

BG Indexes 12-month performance
SOFIX

BGREIT


Index	Close	Weekly Chg. %	YTD
SOFIX	695.21	2.31	15.58
BGBX 40	149.67	1.33	7.46
BGREIT	191.13	-0.49	4.35

Index	P/E	EV/S	P/BV
SOFIX	6.14	0.11	1.25
BGBX 40	8.01	0.28	1.92
BGREIT	9.35	n/a	1.36

BSE Weekly Gainers & Losers

Top Gainers		Price	Chng %
PET	Petrol AD	0.24	33.33
LAND	Bulland Investments REIT	0.88	20.55
ZHZA	Zaharni Zavodi AD	6.15	11.82
FIB	CB First Investment Bank AD	2.30	11.65
BRP	Bulgarian River Shipping AD	0.84	11.33

Top Losers		Price	Chng %
BBRD	Billboard AD	0.23	-11.54
LOMP	Lomsko Pivo AD	0.17	-8.84
SPH	Stara Planina Hold AD	9.60	-5.88
ZHBG	Zarneni Hrani Bulgaria AD	0.13	-5.19
FORM	Formoplast AD	5.80	-3.33

Market Overview (31st July – 04th August)

The main Bulgarian index **SOFIX** increased this week by 2.31% to 695.21 points. The broad index **BGBX40** increased this week with 1.33% to 149.67 points and **BGREIT** decreased this week to 191.13 points, down by 0.49%.

Corporate News

Sopharma's (SFA) EGM, held on 4 August, approved the merger contract between Sopharma and its subsidiary Biopharm Engineering. SFA controls a 97.15% stake in the subsidiary. According to the merger contract, one Biopharm Engineering share would be exchanged for 2.17 Sopharma shares as the former is valued at BGN 12.70 per share while the latter at BGN 5.85 per share. Biopharm is engaged in production of infusion and injection solutions, veterinary medicinal products and immunological preparations. The shareholders also voted on new buyback procedure under the following conditions: not more than 3% of the capital per calendar year at a minimum price per share of BGN 1 and a maximum price per share of BGN 6.50 with 18 months term of the procedure. Note that Sopharma currently has treasury stock of 10% of the capital, the maximum stake allowed by law. However, the planned in September capital raise through warrants exercise would increase the capital of the company with up to 44 925 943 shares (1/3 of the current number of issued shares). This would open room for further buyback, which could happen in December at earliest.

Fibank's (FIB) Q2'23 unconsolidated net income surged by 141.8% YoY to BGN 42.4m (EPS of BGN 0.28) as rising interest rates and swelling investment portfolio started to affect positively the profitability of the bank. Net interest income for the quarter rose 46.4% YoY (+BGN 28.4m) on the back of 35.2% growth (+BGN 25.3m) of interest income combined with 28.5% YoY (-BGN 7.7m) decline of interest cost. The interest income increased as some of the extended loans and the investment portfolio are probably linked to Euribor or BIR rates while the bank continued increasing its investment portfolio by 22.8% YtD, thus adding to 127% YoY growth. Interest cost declined due to the lower interest rates on deposits and the repayment of the most expensive perpetual bond in the beginning of this year. Note that all 4 outstanding issues of perpetual bonds are with fixed interest rates and the overall increase of interest rates would not affect them. Net F&C income and other operating income, on the other hand, declined YoY and resulted in 7.8% YoY decline in non-interest income. Surprisingly, administrative cost and net other operating cost declined on annual basis and affected positively the profitability. The former declined on the back of lower depreciation of leased assets while the latter on lower loss from sale of investment assets and the BGN 2.2m dividend income received in Q2'23. Credit provisions were up by 19.1% YoY (+BGN 4.9m). H1'23 net income grew 142.3% YoY to BGN 74.5m with EPS of BGN 0.50 as the income statement dynamic was similar to the one of Q2'23 alone. The most significant factors on the positive side were the 35.9% YoY (+BGN 45.8m) growth of net interest income and the 36.3% YoY decline (-BGN 5.8m) of net other operating cost while partly weighing on profitability was the 11.5% YoY (+BGN 6.3m) growth of credit provisions. Gross loans portfolio grew 7.8% YoY and 4.9% YtD to BGN 7.1bn as retail loans increased 10.9% YoY (+5.8% YtD) while corporate loans added 6.2% YoY (+4.4% YtD). NPL's were down by 8% YoY and by 10.9% YtD with ratio at 12.8% (based on loans & advances according to EBA definition) while 90-days past due loans were marginally (0.5%) higher YoY and declining by 9.9% YtD. The total capital ratio (21.45%) and CET 1 ratio (17.93%) increased compared to previous quarter due to the inclusion of 2022 profit in the capital base.

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