

## Fibank Will Issue up to 25 Million New Shares

Thursday 16 April, 2020

Each of the new shares will have a nominal value of BGN 1 and an issue value of BGN 8. The new share issue will allow First Investment Bank to attract fresh financial resources and, at the same time, raise up to BGN 200 million top-quality capital. The Bank intends to use the capital increase to ensure implementation of its strategy to expand its market presence in retail banking and SME lending.

After the issue of the new shares, the total share capital of the Bank will increase from BGN 110 million to BGN 135 million. As of March 31, 2020, the Bank's regulatory equity amounted to BGN 1,365 million.

The issue price was determined after a comprehensive analysis taking into account the interests of all shareholders of the Bank, including:

- Book value per share as a key factor in determining the price;
- Market data and estimates of recent acquisitions of other banks in Bulgaria;
- Financial indicators, market position and size of the Bank;
- Expected development taking into account the innovative profile of the Bank;
- Risk factors and measures taken to eliminate them;
- The excellent condition of the Bulgarian banking system as a whole and the positive outlook for the forthcoming ERM II membership.

The shares' carrying value is based on the audited financial statements of the Bank as at the end of 2019, and amounts to BGN 8.57 per share on an individual basis and BGN 8.87 per share on a consolidated basis. In order to attract wider interest among investors, the issue price of the new shares includes a 10% discount over the book value per share on a consolidated basis. At the end of March, the book value of the Bank's shares increased further to BGN 8.63 per share on an individual basis and BGN 8.90 on a consolidated basis. The earnings per share for 2019 amounted to BGN 1.25. This capital increase will be considered successful if at least 2,500,000 shares are subscribed and paid.

As part of its strategy to diversify its sources of funding, at the end of last year, First Investment Bank successfully launched an EUR 30m bond issue. The short timeframe in which the issue was realized indicated the high interest in the Bank among the investment community. Investing in one of the largest banks in the country allows direct entry into the Bulgarian economy, which shows sustainability and is on the verge of joining the euro area. At the same time, last year the Bank passed a comprehensive assessment under the criteria of the European Central Bank (ECB), including an asset quality review and stress tests.

In 2019, Fibank's assets increased by more than BGN 1 billion, reaching BGN 10,660 million on a consolidated basis. Regulatory capital reached BGN 1,284 million for the same period, with an increase of BGN 176 million. During the year Fibank's deposits grew by BGN 761 million its total borrowings exceeding BGN 9,104 million. In 2019, the Bank successfully issued a debt-equity instrument totaling EUR 30 million, which, after permission by the BNB, was included in Tier 1 capital. The consolidated profit for 2019 before impairment was BGN 257.7 million, which was retained and added to the Bank's capital. By the end of 2019, through capital raising and risk mitigation measures, the Bank formed an additional capital buffer of more than EUR 197 million.

In the first quarter of 2020, Fibank's capital position strengthened further after the 2019 profit was included in its equity following BNB permission. As of March 31, 2020, the total capital adequacy ratio of Fibank was 19.09%, the Tier 1 capital adequacy ratio 19.03%, the CET1 capital adequacy ratio 15.48%, and regulatory own funds amounted to BGN 1,365 million. For the first quarter of 2020 the profit before impairment was BGN 30.9 million. Liquidity coverage ratio was 273.87%, indicating a stable liquidity position. Reported growth in the Bank's SME loan portfolio for the first quarter of 2020 was BGN 13.8 million or 7.2% YoY, and in the Retail loan portfolio BGN 47.3 million, or 10.4 % YoY.

With the placement of the new issue, the Bank will fulfill 100% of the latest recommendation of the European Central Bank. Bulgaria's accession to the European Banking Union and the ERM II will provide the country with both the financial security of ECB's strict control, and access to privileges and facilities available to euro area Member States.

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### **Fibank**

E. [pr@fibank.bg](mailto:pr@fibank.bg)

W. <https://www.fibank.bg/en>

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