

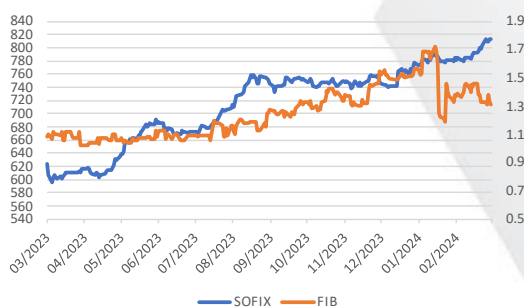
First Investment Bank AD

Share Information

Price (BGN)	2.50
Price (EUR)	1.28
52-week price change	20.75%
52-week EUR price range	1.02 – 1.71
NAV Price (EUR)	5.05
Market Cap (BGN)	375,693,696
Market Cap (EUR)	192,089,136
Shares outstanding	149,084,800
Free Float	11.06%
P/E (ttm)(ind)	2.85
P/S (ttm)(ind)	0.72
P/BV (ind)	0.26
Net Interest Margin (31/12/2023)	5.07
ROA	0.97%
ROE	9.17%

Source: SIS Calculations and Market Data
BGN is pegged to EUR at 1.95583 BGN

52 week price (EUR)



Ivaylo Valchev

Equity Analyst

Tel.: +359 2 937 9862

e-mail: valchev@sis.bg

Svetozar Abrashev

Senior Managing Partner

Tel.: +359 2 937 9869

e-mail: abrashev@sis.bg

Sofia International Securities

Sofia 1000,

140 G. S. Rakovski Str.

Tel.: + 359 2 937 98 65

e-mail: info@sis.bg

2023 Individual Results

- Fibank's 2023 unconsolidated net profit rose over 66% YoY to EUR 69m (EPS of EUR 5.32). The main reasons was the 36.6% rise in Net Interest Income to EUR 189mln, which managed to offset the drop in Other operating income from holding debt instruments. Additionally, OPEX was held under a tight leash, which grew over 5% with the big chunk in it, Administrative expenses growing just 2.7% to EUR 107.7m. The unavoidable rise in personnel expense, comprising over 40% of that account, was offset by the decrease in amortization of assets with the right to use.

- Total operating income was up 16.5% YoY to EUR 264.6m).
- Gross loans portfolio added 11.2% to BGN 3.85bn as corporate loans and retail loans, where each represent 34% of the portfolio, grew at 12.6% and 9.2%.
 - The gross sum of overdue loans with delay of over 90 days was EUR 321m, which was a 21.8% decline from its 2022 level.
 - The bank's investment portfolio in securities decreased marginally, but the net interest income from debt instruments increased from BGN 24.5m to BGN 71m. It is possible that large portion of this is due to the developments with S.G. Group, a collection agency, from Q4 2023. In that quarter, Fibank requested that insolvency proceedings be initiated against 2 companies of the group- Financial Investment Company (the former name of S.G.Group) and Silver Project, which cumulatively owed ca. EUR 300m to the bank. The former is a loans collection agency, while the later is a fast loans lender. After a very public communication, an agreement was reached, which would "guarantee the obligations to the bank".
 - The total capital ratio (21.09%) and CET 1 ratio (17.60%) remained comfortably above requirements even though declining over the quarter.
 - The profitability from the different lines of operations is shown below:

	Q1 2023 EUR '000	Assets	Liabilities	Net Interest Income	Net Fees Income	Net Income Operations	Other Net Operational Income	
Corporate Clients	1 152 518	904 527	11 005	25.7%	4 101	24.1%	-	100
SMEs	875 995	548 174	9 462	22.1%	5 520	32.5%	-	248
Retail Banking	1 290 474	4 187 724	17 707	41.3%	9 184	54.1%	-	7
Treasury	2 487 262	26 401	8 372	19.5%	1 167	-6.9%	15 380	131
Other	805 839	248 429	3 670	-8.6%	648	-3.8%	-	978
TOTAL	6 612 088	5 915 256	42 876	100%	16 989	100%	15 380	1 464

- Fibank successfully issued perpetual, non-cumulative, uncollateralized, deeply subordinated, non-convertible notes in the amount of EUR 40 000 000 (forty million) („The New Issue“). With the funds from the New Issue the Bank has successfully repurchased the Old Issue (ISIN code BG2100008114), in accordance with the Bank's strategy.

Q2 2023, in EUR '000	Assets		Deposits		Loans		Net income	
	Assets	share	Deposits	share	Loans	share	interest & fees	EBIT
United Bulgarian Bank	17,405	19.8%	12,918	18.2%	10,255	18.6%	520	267
DSK Bank	16,757	19.1%	13,333	18.8%	12,612	22.8%	735	567
Unicredit Bulbank	16,425	18.7%	14,127	20.0%	11,278	20.4%	506	452
Eurobank	9,914	11.3%	7,891	11.1%	6,494	11.8%	388	175
Fibank	7,101	8.1%	5,663	8.0%	3,728	6.8%	267	77
Central Cooperative Bank	4,186	4.8%	3,627	5.1%	1,815	3.3%	121	48
ProCredit Bank	2,135	2.4%	1,752	2.5%	1,479	2.7%	78	39
Allianz Bulgaria	2,017	2.3%	1,701	2.4%	1,145	2.1%	62	33
Investbank	1,618	1.8%	1,282	1.8%	678	1.2%	51	31
TBI Bank	1,487	1.7%	948	1.3%	940	1.7%	205	58

in EUR '000	2023	Δ	2022	Δ	2021	Δ	2020
Interest income	206,925	30.2%	158,902	0.7%	157,762	5.6%	149,379
Interest expense	(17,798)	-13.1%	(20,475)	-11.8%	(23,219)	-23.7%	(30,427)
Net interest income	189,128	36.6%	138,427	2.9%	134,543	13.1%	118,952
Fee and commission income	98,477	11.3%	88,448	21.0%	73,122	23.0%	59,438
Fee and commission expense	(20,992)	22.6%	(17,115)	38.6%	(12,348)	18.4%	(10,431)
Net fee and commission income	77,486	8.6%	71,333	17.4%	60,775	24.0%	49,007
Net trading income	11,911	18.1%	10,081	28.2%	7,864	28.3%	6,131
Other net operating income	(13,903)	-291.6%	7,258	24.9%	5,812	9.9%	5,289
TOTAL INCOME FROM BANKING OPERATIONS	264,621	16.5%	227,099	8.7%	208,994	16.5%	179,378
Administrative expenses	(107,712)	2.7%	(104,873)	14.3%	(91,747)	-1.3%	(92,974)
Other expenses, net	(9,664)	45.8%	(6,626)	-372.6%	2,431	-115.0%	(16,234)
Profit before impairment	147,244	27.4%	115,600	-3.4%	119,678	-349.9%	(47,888)
Allowance for impairment	(70,133)	1.3%	(69,203)	10.5%	(62,630)	-381.1%	22,283
PROFIT BEFORE TAX	77,112	66.2%	46,397	-18.7%	57,048	-2474.0%	(2,403)
Income tax expense	(8,066)	65.4%	(4,878)	-17.0%	(5,876)	-129.6%	19,880
NET PROFIT	69,045	66.3%	41,519	-18.9%	51,172	157.4%	19,880

in EUR '000	2023	Δ	2022	Δ	2021	Δ	2020
Assets							
Cash and balances with Central Banks	1,189,166	21.7%	977,268	2.3%	955,529	-9.3%	1,053,515
Investments in securities	1,321,152	-0.5%	1,328,406	75.2%	758,092	31.0%	578,837
Loans and advances to banks and other financial institutions	132,792	-2.0%	135,484	203.1%	44,693	-17.6%	54,240
Loans and advances to customers	3,659,985	12.1%	3,264,364	1.1%	3,229,105	4.6%	3,087,635
Property and equipment	50,882	1.3%	50,229	29.5%	38,797	4.0%	37,310
Intangible assets	11,763	54.2%	7,631	7.9%	7,072	-5.8%	7,505
Derivatives held for risk management	902	9.7%	823	54.4%	533	-79.6%	2,613
Reposessed assets	206,318	-2.3%	211,162	-8.4%	230,586	-36.1%	360,994
Investment Property	386,929	0.9%	383,635	2.4%	374,700	77.0%	211,686
Investments in subsidiaries	17,680	-10.2%	19,698	-16.0%	23,454	2.2%	22,943
Rights of use assets	62,076	-2.2%	63,481	59.7%	39,740	-44.4%	71,498
Other assets	61,446	5.2%	58,413	-1.6%	59,379	18.8%	49,964
TOTAL ASSETS	7,101,092	9.2%	6,500,595	12.8%	5,761,682	4.0%	5,538,738
LIABILITIES AND CAPITAL							
Due to banks	27,776	18.9%	23,368	53.0%	15,277	108.4%	7,332
Due to other customers	5,876,873	6.4%	5,521,160	14.6%	4,819,054	3.6%	4,652,835
Liabilities evidenced by paper	224,781	277.4%	59,559	9.6%	54,335	2.0%	53,252
Financial liabilities at fair value through profit or loss	1,618	-62.7%	4,340	292.2%	1,106	-	-
Hybrid debt	131,847	0.4%	131,331	-19.9%	163,988	19.9%	136,811
Derivatives held for risk management	-	-	-	-100.0%	1,107	428.3%	210
Deferred tax liabilities	14,114	-0.8%	14,226	4.6%	13,604	25.0%	10,883
Current tax liabilities	1,037	409.5%	203	-70.1%	681	-	6
Lease liabilities	62,123	-2.2%	63,523	59.7%	39,771	-44.4%	71,513
Other liabilities	7,826	106.9%	3,783	-5.3%	3,997	7.4%	3,722
TOTAL LIABILITIES	6,347,997	9.0%	5,821,492	13.9%	5,112,922	3.6%	4,936,564
Owners Equity							
Issued share capital	76,226	0.0%	76,226	0.0%	76,226	0.0%	76,226
Share premium	127,832	0.0%	127,832	0.0%	127,832	0.0%	127,832
Statutory reserve	20,381	0.0%	20,381	0.0%	20,381	0.0%	20,381
Revaluation reserve of investments in securities	-	2,883	-63.2%	-	7,830	-334.0%	3,346
Revaluation reserve on property	2,301	0.0%	2,301	0.0%	2,301	0.0%	2,301
Other reserves and retained earnings	529,239	15.0%	460,194	9.9%	418,674	13.9%	367,503
TOTAL SHAREHOLDERS' EQUITY	753,095	10.9%	679,102	4.7%	648,760	7.7%	602,174
TOTAL LIABILITIES AND GROUP EQUITY	7,101,092	9.2%	6,500,595	12.8%	5,761,682	4.0%	5,538,738

Valuation

Multiples approach:

Deals, which took place in recent years in Bulgaria were considered for the data:

Acquisition	Year	Price / Equity	Price / Assets	Price / (Net Interest & Fee Income)
Eurobank EFG acquires Piraeus Bank	2018	0.39	0.05	1.76
OTP Group acquires Societe Generale Expressbank	2018	1.49	0.18	5.32
KBC Group acquires UBB	2018	1.22	0.16	3.82
KBC Group acquires Raiffeisen Bulgaria	2022	2.05	0.20	6.47
Average		1.29	0.15	4.34

Source: Bulgarian National Bank, Eurobank EFG, UBB, Raiffeisen Bulgaria financials, official event statements and regulatory filings

The ratios were calculated using data from the previous year of the deals as indicative of the available information at the time of the negotiations.

Fibank value ('000) using Price / Equity ratio	EUR	969 441
Fibank value ('000) using Price / Assets ratio	EUR	1 602 222
Fibank value ('000) using Price / (Net Interest & Fee Income) ratio (TTM)	EUR	1 157 934
Fibank unadjusted fair value ('000), "lowest of" rule	EUR	969 441

The above value is similar to current NAV.

Market based approach:

Share price (21/03/2024):	EUR 1.28
Shares outstanding:	149,084,800
Market cap (Valuation, '000):	EUR 192,089

The analysis suggests a substantial hidden fair value reserve over the current market cap valuation.

Disclaimers and Required Disclosures

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.

Analyst Certification

The individuals responsible for the preparation of this report certify that: (1) all of the views and opinions expressed in this report are their own and reflect their personal views about the issuer(s) and the securities subject of this report, and (2) no part of any analyst's compensation was, is, or will be directly or indirectly related to the specific views or recommendations expressed by them in this report.

Regulatory Restrictions

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. Notwithstanding this, no publication of Sofia International Securities AD shall be construed as an offer (or solicitation of an offer) in any jurisdiction in which such offer or solicitation would be illegal.

Financial Interest

Sofia International Securities may or may not own shares of the company that is subject of this document. The individuals who are responsible for the preparation of this report may or may 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 document. In the past, Sofia International Securities may or may not have provided corporate services to the company that is subject of this presentation and may seek to provide such and other services in the future. As of the date of this document Sofia International Services does not provide brokerage services to the company subject of this document.

Equity Valuation and Risks

The value estimate(s) stated in this report is (are) valid only in light of the valuation methods used to derive this estimation. The use of other or more comprehensive approaches could result in other estimates of value that could diverge substantially from the results presented herein. With regard to the above, when making our conclusions about the intrinsic value of the Company's share capital, we have not considered or evaluated any possible tax, legal or other effects that might arise from engaging in transaction(s) with the shares of the company. The document should not be regarded by recipients as a substitute for the exercise of their own independent judgment and they should seek and obtain independent investment advice is necessary. Any facts and/or information stated in this document 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 herein are only correct as of the stated date. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security.

General

The report is prepared solely for informational purposes and is not to be construed as a solicitation, recommendation, investment advice 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 document is based on information obtained from sources believed to be reliable but Sofia International Securities do not warrant its accuracy, nor that it is a complete summary of the securities, markets or developments referred to in the report. This report does not intend to provide assurance on the value of the company's shares or on the achievability of the projections, statements and assumptions used by us. Actual results achieved in future periods might differ substantially from the projected ones because events and circumstances frequently do not occur as expected. 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.