



# Bulgarian Banking Sector

## OVERVIEW

*Special Focus on publicly listed banks*

Analysis by ELANA Trading Research

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## HIGHLIGHTS OF THE ANALYSIS

The expectations of many international analysts for severe banking crisis in Bulgaria proved to be only speculations. The banking system managed to maintain the level of assets and no decline of credits was posted. In the same time, bad loans increased but cumulative bank profits exceeded provisions for losses. The increase of NPLs will likely continue and will have implications on the strategy for the development of the system. High interest rates supported the level of deposits and provided stable source of financing for banks.

### Our forecast

The growth of the banking sector will accelerate next year and we expect that it will return to the pre-crisis levels of growth in 2013-2014. However, the profitability of banks will be supported by the decline of interest rates on deposits and the slow expansion.

#### I. Overview of the Bulgarian Banking System

##### – growth and factors

- Assets of banks 2003 – 2010
- Loans and lending policies
- Administration and staff costs
- Deposits
- Equity
- Investment in securities
- Non-performing loans

#### II. Valuation of four public listed banks

- Central Cooperative Bank (CCB)
- First Investment Bank (FIB)
- Bulgarian-American Credit Bank (BACB)
- Corporate Commercial Bank (CORP)

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<b>Outperform</b>	More than 5% higher as compared to SOFIX and BG40 performance
<b>Market Perform</b>	Market performance, +/-5% as compared to SOFIX and BG40
<b>Underperform</b>	More than 5% lower as compared to SOFIX and BG40 performance

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