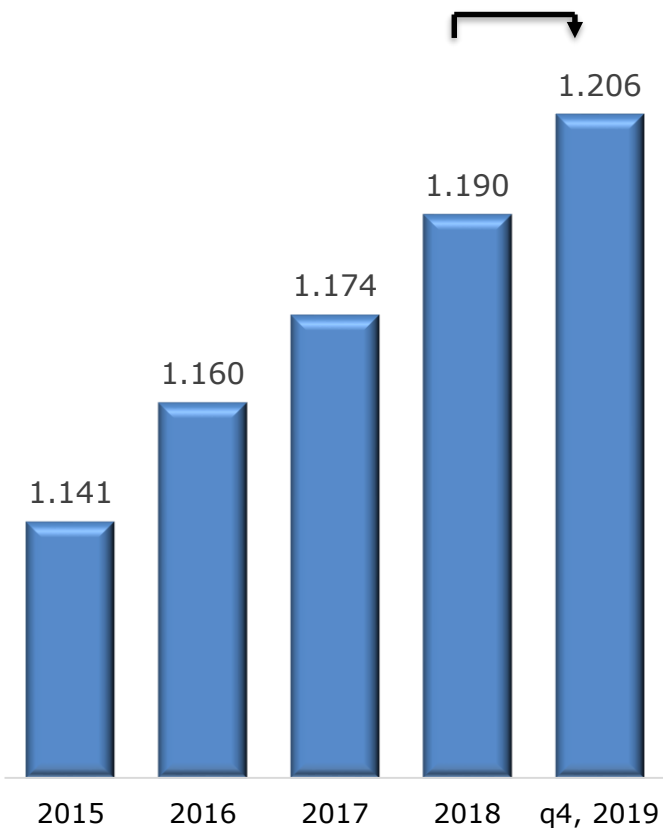
# Top 3 Player: 27 years of stable development with focus on innovation and customer experience



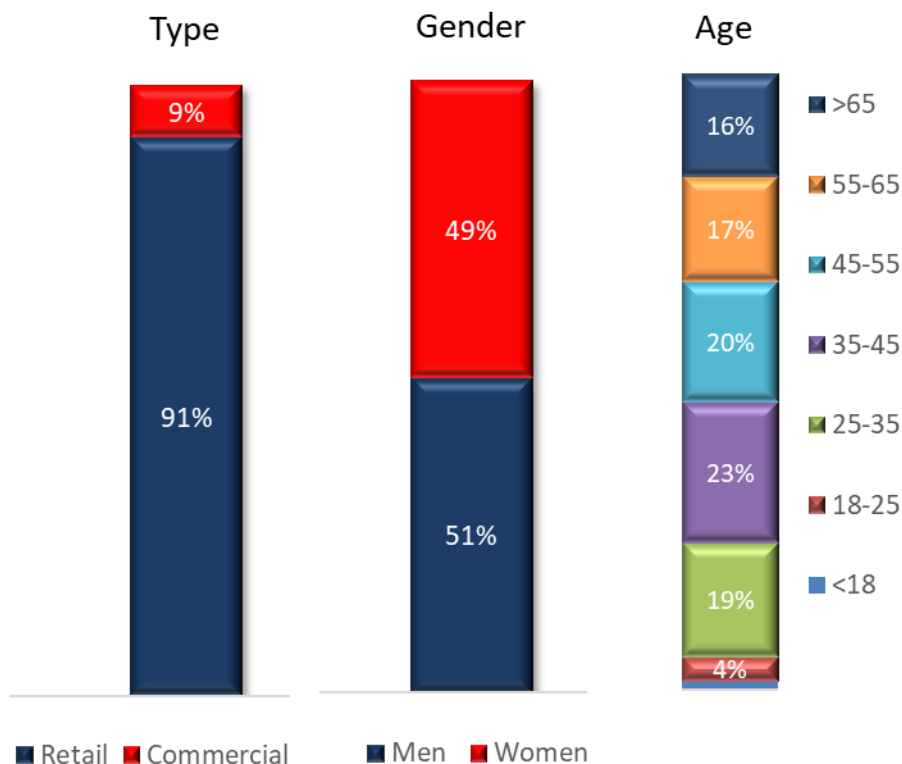
# Fibank customer profile: 91% retail customers, 62% in 25-55 age group. Strong potential for cross selling

## CUSTOMERS GREW 1.35% DURING 2019 TO REACH 1.206M

Total number of customers, thousands



## YOUNG & WELL-BALANCED CUSTOMER PROFILE



Source: Unconsolidated data, December 2019



SECTION 6

# APPENDIX



# Awards

## Best Bank in Bulgaria

- 


2010  
2011  
2012 Bank of the year by market share, by Bank of the year association
- 


2001  
2011  
2012 Bank of the year by Bank of the year association
- 


2011 Best Bank in Bulgaria by the financial magazine Euromoney
- 

2014 Best Retail Bank in Bulgaria by Global banking & Finance

## Management

- 

2001  
2011 Mrs. Maya Georgieva Banker of the year, by financial magazine Banker
- 

2005 Mr. Matthew Mateev Banker of the year
- 

2012 Mr. Vasil Christov Banker of the year, by financial magazine Banker

## Quality of Service

- 

2002  
2003  
2006  
2008  
2009 Bank of the Customer, by the influential Bulgarian daily "Pari" ("Money")
- 

2007 The best customers service of the year by International Finance Exhibition "Banks, Investments, Money"
- 

2012 Bank of the Client by Bank of the year association
- 

2012 Mystery Client by Bank of the year association
- 

2009  
2010  
2011  
2013  
2014  
2016 STP Award, Excellent quality , Commerzbank
- 

2009  
2011  
2010 Straight-Through Processing (STP) Excellence Award, Deutsche Bank
- 

2009 For achieving a Straight Through Processing Rate in excess of 97% for US Dollar payments sent to Citibank New York
- 

2014 Innovation in Retail Banking Bulgaria and Best Private Bank Of The Year by Finance publishing

# Awards

## Brand/ Products/ Web/Other awards






	2004 2005 2006 2007	Financial product of the year, by International Finance Exhibition "Banks, Investments, Money"
	2008	OSCARD for innovative co-branded credit card Fibank-Vivatel
	2011 2012	Best brand in financial institutions by My love marks
	2017 2012 2014 2016	Fibank is the strongest brand in Bulgarian market by the Superbrands
	2009	Three awards for charity at the Fifth Annual Donors' Conference organized by the Bulgarian Donors' Forum
	2012	Golden Martenitsa by Made in Bulgaria union
	2006	VISA International Certificate for VISA Cards Retail Sales Volume
	2009	The Bank's corporate site won category "Business" by Bulgarian Web Awards 2009
	2009	The best corporate blogs in Bulgaria by Nova Vizia
	2009 2012	First prize for best corporate BG Site

	2007 2008	Best public company on the Bulgarian Stock Exchange, by "Dnevnik" newspaper
	2014	Most Innovative Banking Product (Credit and Debit Card) by Global banking & Finance
	2014	Best maturity deposits by Handelsblatt newspaper
	2014	Developing card payments and bringing innovations by MasterCard
	2015	Card Product of the Customers by b2b magazine
	2015	Best marketing team by Baawards
	2016	Annual awards for charity and CSR "Golden heart" by "Business Lady" magazine
	2016	Investment in a digital and civil literate society by Digital Kids
	2016	National charity campaign "Easter for everyone".
	2016	"Product of the Year"



# Awards

## Brand/ Products/ Web/Other awards

- 
 2017 "Product of the Year"  
 Debit card for children and teenagers - category  
 "Bank cards"
- 
 2017 Consumer credit online - category "Consumer  
 credit"  
 Digital card - category "Mobile financial services"
- 
 2017 Webit awards:  
 Mobile Digital Card – "Best digital payment  
 solution" 2017
- 
 2017 "Best consumer banking brand"  
 "GBM – Best SME banking brand"
- 
 2017 My love marks 2017  
 Category "Banks - My favorite brand"
- 
 2017 "Superbrands"
- 
 2017 "Golden Heart"



2018 "Product of the Year" – Debit card for  
 2019 children and teenagers - category "Bank  
 cards"



b2b awards 2018  
 2018 Category "Socially responsible campaign"  
 Category "Business debut of the year"



My love marks 2018  
 2018 Category "Banks"  
 Category "My favorite employer"  
 Category "Innovative brands"



2018 European Excellence Awards 2018



2018 EFMA Accenture DMI Awards 2018  
 "Offering Innovation" category, silver



2018 Forbes, business awards



2018 Annual business awards of Business  
 Lady magazine



2019 "Product of the Year" – Smart lady

