25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS

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First Investment Bank (Fibank) Launches New Promotional Offers on the Occasion of Its 25th Anniversary

Interview with Ms. Sevdalina Vassileva, Executive Director and Member of the Management Board of Fibank

Ms. Vassileva, how has the banking sector in Bulgaria been performing in 2018 so far, and what are your expectations for the second half of the year?

- The banking sector in Bulgaria is stable and has achieved good financial results. In 2017, bank assets grew by more than 6%. Banks in Bulgaria proved to be a reliable partner for individuals and small and medium-sized enterprises. This year we are witnessing increased consumer consumption, as well as an upturn in the property sector. Banks have also contributed to that through their retail and housing loans. It is logical in such market conditions to observe steady growth in the consumer and mortgage lending segment, which creates prerequisites for revival in the economy. Despite the reduced interest rates on deposits, their volume continued to increase in both the individual and corporate segments, reaching a total growth of 5.8% in 2017.

In the second half of the year, we expect the positive trend of moderate credit growth to continue. Banks have considerable liquidity and are ready to support both the financing needs of individuals, and the good ideas for development of Bulgarian business.

At the same time, the environment in which banks operate has been undergoing serious changes caused by a number of new regulations such as the General Data Protection Regulation (GDPR), the AML (Anti-Money Laundering) and KYC (Know Your Customer) regulations, the Directive on Payment Services in the Internal Market (PSD2), and others. Technological transformations increasingly affect the ways of attracting and serving customers, the designing and streamlining of processes, analyzing of data, and building of systems and models for their application. All this leads to more changes and a more competitive environment requiring banks to actively prepare and rethink their models. True, things are happening gradually – in an evolutionarily, not revolutionary way – but in 2 or 3 years' time, when we turn back, we shall realize how significant these changes were.

What is the focus of Fibank's activity this year?

- We are continuing to build on the solid foundations and experience of the past 25 years: our wide and accessible branch network, the highly developed digital service channels, the innovative and competitive products, the partnerships and trust we have built with our over one million customers. Apart from being market- and customer-oriented, Fibank's policy includes a balanced approach to the development of SME and retail banking. In 2017, this approach again proved successful: we consolidated our leadership position in bank card business, and achieved the highest increase in the volume of consumer loans by BGN 127.4 million. The upward trend in our development with an emphasis on retail banking is continuing in 2018. Our analyzes indicate that households will continue to look for mortgage loans for home purchases, as well as for consumer loans for repairs, furnishings or other personal needs, so logically we will continue to develop these products alongside with attractive offers and packages including secure and convenient bank transactions online, or through our mobile application.

I would like here to turn your attention to the fact that this year First Investment Bank is celebrating its 25th anniversary. As a sign of appreciation for our customers' business and confidence, we have tried to develop attractive anniversary offers for various credit and deposit products.

Would you give us some more details about these offers?

- The first series of special anniversary offers will start at the beginning of the month, and continue until August 6 this year. For our business customers, for example, we will offer business credit cards with no annual maintenance fee for the first 25 months of use so that they can try and appreciate the benefits of this type of cards that seems to be less popular in Bulgaria, while being undeniably useful and

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convenient. Another offer is a promotional deposit with 25 bp higher interest rate than the standard rates for individuals and business customers. We have also launched a new electronic deposit for individuals opened fully online, without the need to visit a bank's office, including for persons who are not currently customers of Fibank. That is also part of in the anniversary promotions.

Jubilee offers also include an interesting and extremely attractive proposal for a promotional overdraft with 25% lower interest rate. The authorized overdraft amount is determined based on the proceeds to the customer's account and can be drawn depending on the particular needs of the customer. Interest is paid only on the used part and only for the period of use, without any additional costs.

The overdraft can be repaid fully or in part, and then drawn again. With its low interest rate and high limit of up to BGN 25,000, combined with the advantageous "My Choice" daily banking packages, this overdraft is a great solution for people receiving their salaries at Fibank and a preferred alternative to the so-called "fast" loans offered on our market by various non-bank companies.

And that's not everything: the latest news from the bank is that our new credit proposals come in combination with the "Restart" option for consolidating and refinancing obligations of individuals. We have called it that because with its low cost, flexibility in terms of amount and maturity and tailored approach depending on the client's profile, it allows for a "fresh start" with the disposable funds remaining in the monthly budget after the reduction of the loan installment.

Thus, under the sign and on the occasion of its 25th anniversary, Fibank will continue to bring various attractive offers to the attention of its clients in the coming months. Just keep looking!

According to experts, the end is approaching of low interest rates on consumer and mortgage loans. What are your expectations?

- For us Bulgarians there is no need to worry. In the medium term, I do not expect any significant change in current interest rates. Of course it also depends on the policy of the European Central Bank, but even if a general increase in interest rates occurs in time, it will not happen abruptly.

Will the process of consolidation in the sector continue?

- In my opinion, it has never stopped but just slowed down due to the economic and financial crisis of 2007-2008. For example, 15-20 years ago there were about 35 banks on the Bulgarian market, while today there are 25. Fibank also took part in the process of consolidation in the sector a few years ago with the acquisition of Unionbank. The publicly known information at the moment indicates that the Bulgarian banking sector is still looking forward to more consolidations. This is a complex and multi-layered process that will continue in the coming years because of its underlying business logic.

As you mentioned, First Investment Bank is celebrating its 25th anniversary. How do you see its development over the next five-year period?

- Our overall projections for the coming years are positive: macroeconomic growth, stable financial and business environment, and more clearly defined middle class. Against the backdrop of a domestic and European banking market that is highly regulated and demanding in terms of controls, practices and indicators, one of the main drivers for change is the technological and digital evolution: both of the financial services and their suppliers, and of the preferences of users. The Bank's main development strategy relies on areas where we have proven to be among the leaders in recent years: adaptive market approach, first class service and individual customer approach, innovative and attractive products and services. To the vast experience and knowledge accumulated over the past 25 years we should add our leading position in digital technologies and banking channels, which we will continue to develop and improve in the context of the modern environment. We are constantly working on the automation and process simplification in order to become even faster and more responsive to our customers' requirements. At the same time, we are investing in the latest digital technologies that will make customer service ever more personalized, direct and related to the specific needs, while maintaining the trust and integrity of personal data. I feel positive that in 5 years' time Fibank will be again, as it is now, a bank preferred by the customers, and a leader in digital transformation.

We all know that small and medium businesses are the backbone of the Bulgarian economy. Is there an increased interest in the banking products offered to such businesses in Bulgaria?

- Yes, we are definitely seeing an increased demand for financing by many companies, especially in the segment of SMEs and micro enterprises. Fibank offers the full range of financial solutions for business customers, including convenient and attractive transaction service packages. We are receiving positive feedback from our clients for acting in a quick and flexible manner, which is not typical of most banks

where decision making and response for business lending are concerned.

The Smart Lady program that we recently launched to fund and support women in business has been enjoying particular interest, as women are very focused and have a great potential for small business. The program has two main goals: to offer a range of banking services and products and services tailored to the specific needs of women in business, and to provide opportunities for them to build on their skills, find support, share experience and receive advice from both our banking experts and from other ladies that have gone down the same path and have achieved success.

The features that the Smart Lady program includes meet certain concerns regarding the more conservative attitude towards risk taking, payment of financial obligations during maternity, child and family care, as well as care for the employees – because women have a tendency to transfer family values in the businesses environment, as well. This was the reason to offer a lower cost of financing, discounts on banking services, longer repayment periods, preferential terms, a wide range of acceptable collateral (including the option for unsecured loans), eased terms during maternity, additional health insurance with a comprehensive package for prevention and care covered by the bank, "Tranquility" insurance for borrowers again covered by the bank, etc.

For the brief 3 or 4 months of its existence, the program has enjoyed exceptional interest on the part of the customers. Hundreds of loans have been granted in different business areas, ranging from kindergartens, trade, agriculture and medical services to furniture manufacturing. The program has been well accepted throughout the country: 70% of the borrowers are from outside Sofia. They are mostly small companies, in line with the general profile of companies run by women: 87% fall within the SME category, of which 40% are micro enterprises (up to 9 people staff).

All this comes to show that there is enough business activity and demand, as long as customers can find high quality service and appropriate solutions. We at Fibank seem to have successfully managed that over the past 25 years. And I believe we will continue to do so.

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