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Weekly Report – Bulgaria

19.03 –25.03 2010

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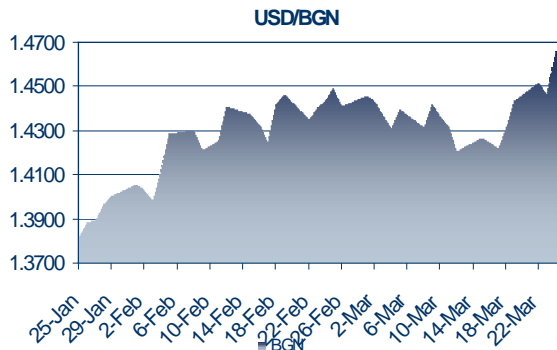
Major Indices

BGN Median Exchange Rate As of 25.03.2010

Country	Currency	Unit	Value
EU	EUR	1	1.95583
US	USD	1	1.46438
Hungary	HUF	1000	7.41603
Swiss	CHF	1	1.36963

Main National Bank of Bulgaria Interest Rates

Base Interest Rate (01.01)
0.39 %



Source: National Bank of Romania

Macroeconomic Indices

Inflation in November 2009

Jan. 2010/December 2009 (100)

CPI	0.7%
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Jan. 2010/Jan. 2009 (100)

CPI	0.5%
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Gross Domestic Product estimate

GDP 2009	55,632 mil BGN
4 th quarter 2009 @ current prices	17,585 mil. BGN
GDP 2008	4.4% fall

Industrial Production Index

Dec. 2009 (2005=100)	100.2
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Average Salary –2009

	BGN	EUR
3 rd quarter	583	297

Year-on-year growth rate of Average Salary

3 rd quarter 2009/2 nd quarter 2009	0.9% decrease
3 rd quarter 2009/3 rd quarter 2008	11.5% growth

Source: Republic of Bulgaria National Statistical Institute

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Headlines

BNB Governors to appeal against dismissal

22.03 (FOCUS News Agency): According to envisaged amendments to the Bulgarian National Bank (BNB) Act, Members of the BNB Management Board will be able to appeal to the Supreme Administrative Court (SAC) against a pre-term termination of their mandate by decree of the Bulgarian Parliament or president, the Sega daily informs. The Ministry of Finance did not provide any details on the motives behind the planned amendments. According to the bill, if the mandate of a Member of the BNB Management Board is terminated, his successor will be entitled to a six-month mandate. According to the current law, the successor may only complete the mandate of his predecessor.

A bank probed over alleged interest changes

24.03 (FOCUS News Agency): The Commission on Protection of Competition (CPC) self-started a probe into one of the local banks on signals that the lender had unilaterally changed the interest on a mortgage loan, failing to notify the borrower. Back in 2008, the distressed client was lured by the profitable offer of the bank and negotiated a mortgage that advertised 6.2% accrument throughout the first 15 years.

Later on, in the spring of 2009, the bank unilaterally raised the interest rate to 7% without bothering to inform the client.

CCB's profit up 18% in February

24.03 (FOCUS News Agency): The profit of Corporate Commercial Bank (CCB) has increased by 17.7% in February, reaching BGN 6.2 million. Back in January its gains ran up to BGN 5.3 million.

Tsvetan Vasilev, CCB's supervisory board chairman, commented the big figures resulted from the fact that January was a month of more intense settlements, which made February profits look bulkier.

UniCredit offers two Master programs

24.03 (FOCUS News Agency): UniCredit Group is now offering young talents the opportunity to complete a master's degree in a couple of programs.

Dubbed International Master of Business Administration in retail banking of Alma Graduate School and UniCredit, the first program is the only MBA of the 2.500 master's offered worldwide, focusing on financial industry and retail. The MBA has a participation fee of EUR 25,000, open for candidates between 25 and 32 years of age.

The second is New Europe Master in Banking and Entrepreneurship.

MKB Unionbank: Preconditions for the revival of business crediting exist

24.03 (FOCUS News Agency): Banks have started to gradually reduce interest rates on corporate loans and, naturally, this leads to a slight revival of business crediting, Emil Vuchkov, head of "Product and Market Policy" at MKB Unionbank told the Pari daily. Even so, the problems caused by the global financial crisis persist in many fields of economy and a sharp growth of corporate crediting should not be expected, he explained. Vuchkov said that due to the high intercompany indebtedness, there was currently a very strong demand for circulation capital credits. In his words, the business crediting branch is certain to revive as all the preconditions for this exist. The EU and USA economies, Bulgaria's main trade partners, are heading towards recovery and this would undoubtedly boost the export-oriented branch, he commented. He expressed the opinion that the government manages to organize its fast absorption of released EU funding, this will contribute to a great extent to the revival of economy and business and lead to a reduction of interest rates on corporate loans. The third

important condition, according to Vuchkov, is that the government fulfils its promise and pays its debts to companies. If all these conditions are met, he expects that crediting will revive this spring.

SG Expressbank issues new mortgage loan with preferential conditions

24.03 (FOCUS News Agency): Societe Generale Expressbank offers mortgage loans with no preterm repayment fee. The offer is valid for all mortgage credits in BGN or EUR drawn until April 30th. The interest rate on mortgage loans with a ten-year repayment term is 7, 35%. The total annual percentage rate (APR) with an included life insurance is 8, 64%. Since the beginning of February many banks introduced more attractive conditions on their mortgage loans – UniCredit Bulbank, United Bulgarian Bank (UBB), Postbank, Piraeus Bank, MKB Unionbank and Emporiki Bank, the Dnevnik daily reminds.

S&P removes UBB from CreditWatch and affirms its rating

24.03 (FOCUS News Agency): Standard & Poor's affirmed the BBB- long-term and A-3 short-term ratings of United Bulgarian Bank (UBB) and removed it from CreditWatch. S&P noted that if the outlook of the National Bank of Greece's (NBG) is revised to "stable", that of its Bulgarian subsidiary is likely to follow. NBG's support for UBB remains stable regardless of the tension on the Greek market, the analysis of the agency states according to the Dnevnik daily.

Defaults on loans close to BGN 5 billion

25.03 (FOCUS News Agency): Delinquencies on the local bank market have bulged by BGN 259 million or 5.79% up to BGN 4.73 billion, BNB data shows. Commercial loans lead the trend with a 7.49% rise in overdue debts up to BGN 2.57 billion.

Both the bad and the restructured loans in the mortgage segment grew by 3.91% up to BGN 984 million.

Delay in corporate credits' growth natural: Yagodin

25.03 (FOCUS News Agency): Assen Yagodin, Executive Director of Postbank for the Pari daily:

The growth of mortgage loans is due to the current attractive cost of real estates and the liquidity that banks managed to accumulate and can now use to issue loans. In 2010 mortgage credits will be one of the segments to dictate the growth of crediting in general. The delay in the growth of corporate credits is natural considering the present state of business environment. Many companies have postponed their investment plans. With companies the emphasis will be on circulation capital credits and the efficient management of money flows, as we observe increased interest in factoring services.