

## Fibank Passed the Asset Quality Review and the Stress Test

Saturday 27 July, 2019

On 26 July 2019, the European Central Bank (ECB) published the results of the comprehensive assessment for 2018, in which six Bulgarian banks participated. The asset quality review was ECB-led and supervised, carried out by Ernst & Young, with the cooperation of Fibank.

The asset quality review (AQR) and the stress test represent the application of a theoretical and conservative (prudential) model for risk assessment of the Bank's assets.

Fibank, with a balance sheet size of BGN 9.538 billion, is the fourth largest bank in Bulgaria in terms of assets and the second largest in terms of loans to Bulgarian businesses.

The assessment reviewed the presence and consistence of internal rules and procedures with the regulatory requirements. The AQR included 78% of the whole credit portfolio, and 95% of the corporate credit portfolio.

First Investment Bank meets the regulatory capital requirements according to art.92 of Regulation 575/2013 of European Parliament and the Council.

When applying the adverse scenario of the stress test, involving unfavorable economic imbalances and a prolonged downturn in the country's economy, the Bank would need to build an additional capital buffer of EUR 263 million.

As of June 30, 2019, Fibank has secured EUR 130 million of the additional capital buffer, as follows:

- Pre-provisioning profit in the amount of EUR 65 million for the first half of 2019;
- Loan provisions in the amount of EUR 37 million as a result of the adoption of IFRS 9, recognized in the financial statements for 2018;
- Loan payments and additional collateral provided for exposures with AQR adjustments, in the amount of EUR 28 million.

Fibank will address the remaining amount of EUR 133 million with its operating profit, de-risking of its corporate portfolio, and any other eligible measures.

First Investment Bank continues to follow its strategy for improvement of the loan portfolio quality and strengthening the capital as a basis for growth.

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