

# BULGARIAN BOND MARKETS PERSPECTIVE

*Ivan Takev*

*Chief Executive Officer*

*Bulgarian Stock Exchange*

*IV Cbonds Poland & CEE Bond Conference*

*Warsaw*

*Oct 15<sup>th</sup> 2015*



# Disclaimer

The materials, contents, and references may not be used for and shall not be deemed to be a public offering of securities. These materials do not constitute an offer of Instruments to the public.

These documents do not constitute advertisement, neither a prospectus for the purposes of Directive 2003/71/EC. Investors should not subscribe for any securities referred to in these documents.

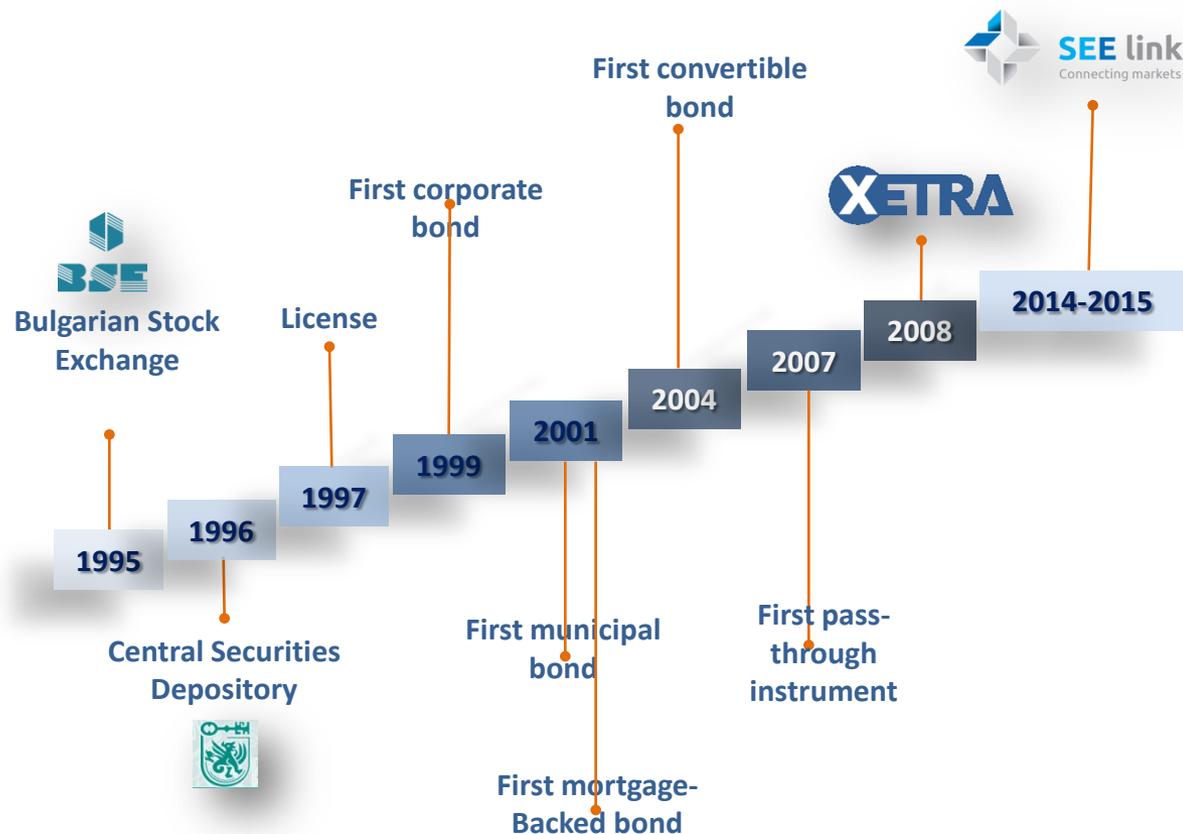
This presentation is set forth for informational purposes only. By attending all viewers acknowledge that (i) the presentation of this material neither constitutes an offer to sell nor a solicitation of an offer to buy the financial instruments described, (ii) no recommendation is made concerning the financial instruments described and (iii) it may be unlawful to offer to sell or to solicit an offer to buy the described financial instruments in certain jurisdictions.

The opinions expressed represent personal opinion of the author only.

The author may possess investments in some of the financial instruments analyzed and commented.



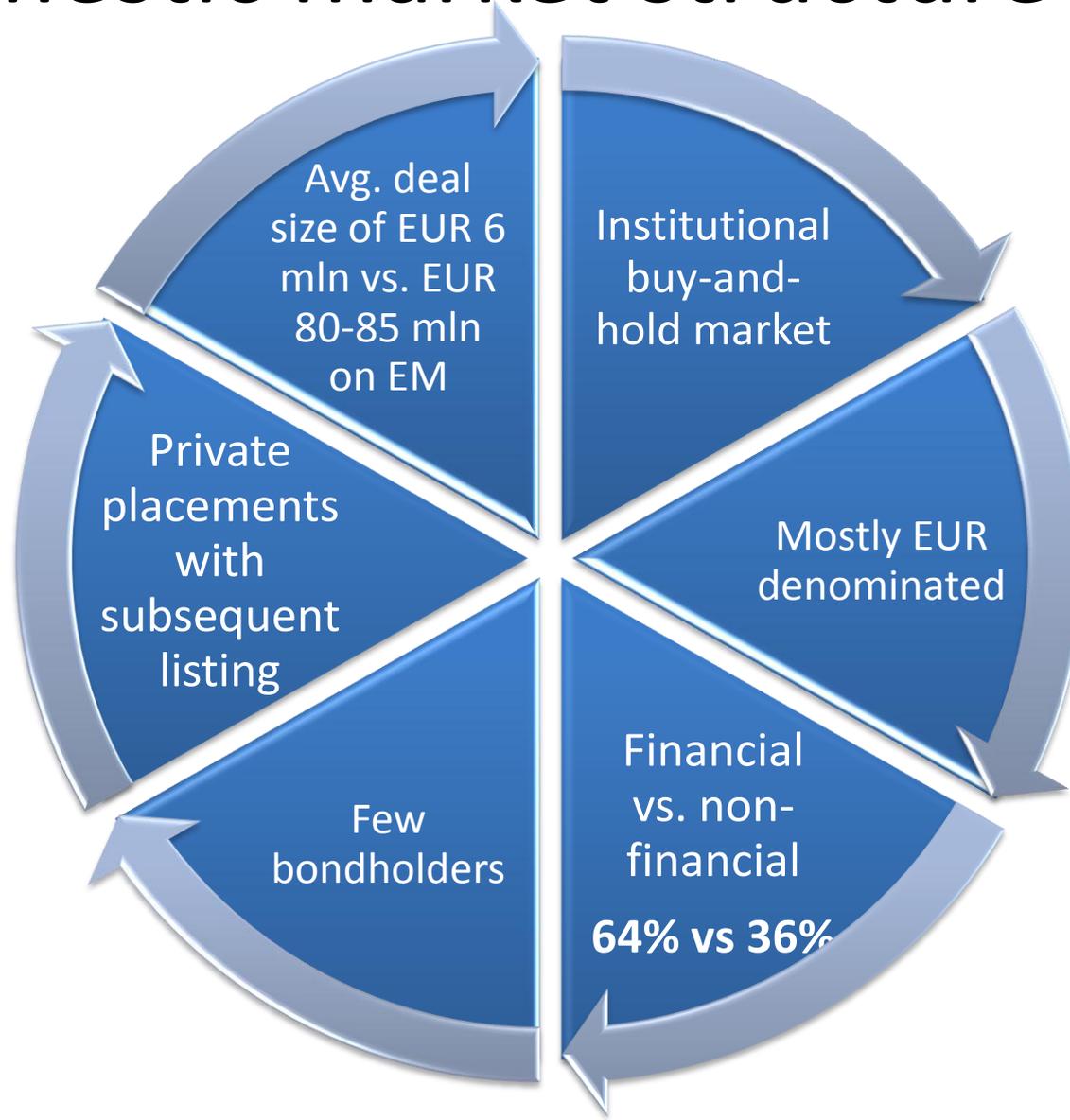
# Bond Market Milestones



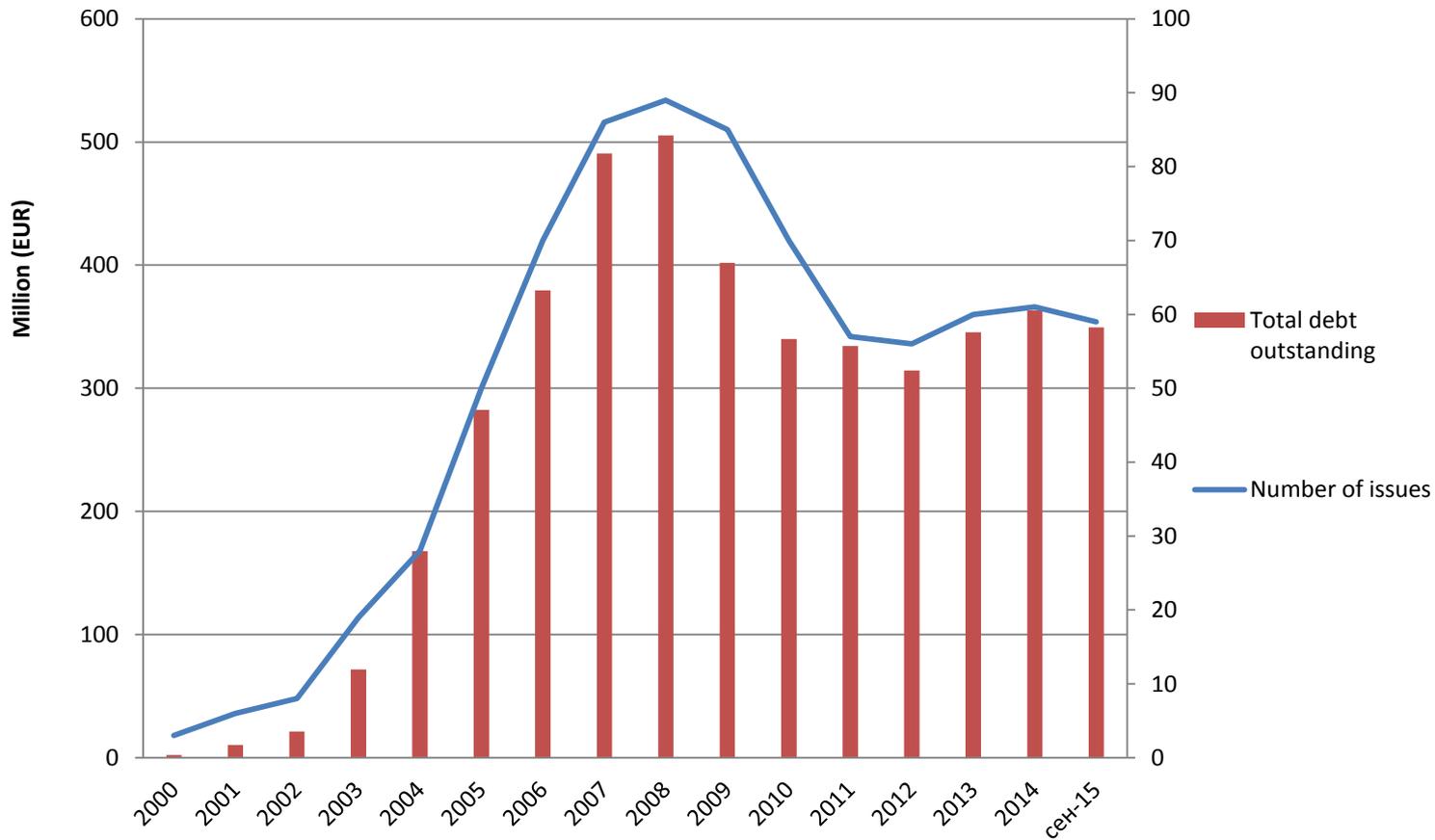
# Trading model



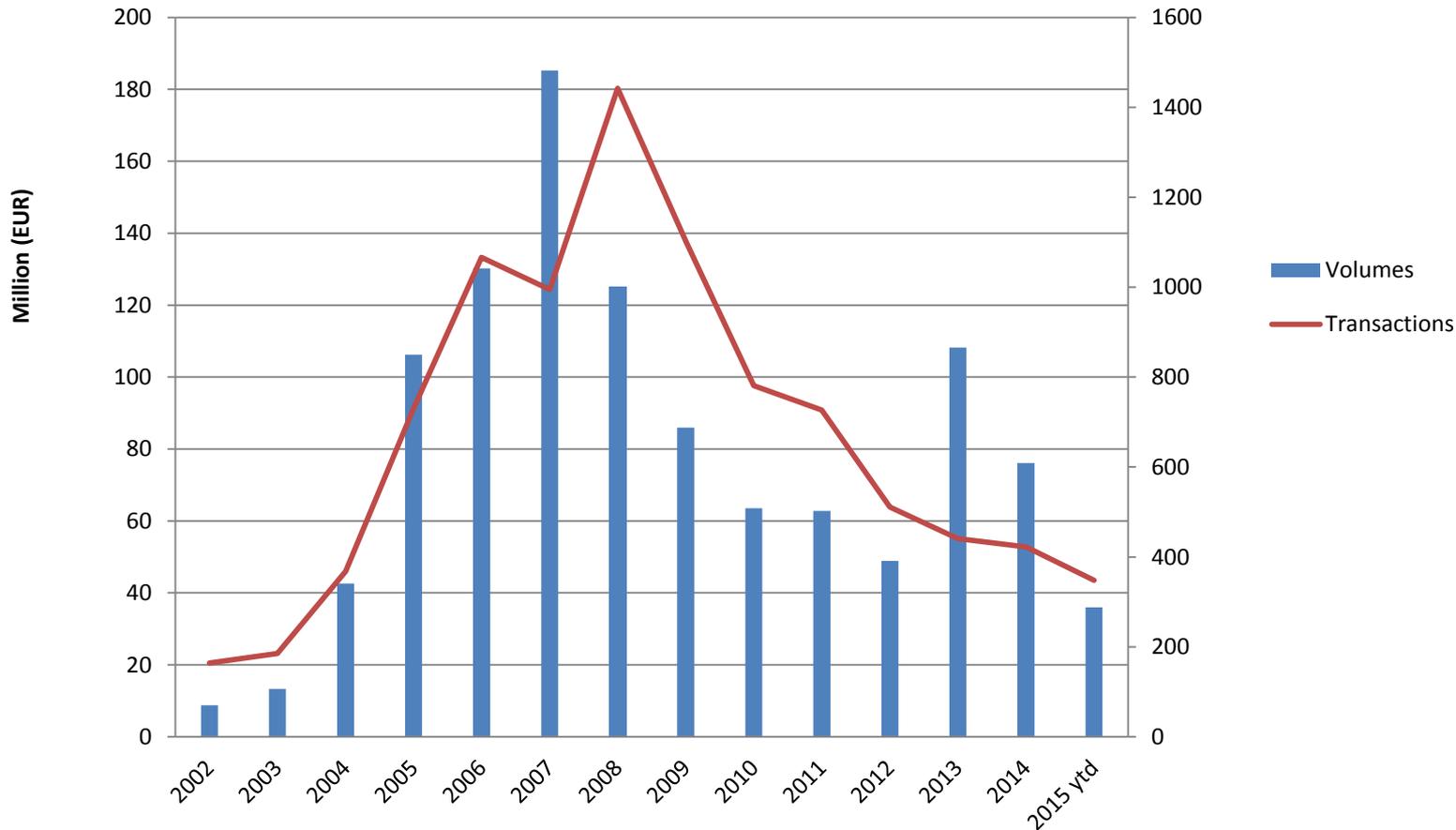
# Domestic market structure



# Bond listings



# On-exchange trading volumes



**BSE**

# Market size

Rank	Market	Total debt (USD billion)
1	South Korea	168.95
2	Mexico	136.3
3	Brazil	104.78
4	Bermuda	92.06
5	Russia	80.32
.....		
48	Oman	1.45
<b>49</b>	<b>Bulgaria</b>	<b>1.33</b>
50	Estonia	1.3
.....		
56	Malta	0.56
57	El Salvador	0.46
58	Romania	0.27
59	Liberia	0.15
60	Rwanda	0.02

Source: IOSCO

- Small market (between \$1 and \$10 billion)
- 40 % locally listed
- Just a few yet quite sizable international listings



# Market depth

Rank	Market	Total debt as a % of GDP
1	South Korea	87.72%
2	Malaysia	56.08%
3	China	45.57%
4	Brazil	39.16%
5	Thailand	38.04%
.....		
23	Indonesia	2.83%
<b>24</b>	<b>Bulgaria</b>	<b>2.33%</b>
25	Latvia	1.65%
.....		
36	Lithuania	0.19%
37	Pakistan	0.15%
38	Tunisia	0.08%
39	Dominican Republic	0.07%
40	Ukraine	0.05%

Source: IOSCO

- Shallow depth
- In line with its closest EM peers
- Further decline expected (as GDP will grow faster than demand for debt financing)

# Market growth

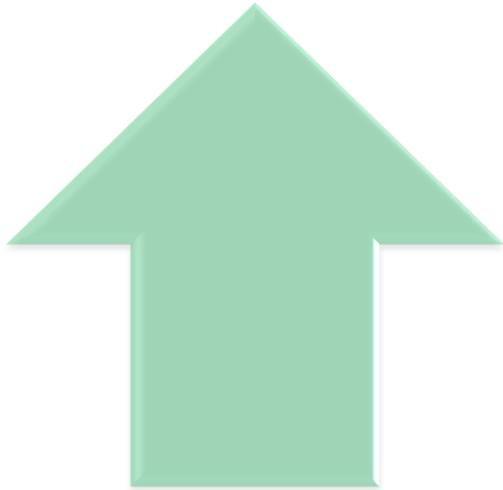
Rank	Market	Growth (CAGR 2005-2014)
1	Turkey	64.98%
2	Peru	50.56%
3	Azerbaijan	47.24%
4	Slovenia	44.03%
5	Costa Rica	39.09%
.....		
31	Slovakia	16.47%
<b>32</b>	<b>Bulgaria</b>	<b>16.24%</b>
33	Philippines	15.23%
.....		
48	Malta	5.90%
49	Malaysia	4.72%
50	Trinidad & Tobago	4.38%
51	Thailand	3.89%
52	Argentina	0.49%

Source: IOSCO

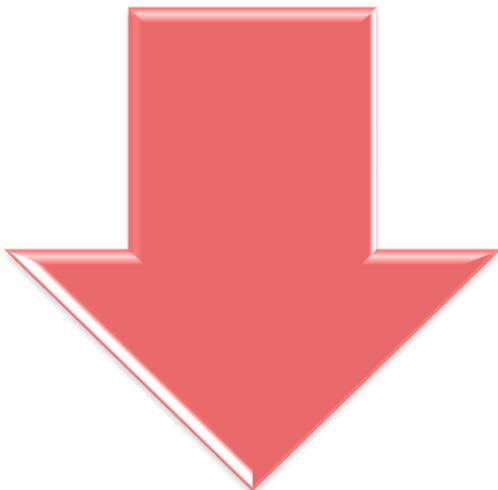
- Slow growth
- Figures reflect recent decline in market size
- No further bank-fueled securitisation is expected
- Can be significantly impacted by a few large-scale bond issues



# What had affected domestic bond market?

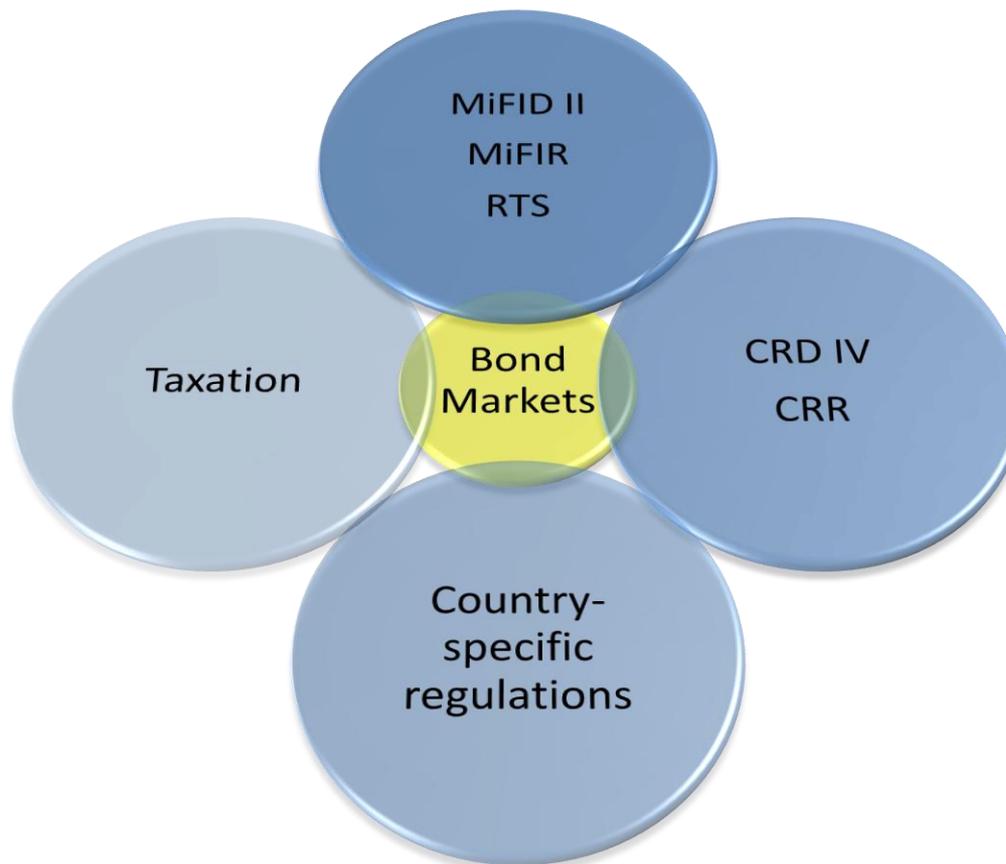


Bulgaria's pre-crisis GDP Growth  
Real estate and construction sector boom  
Banking loans transformation  
Legislative framework



Financial crisis  
Real estate bust  
Falling commodity prices  
Inadequate regulation of debt restructuring  
Administrative delays

# How will regulations be affecting domestic bond market?



# How will business environment be affecting domestic bond market?



Thank you for your attention!

