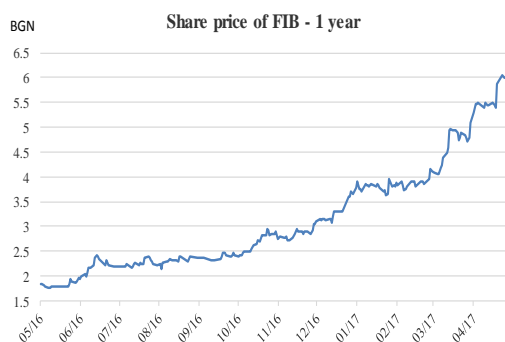


Shares information	5F4 BU
Price (BGN)	5.989
52 weeks Price Change	227.27%
52 weeks Price Range	1.76 – 6.054
Market Cap (BGN)	658 790 000
Market Cap (EUR)	336 833 978
Shares Outstanding	110 000 000
Free Float	15.00%
P/E (ttm)	7.70
P/S (ttm)	1.64
P/BV	0.77
Net interest margin (ttm)	4.90%
Interest spread (ttm)	6.77%
ROA (ttm)	0.99%
ROE (ttm)	10.51%

Source: BSE, SIS calculations, on uncons. basis



Source: BSE

Shareholder structure	%
Tseko Minev	42.50%
Ivaylo Mutafchiev	42.50%
Other	15.00%

Source: Company report Q1 2017

Income statement (BGN '000)	Q1'15	Q1'16	Q1'17
Interest income	118 655	112 659	88 549
Interest Expense	-57 663	-35 029	-27 291
Net interest income	60 992	77 630	61 258
Fees and commission income	17 620	20 320	20 568
Gain/(loss) from dealing with securities	3 335	2 305	3 708
Administrative expenses	-40 670	-39 792	-53 439
Provisions & Impairments	-33 500	-27 416	-16 528
Other	-6 125	-7 830	4 567
EBT	1 652	25 217	20 134
Taxes	-180	-2 570	-2 091
Net income	1 472	22 647	18 043

Ratios	Q1'15	Q1'16	Q1'17
Average Earning Assets	6 633 737	6 236 041	5 942 305
Loans to NFI/Assets	0.64	0.60	0.56
Total Deposits/Assets	0.77	0.83	0.86
Interest Income/Average Earning Asset:	1.79%	1.81%	1.49%
Interest Spread	1.08%	1.36%	1.14%
Net interest margin (NIM)	0.92%	1.24%	1.03%

FIB sees profit drop as growth in net interest income slows down

➔ In Q1 2017 FIB's gross loan portfolio remained nearly unchanged from previous quarter's reading shrinking by 0.13% to BGN 5.76b. The drop is slightly more pronounced on year-over-year basis as the portfolio lost 1.34% of its value. The growth dynamics among the segments also varies. Over the past three months Retail lending fell by 0.90% to BGN 1.40b, which deepened the annual slump to 4.4%. Despite this, consumer lending remains a bright spot, adding 7% QoQ and impressive 10.4% YoY.

➔ The bank continued to strengthen its position in SME lending as loans to SMEs and microenterprises achieved 2.48% growth over the last three months. On the other hand, lending to larger corporate clients fell by 0.34% over the same period and by 1.71% on annual basis to BGN 3.7b. Nevertheless, this remains the largest market segment, accounting for 64% of FIB's total gross loan portfolio.

➔ The growth in net interest income continued to cool down in the first quarter as well – a trend observed since Q3 2016. In Q1 NII dropped to BGN 61.26m, down by 21.1% over the last 12 months.

➔ The bank posted 1.2% YoY growth in its net fees and commissions income to BGN 20.57m. There is a notable drop on quarterly basis but this is likely due to seasonal factors.

➔ FIB reported a significant reduction in the impairment expenses accrued in the first three months of the year. The costs are down by 39.7% YoY to BGN 16.5m. Overall, net income contracted by 20.3% YoY to BGN 18.04m

➔ Assets stayed virtually unchanged in Q1, while client deposits decreased by BGN 99.5m over the same period to BGN 7.59b. Loan-to-deposit ratio (gross) increased slightly to 0.76.

➔ FIBank reported CAR of 16.7% as of 31 March 2017, up by 129 bp over the three months. Tier I CAR reached 16.69%. (Q4 2016: 15.38%).

Balance sheet (BGN '000)	Q1'15	Q1'16	Q1'17
Cash and balances with the Central Bank	1 657 116	1 289 197	1 630 589
Due from other banks	82 050	142 410	47 060
Trading portfolio	8 142	11 118	8 244
Investments held to maturity	79 886	20 164	93 975
Available-for-sale securities	638 294	458 224	670 775
Loans to NFI	5 739 365	5 086 316	4 918 100
PP&E	102 832	98 747	91 430
Intangible assets	12 652	10 015	8 331
Other	606 946	1 304 709	1 384 886
Total Assets	8 927 283	8 420 900	8 853 390
Deposits from banks and financial inst.	11 649	5 008	14 534
Deposits from customers	6 905 236	7 022 966	7 591 734
Deposit from Ministry of Finance	756 166	252 686	0
Other borrowed funds	494 415	336 624	351 604
Other liabilities	23 277	35 174	34 634
Total Liabilities	8 190 743	7 652 458	7 992 506
Share capital	110 000	110 000	110 000
Total Equity	736 540	768 442	860 884
Total Liabilities and Equity	8 927 283	8 420 900	8 853 390

Source: Company report Q1 2017

ANNUAL RESULTS

Balance sheet (BGN '000)	2014	2015	2016
Cash and balances with the Central Bank	1 629 121	1 489 865	1 588 754
Due from other banks	80 559	109 435	54 472
Trading portfolio	8 887	9 913	8 578
Investments available for sale	449 303	507 269	531 366
Investments held to maturity	29 253	56 354	243 463
Loans to NFI	5 734 295	5 131 731	4 941 062
PP&E	104 806	101 572	93 880
Intangible assets	13 410	10 660	9010
Other	596 201	1 470 832	1 381 877
Total Assets	8 645 835	8 681 387	8 852 470
Deposits from banks and financial institutions	10 229	10 344	6 736
Deposits from customers	6 507 864	7 002 880	7 691 256
Deposit from Ministry of Finance	901 844	450 922	-
Other borrowed funds	476 151	381 374	279 107
Other liabilities	21 338	90 485	33 620
Total Liabilities	7 917 426	7 936 005	8 010 719
Share capital	110 000	110 000	110 000
Total Equity	728 409	745 526	841 751
Total Liabilities and Equity	8 645 835	8 681 531	8 852 470

Income statement (BGN '000)	2014	2015	2016
Interest income	503 731	470 650	426 313
Interest expense	-227 462	-218 270	-118 690
Net interest income	276 269	252 380	307 623
Fees and commission income	82 029	81 470	88 498
Gain/(loss) from dealing with securities	12 934	11 340	14 047
Administrative expenses	-178 310	-172 518	-185 055
Provisions & Impairments	-291 827	-327 422	-154 776
Other	133 466	169 090	30 055
EBT	34 561	14 340	100 392
Taxes	-3 980	-1 797	-10 207
Net income	30 581	12 543	90 185

Source: FIBank's audited annual individual financial statements

Disclaimers and Required Disclosures

The research and the recommendations in this report have been prepared and reviewed by:

Mihaela Ranchinska, CFA
Equity Analyst
ranchinska@sis.bg

Ivaylo Tomov
Executive Director
tomov@sis.bg

The individuals responsible for the preparation of this report certify that they have not received nor will receive compensation in exchange for expressing specific views or recommendations in this report. Sofia International Securities AD and the individuals responsible for this report accept no liability whatsoever for any losses arising from the use of information or opinions expressed in this report.

Sofia International Securities AD is a member of Bulgarian Stock Exchange (BSE) and the Central Depository of Bulgaria. The company provides brokerage, investment banking, equity research, portfolio management and other services. Sofia International Securities AD is regulated by the Financial Supervision Commission of Bulgaria.

Sofia International Securities is not registered as a broker or dealer with the Securities and Exchange Commission or NASD in the United States of America and the information may be distributed in the US only to individuals who by acceptance hereof confirm that they represent “major institutional investors” as defined in Regulation 15a-16 of the Securities Exchange Act of 1934.

Any opinions expressed in this report are subject to change without notice and Sofia International Securities is not under any obligation to update or keep current the information contained herein. Any opinions expressed in this report are only correct as of the stated date of their issue.

This report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. The report is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The report is based on information obtained from sources believed to be reliable but is not guaranteed as being accurate, nor is it a complete statement or summary of the securities, markets or developments referred to in the report. The report should not be regarded by recipients as a substitute for the exercise of their own judgment.

Sofia International Securities does own shares of the company that is subject of this report. The individuals who are responsible for the preparation of this report do not own shares of the company that is subject of the report. Sofia International Securities is not a market maker in the securities that are subject of this report. Sofia International Securities do not provide any corporate finance or other services to the company that is subject of this report. However, Sofia International Securities may seek to provide such services in the future.

Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Sofia International Securities accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report. Additional information will be made available upon request.

For more detailed information about the company, please contact our research department.

© 2015 - 2017. All rights reserved. No part of this report may be reproduced or distributed in any manner without the written permission of Sofia International Securities.

Sofia International Securities

1000 Sofia

140, Georgi S. Rakovski Str., fl. 4

Tel.: + 359 2 988 63 40

Fax.: + 359 2 937 98 77