
**United Bulgarian Bank
Bulgaria: Macroeconomic Update
Prospects and Accents**

January 2021

Probabilities of the Main Scenarios

Bulgaria Outlook 2020-2023

Bulgaria COVID-19 Pandemic Situation

COVID - 19 Impact on Bulgarian Economy

Brexit Impact On Bulgarian Economy

Banking sector

Probability of the Main Scenarios

Risks Remain Tilted to the Dawnside

	OPTIMISTIC SCENARIO	BASE SCENARIO	PESSIMISTIC SCENARIO
June probabilities	15%	45%	40%
New APC 2020 Scenarios			
July-August probabilities	15%	45%	40%
September probabilities	15%	50%	35%
October probabilities	10%	55%	
November probabilities	10%	55%	35%
December probabilities	10%	55%	35%
Year 2021			
January probabilities	10%	60%	30%

Source: KBC Economics

Arguments for Scenario Probabilities - January 2021

The January 2021 baseline scenario takes into account the latest economic and financial developments, as well as the most recent information on vaccine efficacy and the progress of the vaccination roll-out.

The base scenario incorporates the **reduced uncertainty regarding the (timing of the) exit path from the pandemic** which is expected to lose traction from the second half of 2021 onwards – following successful vaccination campaigns in 2021 with an expected substantial impact on the pandemic by mid-2021. These campaigns are expected to significantly reduce the likelihood of new periods of extended lockdowns. **For this reason, the probability of the base scenario is increased to 60% (from 55%), while the probability of the pessimistic scenario is reduced to 30% (from 35%).**

The baseline scenario, however, also reflects **short-term economic damage due to the second pandemic wave** in 2020Q4 and only a **slow and gradual recovery of the economy in 2021**. In line with latest indicators, the economic costs of the second wave are sizeable in 2020Q4, but significantly less than during the first wave on the back of better than expected resilience in the economy and targeted lockdown measures. Successful vaccination roll-out will initiate a broad-based economic recovery, supported also by fiscal stimulus, increasing consumer and producer confidence and the continued recovery of China. This recovery is, however, expected to gain traction mainly from the second half of 2021 on as potential structural economic imbalances – increased unemployment and bankruptcies –materialize and weigh on the economy in the first half of 2021.

As the base scenario takes into account these latest developments, it remains the most likely economic scenario. **Risks remain mainly tilted to the downside and are related to the occurrence of severe third Covid-19 pandemic waves, potential (operational) failures or severe delays in vaccination roll-out or delayed fiscal stimulus.** Additional fiscal stimulus or a strong pent-up demand and faster-than-expected broad-based herd immunity to Covid-19 could eventually lead to more positive economic developments.

Probability of the Main Scenarios (2)

BASE Scenario DEFINITIONS	BASE SCENARIO APC NARRATIVE	BASE SCENARIO JANUARY UPDATE
Economy	After the initial corona shock in 2020Q1+2020Q2, a more moderate, but still steady recovery from 2020Q3 onwards with a recovery to pre-corona activity levels by the end of the APC horizon in euro area (in US earlier) + moderate inflation	<p>The economic damage of the second wave is limited compared to the first wave, as more targeted lockdowns temper the overall impact on GDP.</p> <p>The announcement and roll-out of vaccination campaigns will gradually restore consumer and business confidence. However, as the vaccination process will take time, the recovery will be gradual. It will take until the second half of 2021 for the mass roll-out of vaccines to reinforce the recovery. Fiscal stimulus will further support growth and bring the economy back to pre-corona activity levels well before the end of the APC horizon in the euro area (in US earlier), while keeping inflation moderate.</p>
Virus evolution	Virus spread and impact sufficiently under control thanks to continued and possibly intensified social distancing and other precautionary measures, without need for another lockdown period	Virus spread and impact sufficiently under control thanks to continued and material social distancing and other precautionary measures. The start of vaccination and wider testing and tracing will only allow a very moderate easing of precautionary measures in H1 2021. From mid-2021 on, the normalisation of socio-economic interactions will be helped by the mass roll-out of effective vaccines. However, as the vaccination process will take time, a full relief of social distancing measures and normalisation of socio-economic interactions will not happen before 2022. A third pandemic wave (with severe economic impact) will be avoided.
Recovery pattern	U-pattern	Humpy U-pattern

Overview of Oil Prices Scenarios

Optimistic scenario:

	Current (20/10/20)	End Q2 2020	End Q3 2020	End 2020	End Q1 2021	End 2021	End 2022	End 2023
Oil price (USD per barrel Brent)	42.6	40	50	55	60	65	60	55

Base scenario:

	Current (06/01/21)	End Q2 2020	End Q3 2020	End 2020	End Q1 2021	End 2021	End 2022	End 2023
Oil price (USD per barrel Brent)	53.6	49	47	52	48	55	55	55

Pessimistic scenario:

	Current (20/10/20)	End Q2 2020	End Q3 2020	End 2020	End Q1 2021	End 2021	End 2022	End 2023
Oil price (USD per barrel Brent)	42.6	40	18	20	22	35	65	60

Forecasts for Eurozone, US lowered for 2020 and increased for 2021

Growth and inflation forecasts major economies (annual average in %)

	Real GDP growth							Headline inflation (US CPI)						
	2017	2018	2019	2020	2021	2022	2023	2017	2018	2019	2020	2021	2022	2023
EMU	2.7	1.9	1.2	-7.2	3.1	4.2	2.2	1.5	1.8	1.3	0.3	1.1	1.3	1.4
US	2.4	2.9	2.3	-3.5	4.4	2.5	2.0	2.1	2.4	1.8	1.1	1.9	2.1	2.1
China	6.9	6.6	6.1	2	8.2	5.5	5.0	1.6	2.1	2.9	2	2.5	2.5	2.5

Overview global forecasts

		Current 10/11/2020	End Q2 2020	End Q3 2020	End 2020	End Q1 2021	End 2021	End 2022	End 2023
US	Fed policy rate (middle target range)	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
	10y Bond yield	0.71	0.70	0.90	0.90	0.80	1.00	1.40	1.60
Eurozone	ECB deposit rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
	ECB refi rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germany	10y Bond yield	-0.65	-0.4	-0.5	-0.5	-0.3	-0.25	0.20	0.45
	USD per EUR	1.13	1.12	1.18	1.21	1.14	1.25	1.27	1.30
	Oil price	42.9	40	40	40	48	51	55	55

Overview global forecasts

	Current (06/01/21)	End Q2 2020	End Q3 2020	End 2020	End Q1 2021	End 2021	End 2022	End 2023
Sovereign 10y yield spread vs. 10y German bund (in bps)								
Belgium	21	25	25	25	25	25	25	25
Bulgaria	79	70	65	65	60	60	60	60
Ireland	28	30	30	30	30	30	30	30
Slovakia	7	15	15	15	15	15	15	15

Bulgaria – Outlook 2020-2023

Bulgaria	Optimistic scenario					Base scenario					Pessimistic scenario				
January 8, 2021	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Real GDP growth (in %)	3.4	-4	4	3	3	3.4	-5	4	3	4	3.4	-5.5	-1	2	3
Inflation (in %, harmonised CPI)	2.5	0.7	2.6	2.5	2.5	2.5	0.5	2.1	2.2	2	2.5	0.3	1.5	1.8	1
Unemployment rate (end of year, Eurostat definition)	4.2	7	4	4.3	4.1	4.2	8	10	7	6	4.2	9	12	11	9
Government budget balance (in % of GDP)	-1	-3	-1	-1	0	-1	-4.4	-3.9	-2	-1.8	-1	-4.4	-4.9	-3	-2.5
Gross public debt (in % of GDP)	20.4	23	24	25	26	20.4	25	26.9	28	29.1	20.4	25	28.7	30.7	32.5
Current account balance (in % of GDP)	4	1	4	0.8	0.6	4	1	3	0.6	0.4	4	1	0	0.3	0.4
House prices (annual %-change, existing and new dwellings, Eurostat def.)	6	0.5	1	3	3	6	1	0	3	3	6	-2	-1	0	1
Source: KBC, UBB															

COVID -19 Impact on Bulgaria's Economy

The international institutions have reduced their forecasts for the Bulgarian economy based on the assumptions about the development of the global environment and pandemic control in the period 2021-2022. The main drivers of economic activity will be private consumption, exports of goods and growth in public investment.

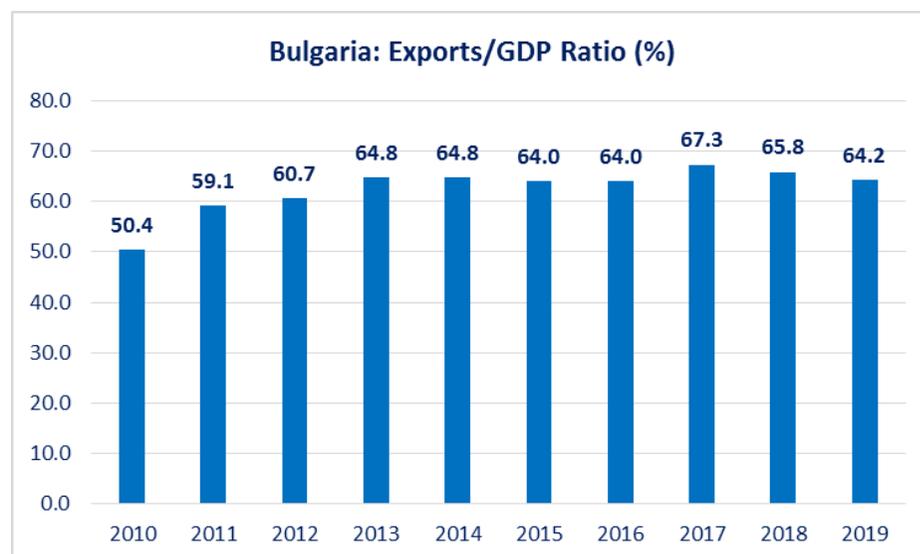
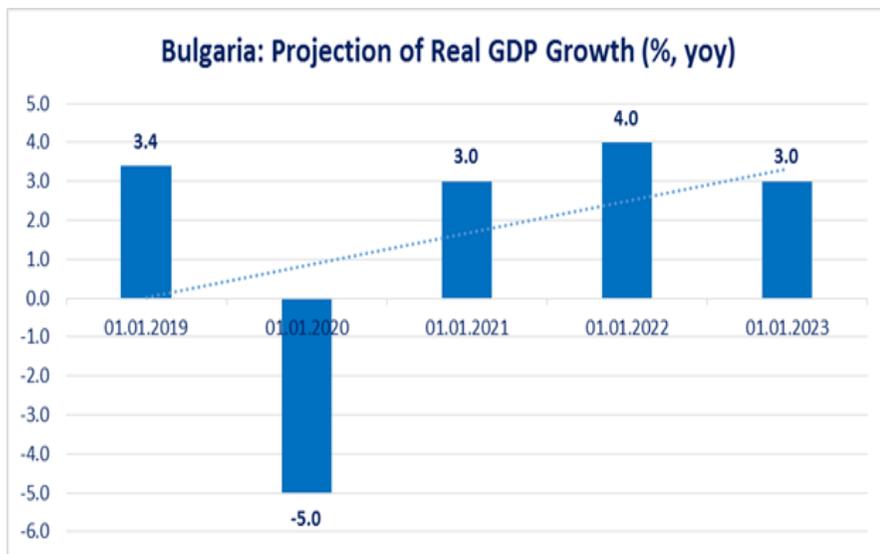
Bulgaria GDP Growth (%): International Institutions Projections	2019	2020	2021	2022	2023
EC	3.4	-5.1	2.6	3.7	n.a
IMF	3.4	-4	4.1	n.a	n.a
BNB	3.4	-4.4	3.7	3.6	n.a
MF	3.4	-3	2.5	3	3.2
KBC	3.4	-5	4	3	3

Bulgaria CPI Inflation rate (%): International Institutions Projections	2019	2020	2021	2022	2023
EC	2.5	1.2	1.4	1.8	n.a
IMF	2.5	1.2	1.7	n.a	n.a
BNB	2.5	0.3	2	0.9	n.a.
MF	2.5	1.4	2.1	2.6	2.5
KBC	2.5	0.5	2.2	2.1	2

COVID - 19 Impact on Bulgaria's Economy

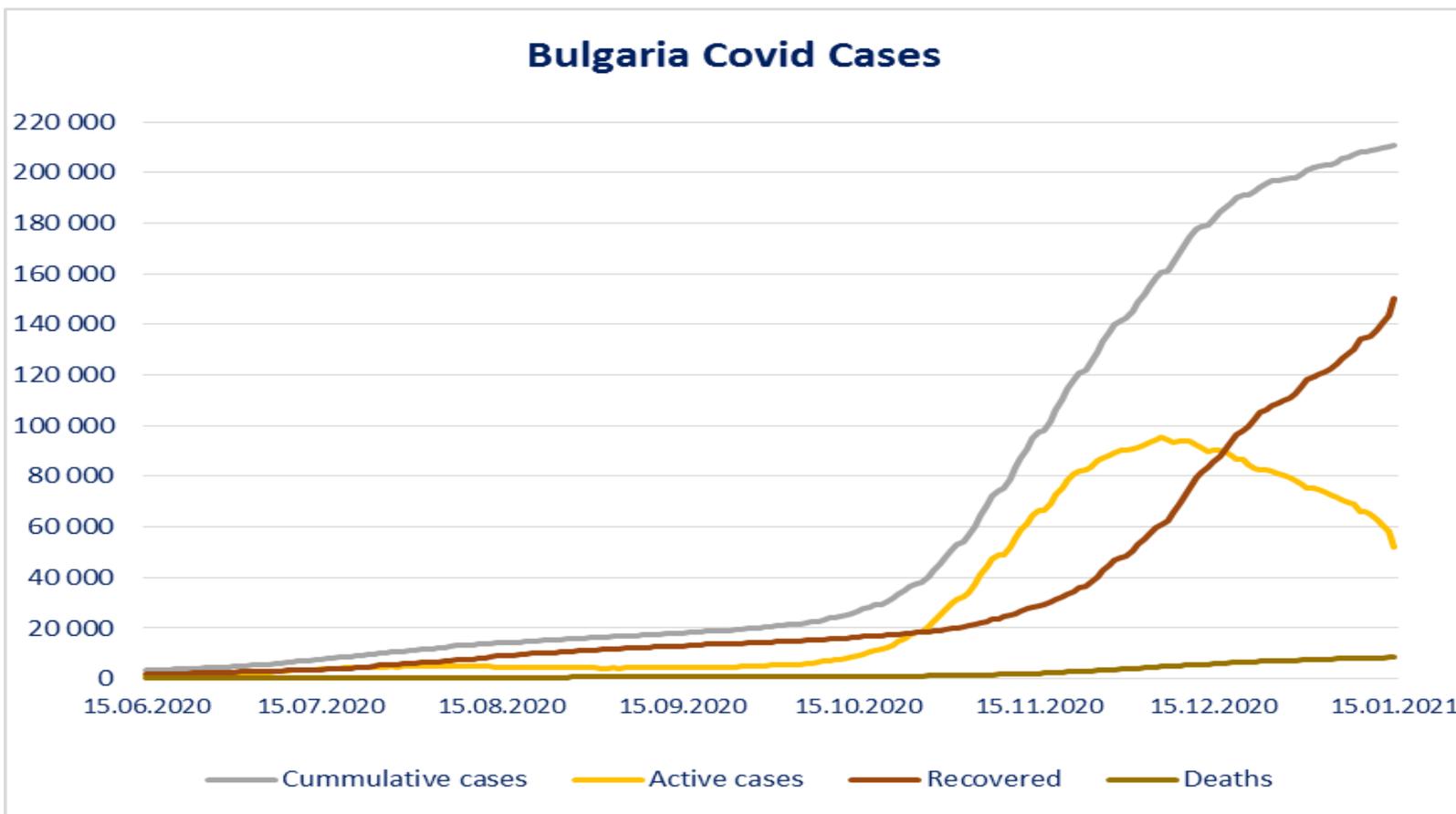
The real decline in GDP in Bulgaria was respectively -8.6% yoy in Q2 and by -5.2% yoy in Q3 2020 and was below the average decline for the EU. **The forecast is that the real GDP of Bulgaria will report a negative trend of -5% for 2020 with the simultaneous influence of the slowing down the decline in household consumption and a positive contribution of public consumption and investment expenditure.**

The main challenge is Bulgaria's dependence on exports. Bulgaria has a high ratio of exports to GDP in 2019 (64.2% of GDP) well above 46.5% on average for the EU and 47.8% for the region. Bulgaria's dependence on exports is the biggest risk to the economy due to the unpredictability in the development of the pandemic, the uncertainty in the distribution channels and the potential for a sudden collapse in trade with major trading partners. The development of the economy in 2021 will depend on epidemiological measures and political factors (the outcome of the upcoming parliamentary elections). Under the baseline scenario, we forecast 3% growth in 2021, stronger GDP growth of 4% in 2022 and 3% growth in 2023.



Dynamics of COVID-19 cases in Bulgaria

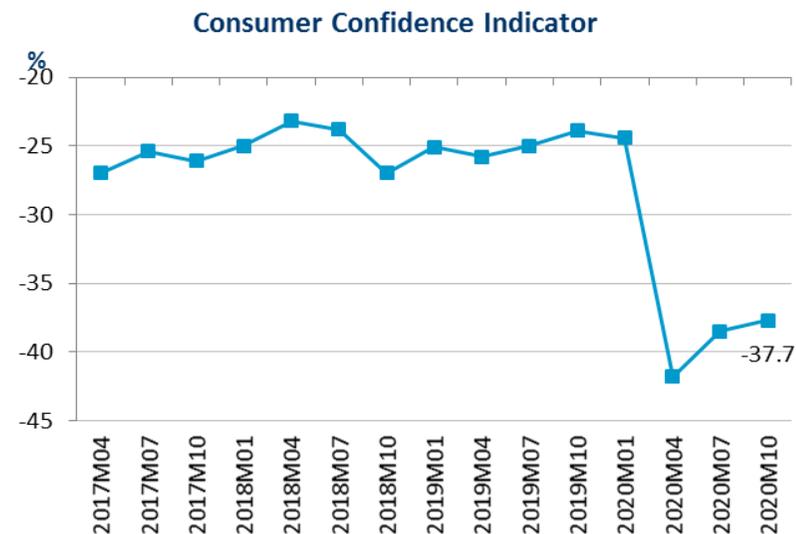
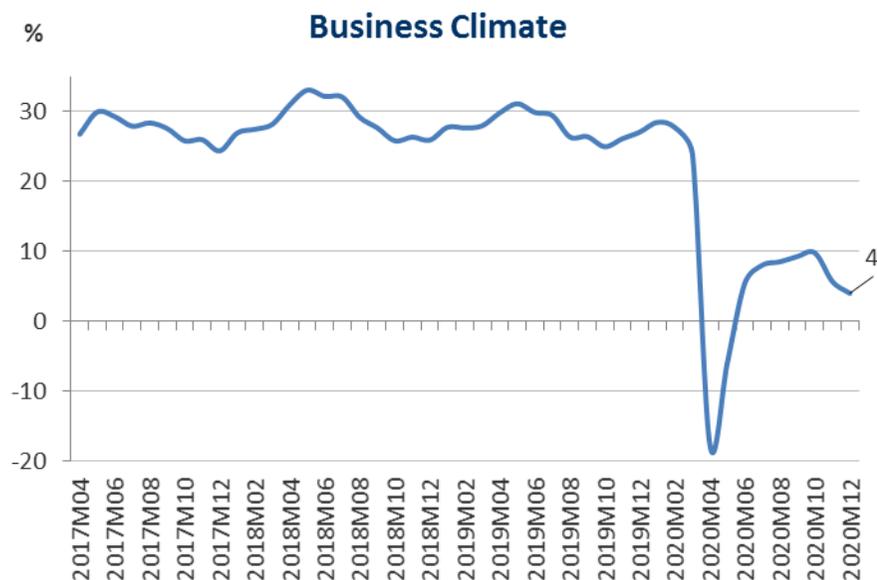
The COVID-19 pandemic represents a very big shock for the world and European economy, including the Bulgarian one, with very severe socio-economic consequences. From the point of view of healthcare, the government of Bulgaria acts decisively and quickly, imposing strict measures to limit the infection. We have yet to understand the final effect of the second lockdown, and the expectations are for maintaining a steady downward trend in newly registered cases.



COVID - 19 Impact on Bulgaria's Economy

In December 2020 the **total business climate indicator declined by 1.7 pps** to 4 index points in comparison with the previous month. An improvement of the business conjuncture is registered in construction, retail trade and industry, while in service sector the indicator is decreased.

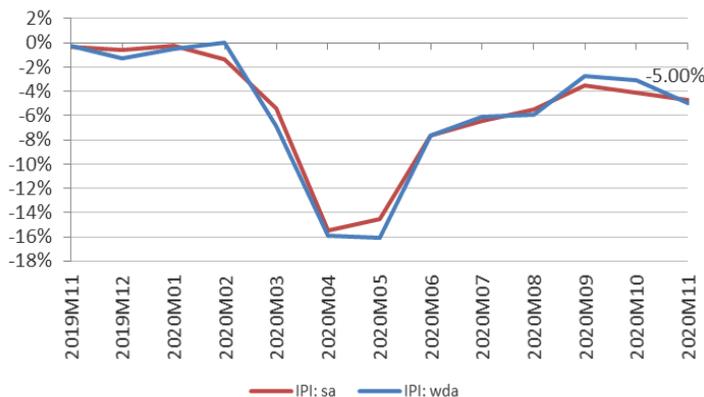
The consumers' total assessment of the development of the economic situation in the country over the last 12 months improved. At the same time, people living in the cities were optimistic about the country's situation over the next 12 months, as opposed the rural population which was slightly more pessimistic than it was three months ago. In addition, consumers were less pessimistic about changes in the financial situation of households over the last 12 months and in their forecasts about the next 12 months. The views on employment levels however, deteriorated.



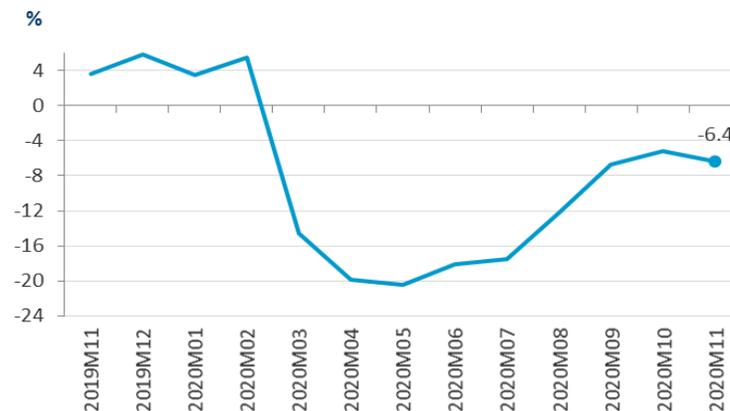
COVID - 19 Impact on Bulgaria's Economy

High Frequency Indicators slightly improved yoy in November 2020 even still in negative territory. Tourism sector is deeply affected as contracted by 57% yoy for January-November 2020.

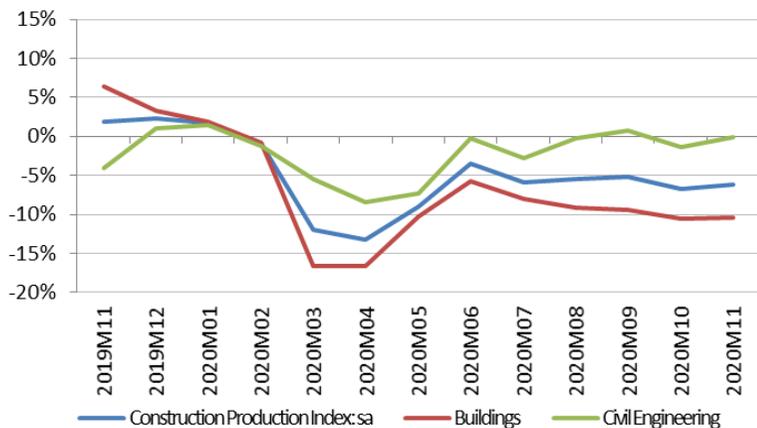
Industrial Production Index: Percentage change, YoY



Retail Trade Index: Percentage change, YoY



Construction: Percentage change, YoY



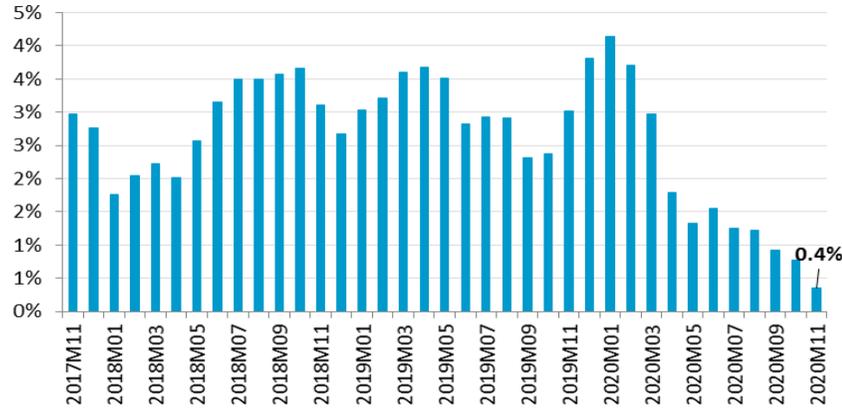
Bulgaria: Tourism Revenues in BGN million, Monthly data



COVID - 19 Impact on Bulgaria's Economy

CPI and PPI declined following the trends of international Oil prices. Housing Prices recovered by 4.8% yoy in Q3 2021.

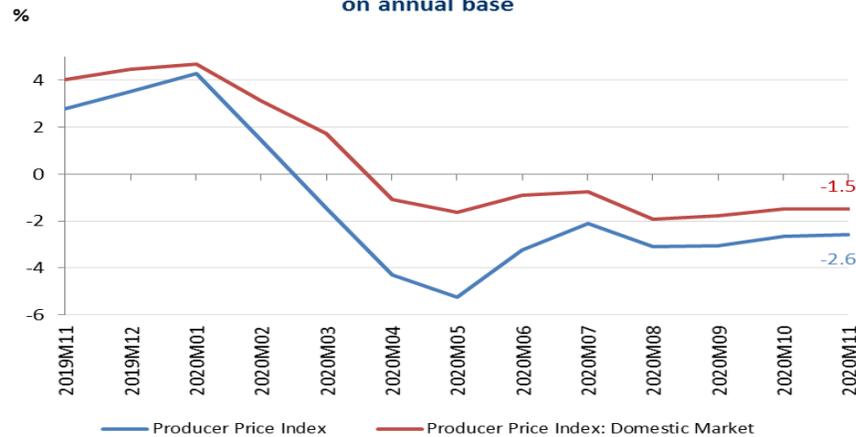
Inflation, y/y: 2017 - 2020



Core Inflation, Percentage change, YoY



Producer Price Index and PPI on Domestic market, % change on annual base

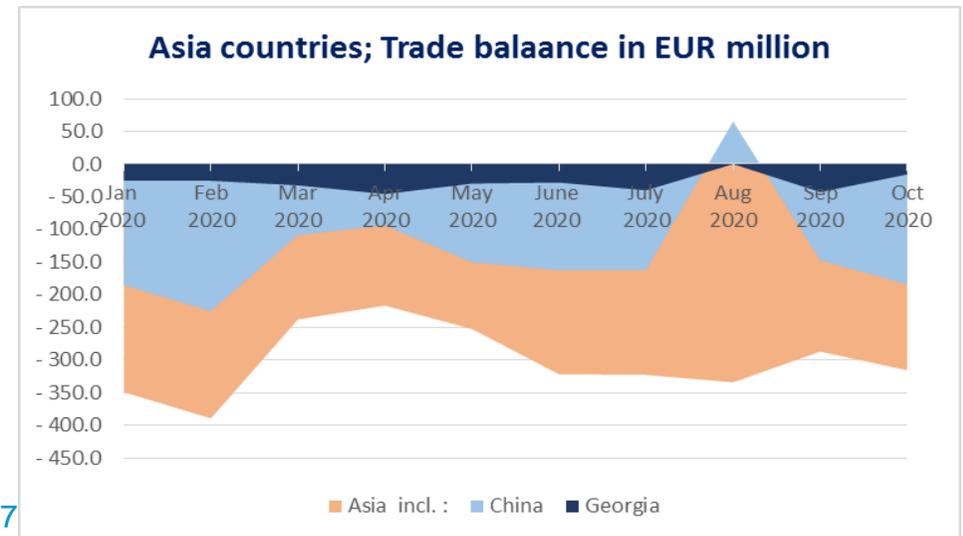
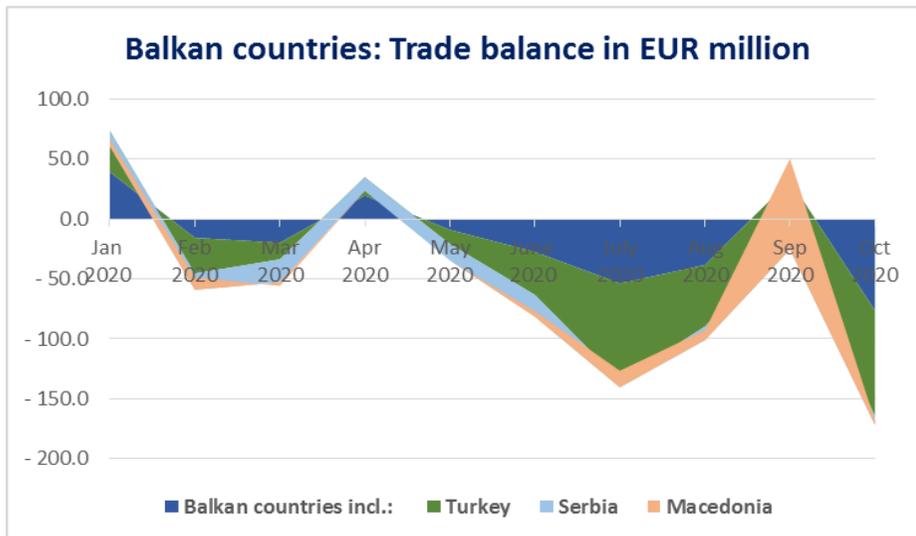
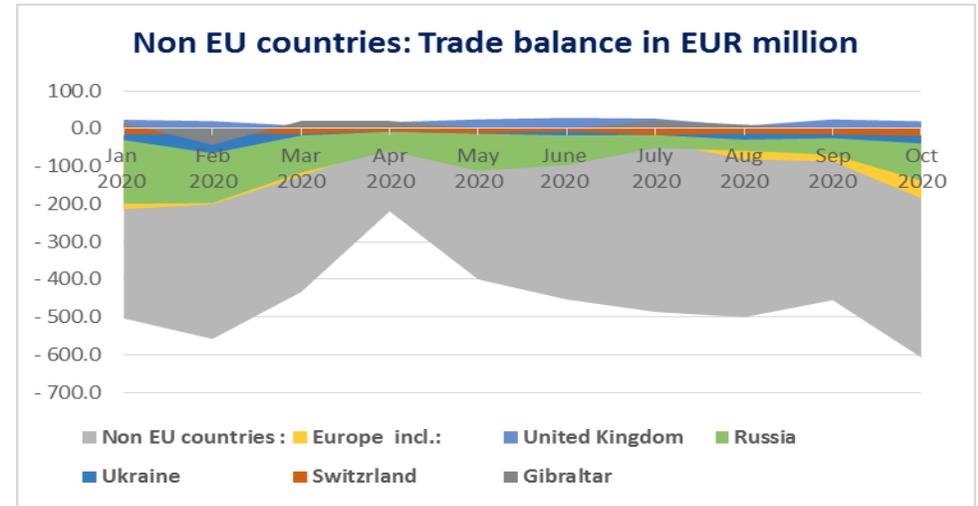
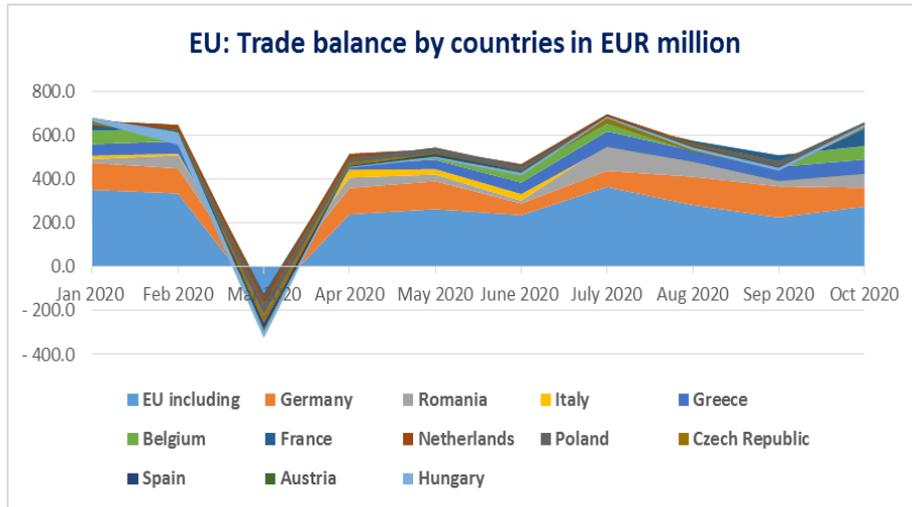


House Price Index (HPI), % change YoY



COVID - 19 Impact on Bulgaria's Economy

According BNB data the Trade balance by regions is restoring gradually after the start of COVID-19 in March 2020.



- **COVID - 19 Impact on Bulgaria's Economy**

According to the NSI data in Q3 2020 the unemployment rate in Bulgaria is 4.8% and reported a decline by 1.1pps compared to Q2 2020, while on an annual basis the increase is with 1.1 pps.

According to Agency of employment in December 2020 the rate of registered unemployment is 6.7% remained flat compared to previous month but is higher by 0.7 pps compared to December 2019.

Unemployment Rate



Registered Unemployment Rate: National Employment Agency



Note:

According to the definition of the NSI, unemployed are persons aged 15 - 74 years who: 1) do not have a job during the observed period; 2) actively looking for work for a period of four weeks, incl. observed week, or have already found a job that they expect to start within three months after the end of the observation period, 3) have the opportunity to start work within two weeks after the end of the observed period.

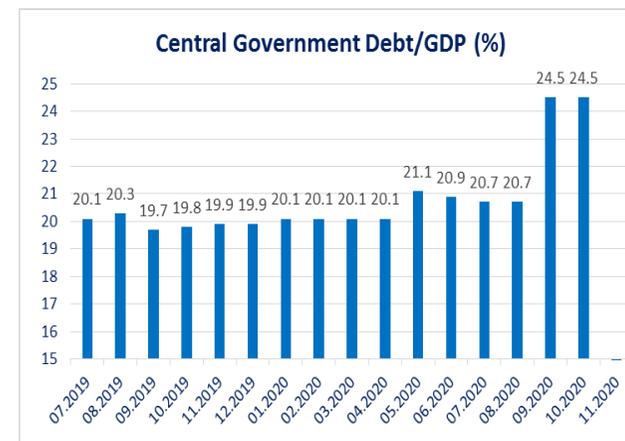
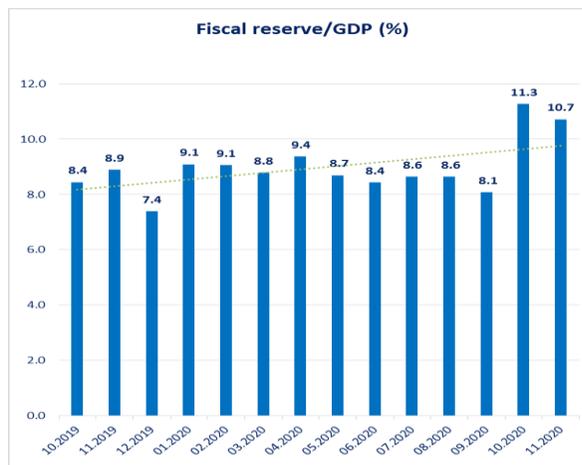
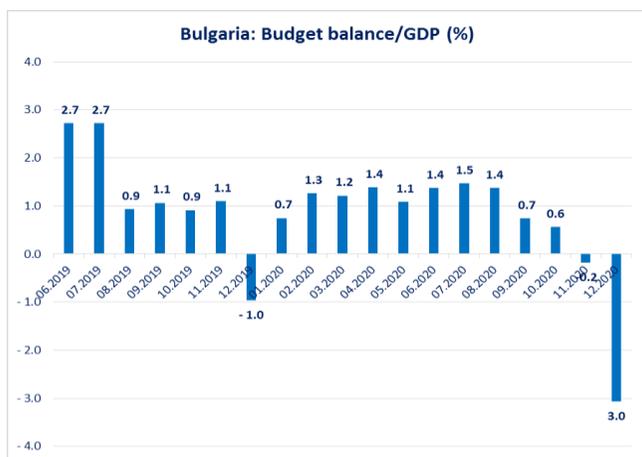
The NSI assessment is based on a sample "Labor Force Survey", in which Bulgarian households are interviewed on a rotating basis. The labor force survey is performed on a two-stage nesting sample, including about 19.6 thousand households each quarter (about 0.65% of the households in the country). The definition of unemployment of the NSI is according to Regulation of the European Commission (EC) № 1897/2000.

The Employment Agency considers unemployed only persons who have registered with the labor offices.

Bulgaria's Fiscal position

Bulgaria is expected to maintain fiscal sustainability in the medium and long term in order to continue to be a country that adheres to the established principles of disciplined and prudent public finance management for more than 20 years with an expected deficit of 3% of GDP and a ratio of government debt to GDP of 24.5% by the end of 2020.

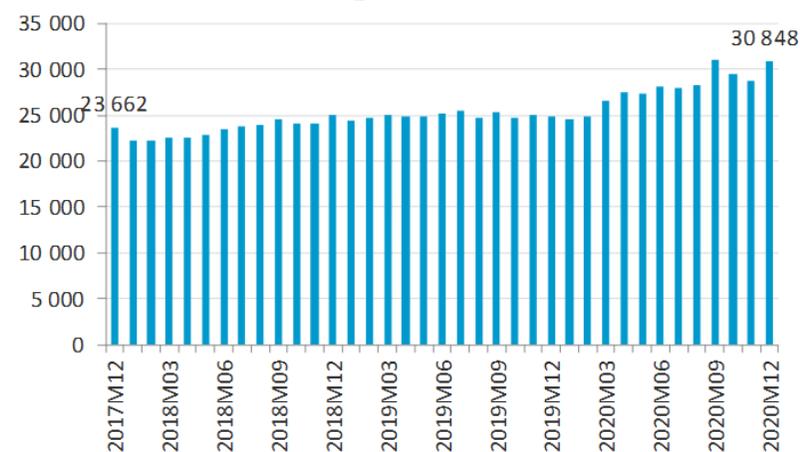
Budget 2021 provides a clear horizon for the implementation of policies and measures. There are enough buffers in it and the next government will be able to implement it, regardless of the political configuration. According to the plan for 2021, the government has projected expenditures of almost BGN 50 billion, or 39.9% of the projected GDP, of which about BGN 3 billion are anti-crisis measures. About one-fifth of them are aimed at business, and the rest are for social benefits and the public sector. There will be more funds for the salaries of medical specialists and for the employees of the Ministry of Interior. The increase in the latter remains 15% compared to last year, despite the insistence of employees for 30%. At the end of the year, a budget deficit of BGN 4.9 billion, or 3.9% of GDP, was set.



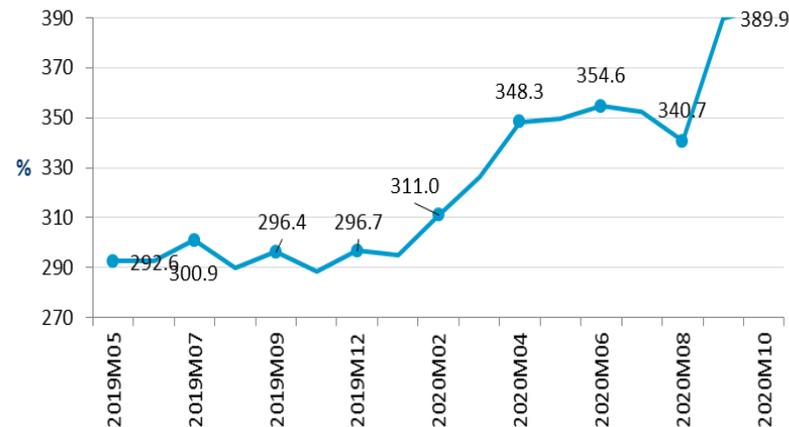
COVID - 19 Impact on Bulgaria's Economy

Currency Board Indicators

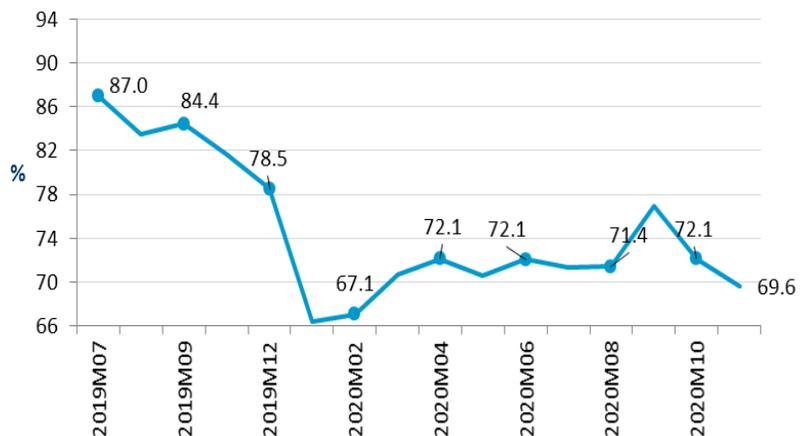
EUR mn Foreign reserves



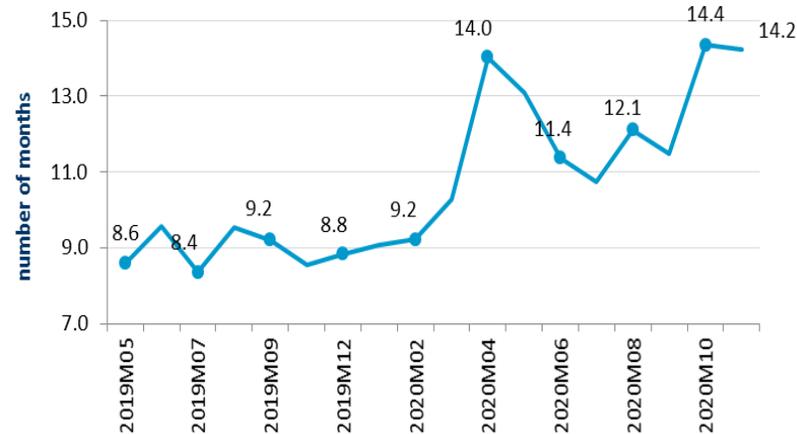
Cover Ratio FR/STD (%)



FR/Money M1 (%)



FR/Imports (number of months)



BREXIT IMPACT ON BULGARIAN ECONOMY

General rules of the agreement

Since the conclusion of the deal, the public has been flooded with information about agreements, procedures and general provisions.

- Lack of tariff and quota restrictions.
- The rules for charging VAT are the same as for trade with third countries.
- The rules of origin of goods are changed. Goods and materials of EU origin invested in British production will be considered British when exported to the EU and vice versa. The UK has failed to negotiate that resources originating from countries such as China, Turkey and Japan be treated on an equal footing with those from the EU. This provides a competitive advantage to Bulgarian goods such as electronics, electrical engineering, machinery, automotive parts and batteries. The United Kingdom has reached a six-year grace period for zero duties on electric vehicles, after which a 10% duty will be required if the content of third-country components exceeds 55%. The EC has developed a tool for self-assessment of the origin of ROSA goods, which is recommended to be used in the initial period after the entry into force of the agreement.
- An agreement was also reached on resolving future disputes over trade rules and standards. For this purpose, a procedure for treatment of such cases has been agreed, and the establishment of a bilateral steering commission is expected.
- An agreement has been reached on the application of minimum environmental, social and labor standards, which does not provide for the automatic imposition of tariff sanctions in the event of non-compliance.
- Existing transport arrangements continue to be valid. The cabotage rights of the British carriers are limited, which may be a good opportunity for the Bulgarian transport companies to occupy this market niche.
- The services are not included in the scope of the agreement. The British economy is heavily dependent on services, as 80% of the country's GDP is generated by this sector. The United Kingdom became the first country in the world whose exports of services exceeded those of goods.
- After January 1, registering companies and opening bank accounts in the UK for Bulgarian entrepreneurs has become significantly more complicated.
- The country retains its participation in the EU's Horizon and Copernicus programs, as well as its membership in Euroatom. A significant loss for Bulgarian education is the withdrawal of Great Britain from the Erasmus program, with the exception of the universities in Northern Ireland. T
- The agreement also covers data transfer.
- The agreement will enable Bulgarian companies to continue exporting to the UK, but the introduction of new export procedures will make the process more expensive. Some sectors such as services and information technology will remain attractive to British investors after Brexit.

The problems from the beginning of 2021

- It is estimated that trade flows after 1.1.2021 are about 50% of normal. The Air Force reports major delays - up to 48 hours, in ports due to the sharp increase in documentary work. The busiest section is Calais - Dover. Truck drivers complain about the lack of any conditions for surviving the forced stay - toilets, water, food.
- Many traders outside Europe are not familiar with the new rules. Their goods have entered the UK, but do not have the necessary documents to continue for EU countries.
- Couriers such as DPD have cut off deliveries to and from the EU.
- Almost all shipments of goods requiring refrigerated trucks have been suspended.
- The transport of live animals, mainly pigs, has been stopped.
- Economic operators whose activities involve the transfer of sensitive data complain that a number of details are not clarified and are forced to suspend operations in order not to be infringed.
- Marks & Spencer has stopped deliveries to its stores in Northern Ireland due to the so-called red tape - new rules for the movement of goods between Northern Ireland and Great Britain. The chain also reported problems with its supplies to the Czech Republic and France.
- In addition, of the approximately 1,500 trucks that try to leave the UK and enter the EU every day, around 700 have been returned due to a lack of a Covid driver test.

The following trends after Brexit are expected to have an impact on the macro-framework of Bulgaria's development:

- Following the agreement reached between Brussels and London, Bulgarian companies will have the opportunity to continue exporting to the United Kingdom, but the process is expected to become more expensive due to the new export procedures.
- British investors will continue to be interested in sectors such as services and information technology after Brexit

Export from Bulgaria to UK

- There are no trade barriers to the raw materials for export - copper, fuels, sunflower. There are no customs duties and non-tariff barriers for furniture, clothing, plastics.
- There are no customs duties on electronics, electrical engineering, machines, but new certificates of conformity will probably have to be issued, depending on the date and term of the available ones. The World Trade Organization (WTO) rules on non-tariff barriers to trade will apply.
- For pharmaceutical products - there are no customs duties, but the registrations will be valid only until the end of their current term, after which a new registration procedure will be introduced. GMP inspection certificates are mutually recognized, but each party has the right to request an on-site inspection.
- A specific niche is the export of food and beverages for refilling Bulgarian stores in the United Kingdom (UK). Exports vary considerably - between EUR 40 and 70 million. per year. Characteristically, the variety of goods is large and the batches - small. Although no duties are imposed, it is expected that their import into the UK will become significantly more expensive, as each batch will be processed separately and will require a separate sanitary or phytosanitary certificate according to the requirements of the UK. The exception is Northern Ireland, where EU-compliant goods can be delivered. The labeling of the goods must comply with the requirements of the UK.

Exports to UK	Volumes in EUR million 2019
Total exports to UK - 2.5% of total export of Bulgaria	700
Electronics	67
Pharmaceutical products	48
Machines and apparatus	44
Furniture, furnishings, lighting fixtures	43
Copper and copper products	37
Oilseeds, mainly sunflower	34
Clothes - confection, and accessories	33
Fuels	31
Plastics and plastic products	28
Clothes - knitted	27
Source: NSI	

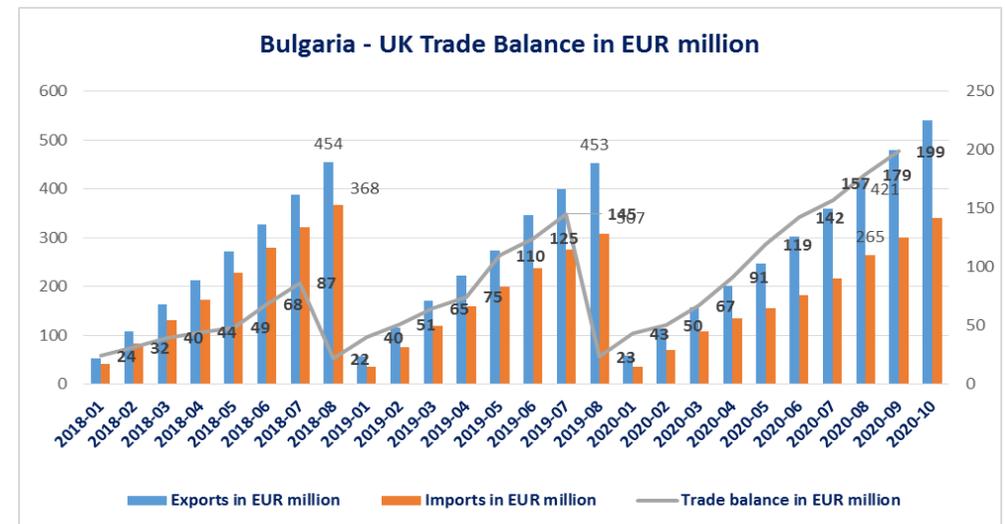
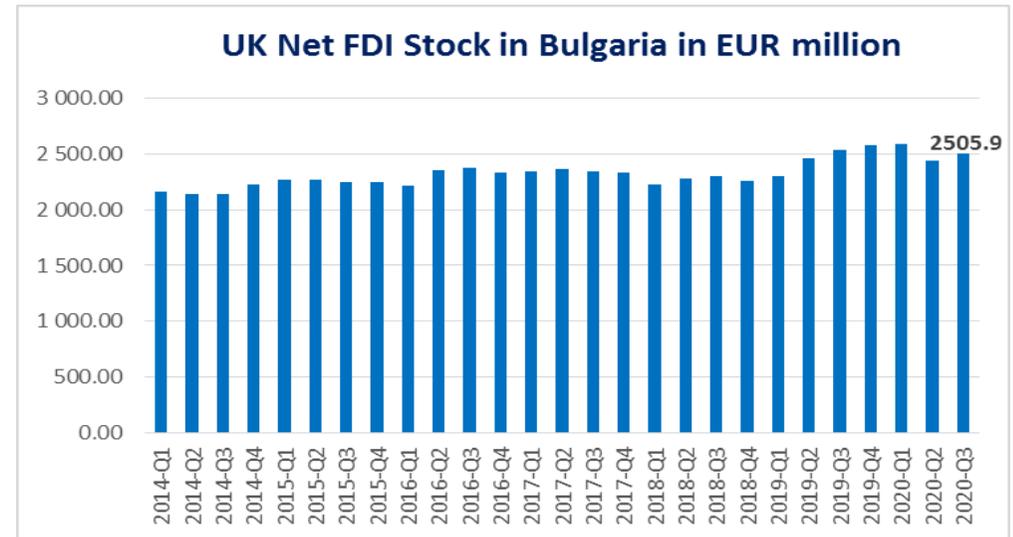
Import from UK

- There are no obstacles to the import of chemical products from the UK.
- Plastics - no tariffs and non-tariff barriers.
- Machinery, car electronics - no duties, but will probably need to issue new certificates of conformity.
- Pharmaceutical products - no customs duties, but registrations will be valid only until the end of their current term.
- Alcoholic beverages will be imported duty free, but according to the rules for importing excise goods from third countries. The case of toys should be investigated, as probably a significant part of them are of Asian origin, and the rules of origin and accumulation of origin have changed significantly.

Imports from UK	Volumes in EUR million 2019
Total import from UK - 1.4% of total Import of Bulgaria	460
Machines and apparatus	94
Road vehicles	52
Electronics	46
Pharmaceutical products	35
Machines and apparatus	26
Plastic and products	17
Road vehicles	15
Toys	11
Chemical products	10
Източник: НСИ	

Bulgaria & UK Bilateral Relations

- UK is one of the most important investors in the Bulgarian economy. According BNB preliminary data for Q3 2020, the stock of UK net direct investments in Bulgaria is EUR 2505.9 million, 5-th position after Netherlands, Austria, Germany and Italy.
- UK FDI in Bulgaria is 2% of GDP, which will effect much less, given that total FDI in Bulgaria represents 77.5% of GDP in Q3 2020.
- Mutual trade in goods with UK is in the order of 2% of the country's GDP, equally distributed between exports and imports. Trade turnover in services is even lower, at around 0.2% of GDP. In practice, for the period before Braxit, during Brexit and after Brexit, Bulgaria's trade balance with the UK is positive and is EUR 199 million at the end of October 2020 according BNB latest available data

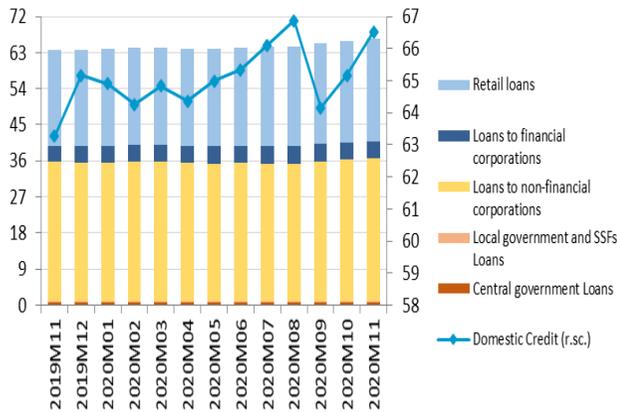


BULGARIA: BANKING SECTOR

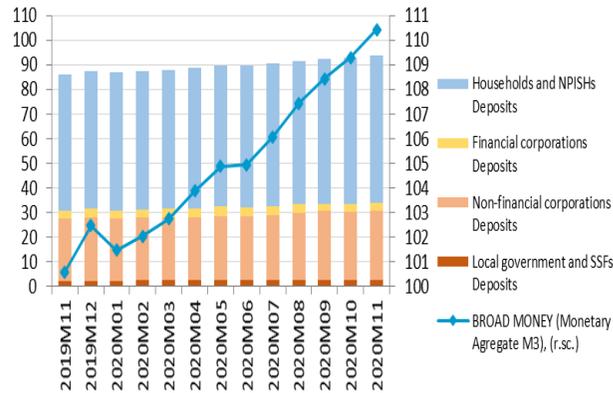
Banking sector: Monetary aggregates (1)

- In November 2020 **Bulgaria's domestic credit** – was BGN 66.526 billion and increased by 5.1% yoy. Claims on the non-government sector increased by 4.5% yoy reaching BGN 67.343 billion. **Claims on loans to the non-government sector** amounted to BGN 65.332 billion (58.9% of GDP). They increased annually by 4.1% in November 2020. **Loans to Households and NPISHs** were BGN 25.474 billion (22.9% of GDP). They increased by 6.9% compared to the same month of 2019. At the end of November 2020 **loans for house purchases** were BGN 11.897 billion and increased by 11.8% yoy. **Consumer loans** amounted to BGN 11.926 billion and compared to November 2019 they rose by 5.4%. On an annual **basis other loans** decreased by 24.9% (24.5% yoy decline in October 2020) and reached BGN 412.4 million. Loans granted to financial corporations were BGN 4.269 billion at the end of November 2020 (3.8% of GDP). Compared to November 2019, they increased by 3.7%.
- In November 2020 **broad money (monetary aggregate M3)** increased by 9.8% yoy to BGN 110.426 billion (99.5% of GDP). Deposits of the non-government sector were BGN 91.390 billion (82.3% of GDP), increasing annually by 9.7%. Deposits of Non-financial corporations were BGN 28.552 billion (25.7% of GDP). Compared to the same month of 2019 they increased by 11%. Deposits of Financial corporations increased by 18.4% yoy in November 2020 and at the end of the month they were BGN 3.501 billion (3.2% of GDP). Deposits of Households and NPISHs were BGN 59.337 billion (53.5% of GDP). They increased by 8.5% compared to the same month of 2019.
- In November 2020 **the relative share for Bad and restructured loans** for overall banking system reported 8.1% compared to compared to 8.2% in October 2020 and 8.9% in June 2020.

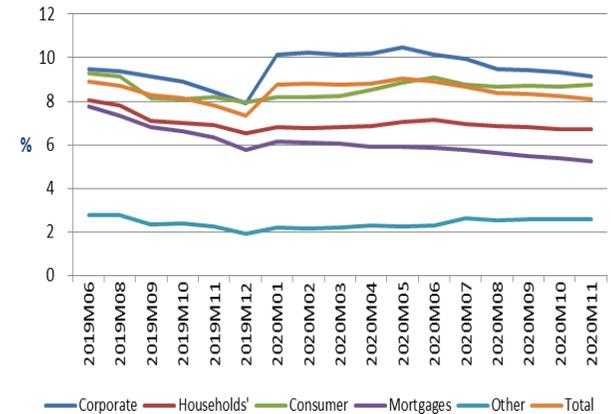
Loans and Domestic Credit (BGN bn)



Deposits and Broad Money (M3), (BGN bn)



Banking sector: Bad and restructured loans (%)



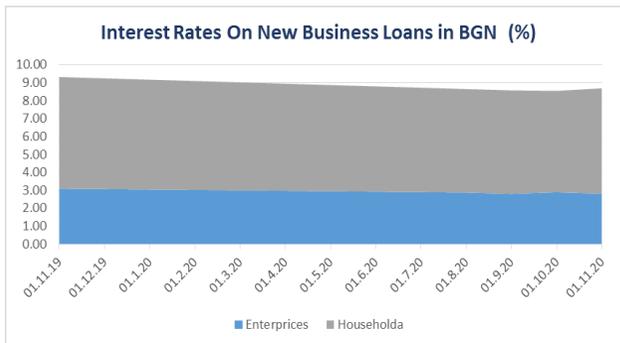
Banking sector: New Loans Interest Rates (2)

- In November 2020 Interest rates on new credits for enterprises increased in EUR and USD, declined in BGN.
- In November 2020 Interest rates of the new credits for households increased their level in BGN and EUR and declined in USD.

BGN

%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	3.09	2.88	2.80	2.89	2.81
loans up to 1 year	4.33	3.41	2.83	3.38	3.11
loans over 1 up to 5 years	2.94	2.73	2.66	2.83	2.94
loans over 5 years	2.52	2.59	2.89	2.74	2.64
households	6.22	5.77	5.77	5.65	5.88
loans up to 1 year	19.50	20.84	23.71	22.12	23.04
- consumer loans	20.19	22.86	24.90	23.89	24.82
- mortgages	0.00	0.00	0.00	0.00	3.05
- other loans	3.56	3.63	4.04	4.35	3.32
loans over 1 up to 5 years	11.22	10.28	10.90	10.39	12.90
- consumer loans	12.60	10.71	11.42	11.12	13.78
- mortgages	3.29	3.03	3.15	3.18	3.33
- other loans	2.09	3.31	3.13	3.17	3.02
loans over 5 years	4.47	4.29	4.20	4.15	4.03
- consumer loans	5.89	5.62	5.54	5.53	5.52
- mortgages up to 10 years	3.21	3.02	3.04	3.01	2.92
- mortgages over 10 years	2.98	2.88	2.86	2.85	2.82
- other loans	3.81	3.75	3.62	4.26	3.75

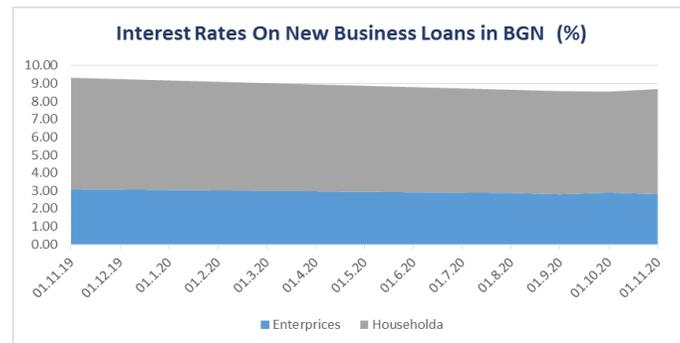
Source : BNB



EUR

%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	2.01	2.67	2.26	2.38	2.47
loans up to 1 year	0.68	2.98	0.69	1.13	1.18
loans over 1 up to 5 years	2.30	3.15	2.62	2.12	2.06
loans over 5 years	2.09	2.50	2.25	2.71	2.68
households	3.50	3.45	3.41	3.59	3.85
loans up to 1 year	6.92	2.36	4.00	4.65	6.70
- consumer loans	6.92	2.36	4.00	4.65	7.02
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	6.70
loans over 1 up to 5 years	3.61	3.17	3.94	3.94	3.97
- consumer loans	3.88	3.09	4.66	4.02	4.66
- mortgages	5.79	3.67	3.79	3.40	2.94
- other loans	2.91	2.92	3.56	4.49	0.00
loans over 5 years	3.47	3.50	3.37	3.57	3.41
- consumer loans	3.57	3.12	3.59	3.47	3.44
- mortgages up to 10 years	3.79	3.30	2.89	2.99	4.52
- mortgages over 10 years	3.35	3.70	3.34	3.67	3.27
- other loans	0.00	2.17	0.00	3.56	4.73

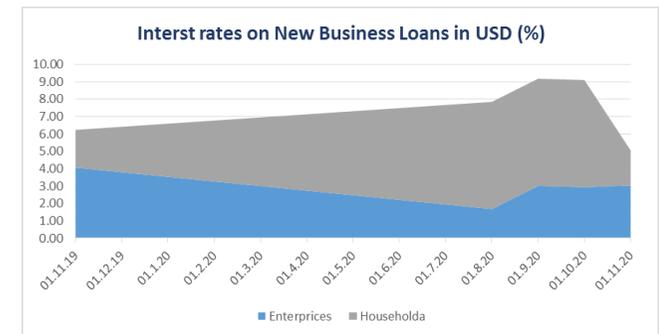
Source : BNB



USD

%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	4.06	1.68	3.01	2.94	3.03
loans up to 1 year	3.52	2.32	0.00	0.00	0.00
loans over 1 up to 5 years	0.00	4.28	3.50	2.99	4.28
loans over 5 years	4.09	1.57	1.89	2.88	2.91
households	2.17	6.17	6.17	6.17	2.02
loans up to 1 year	0.00	0.00	0.00	0.00	0.00
- consumer loans	0.00	0.00	0.00	0.00	0.00
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	0.00
loans over 1 up to 5 years	2.17	0.00	0.00	0.00	2.02
- consumer loans	2.17	0.00	0.00	0.00	2.02
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	0.00
loans over 5 years	0.00	6.17	6.17	6.17	0.00
- consumer loans	0.00	0.00	0.00	0.00	0.00
- mortgages up to 10 years	0.00	0.00	0.00	0.00	0.00
- mortgages over 10 years	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	6.17	6.17	6.17	0.00

Source : BNB



Banking sector: Interest Rates of New Business on Deposits (3)

- In November 2020 Interest Rates of New Business on Deposits of Enterprises kept level in BGN and EUR, increased in USD.
- In November 2020 Interest Rates of Deposits of Households decreased in BGN and EUR, maintained level of 0.01% in USD.

BGN

%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	0.01	0.01	0.02	0.02	0.02
Overnight deposits	0.01	0.01	0.02	0.02	0.03
Time deposits	0.13	-0.09	-0.14	-0.08	-0.11
Up to 1 month	0.04	-0.21	-0.26	-0.18	-0.13
Up to 3 months	0.02	0.02	0.12	0.01	0.03
Up to 6 months	0.92	0.06	0.23	0.03	0.00
Up to 1 year	0.12	0.22	0.05	0.15	0.04
Up to 2 years	0.69	0.30	0.25	0.00	0.00
Over 2 years	0.50	0.11	0.38	0.54	0.05
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	0.03	0.02	0.01	0.02	0.01
Overnight deposits	0.01	0.01	0.01	0.01	0.01
Time deposits	0.16	0.11	0.13	0.12	0.11
Up to 1 month	0.02	0.01	0.01	0.01	0.01
Up to 3 months	0.04	0.02	0.02	0.01	0.02
Up to 6 months	0.12	0.06	0.06	0.06	0.07
Up to 1 year	0.28	0.22	0.23	0.24	0.22
Up to 2 years	0.51	0.43	0.47	0.40	0.59
Over 2 years	0.69	0.64	0.72	0.54	0.60
Redeemable at notice	0.05	0.32	0.30	0.30	0.29

Source: BNB

EUR

%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	0.00	0.03	0.03	0.04	0.04
Overnight deposits	0.00	0.03	0.03	0.04	0.04
Time deposits	-0.12	-0.02	-0.05	0.05	-0.01
Up to 1 month	-0.27	-0.12	-0.11	0.01	-0.02
Up to 3 months	0.00	0.02	0.03	0.10	0.03
Up to 6 months	0.05	0.01	0.02	0.04	0.09
Up to 1 year	0.09	0.08	0.06	0.09	0.09
Up to 2 years	0.50	0.25	0.00	0.30	0.00
Over 2 years	0.05	0.50	0.00	0.45	0.00
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	0.05	0.03	0.03	0.03	0.02
Overnight deposits	0.01	0.01	0.01	0.01	0.01
Time deposits	0.24	0.11	0.11	0.13	0.10
Up to 1 month	0.02	0.01	0.01	0.01	0.01
Up to 3 months	0.47	0.02	0.02	0.02	0.01
Up to 6 months	0.13	0.05	0.06	0.06	0.07
Up to 1 year	0.23	0.19	0.19	0.20	0.18
Up to 2 years	0.45	0.35	0.38	0.37	0.35
Over 2 years	0.73	0.55	0.62	0.60	0.67
Redeemable at notice	0.07	0.60	0.57	0.56	0.56

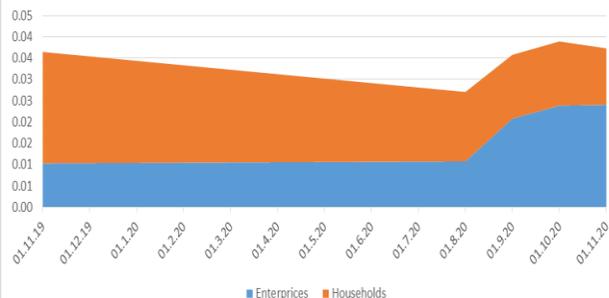
Source: BNB

USD

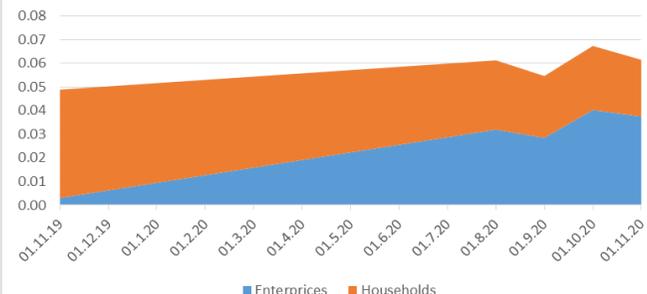
%	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	0.02	0.03	0.11	0.07	0.11
Overnight deposits	0.00	0.03	0.11	0.07	0.11
Time deposits	0.70	0.07	0.18	0.14	0.07
Up to 1 month	0.58	0.01	0.01	0.01	0.03
Up to 3 months	0.04	0.20	0.00	0.00	0.15
Up to 6 months	1.32	0.02	0.05	0.00	0.13
Up to 1 year	0.37	0.15	0.26	0.15	0.01
Up to 2 years	0.00	0.00	0.00	0.00	0.00
Over 2 years	0.00	0.00	0.00	0.00	0.00
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	0.04	0.02	0.01	0.01	0.01
Overnight deposits	0.00	0.00	0.00	0.00	0.00
Time deposits	0.45	0.13	0.11	0.09	0.09
Up to 1 month	0.08	0.02	0.02	0.02	0.02
Up to 3 months	0.10	0.03	0.15	0.04	0.03
Up to 6 months	0.44	0.07	0.11	0.06	0.08
Up to 1 year	0.76	0.19	0.17	0.15	0.16
Up to 2 years	1.06	0.33	0.31	0.26	0.44
Over 2 years	1.00	0.53	0.55	0.38	0.37
Redeemable at notice	0.05	0.45	0.41	0.40	0.40

Source: BNB

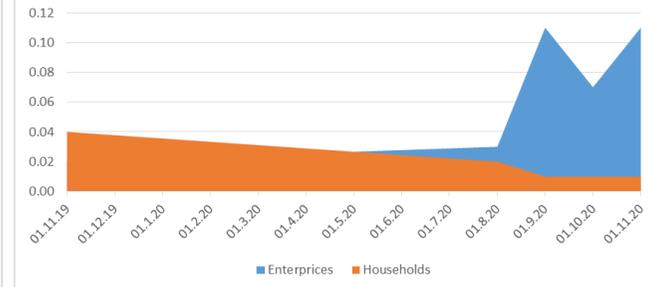
Interest Rates On New Business Deposits in BGN (%)



Interest Rates On New Business Deposits in EUR (%)



Interest Rates on New Business Deposits in BGN (%)



Banking sector: New Credits Volumes Dynamics (4)

- In November 2020 New credit volumes for enterprises increased in BGN and EUR, declined in USD.
- In November 2020 New credit volumes for Households increased in BGN, declined in EUR and maintained their level in USD.

BGN

(million BGN)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	559.51	757.69	653.69	612.61	659.86
loans up to 1 year	148.45	214.98	116.99	115.04	124.00
loans over 1 up to 5 years	124.04	296.94	235.67	217.87	178.78
loans over 5 years	287.03	245.76	301.03	279.70	357.08
households	784.63	770.23	809.59	858.83	790.15
loans up to 1 year	27.74	20.51	19.75	22.22	24.06
- consumer loans	26.58	18.35	18.62	20.21	22.07
- mortgages	0.00	0.00	0.00	0.00	0.14
- other loans	1.16	2.15	1.13	2.00	1.86
loans over 1 up to 5 years	142.55	133.66	132.43	142.07	113.20
- consumer loans	123.50	125.95	124.08	129.03	103.90
- mortgages	2.10	1.68	1.53	1.48	1.47
- other loans	16.94	6.02	6.83	11.56	7.83
loans over 5 years	614.35	616.07	657.40	694.55	652.90
- consumer loans	310.87	314.46	326.06	333.45	289.72
- mortgages up to 10 years	19.71	14.75	18.11	18.13	21.74
- mortgages over 10 yrs	280.38	282.21	305.53	335.82	335.85
- other loans	3.39	4.64	7.71	7.15	5.58

Source : BNB

EUR

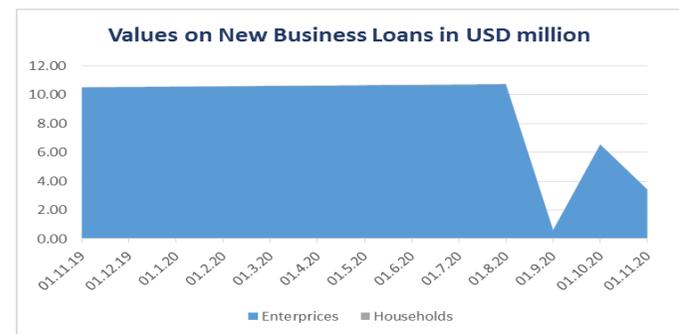
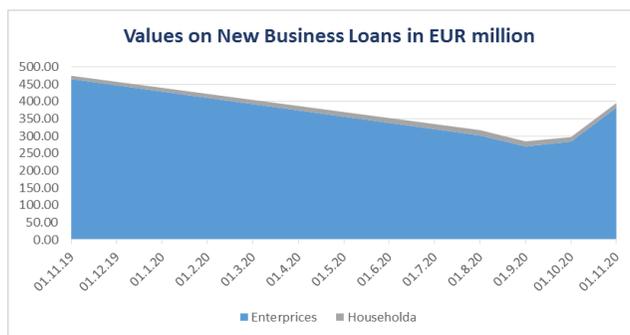
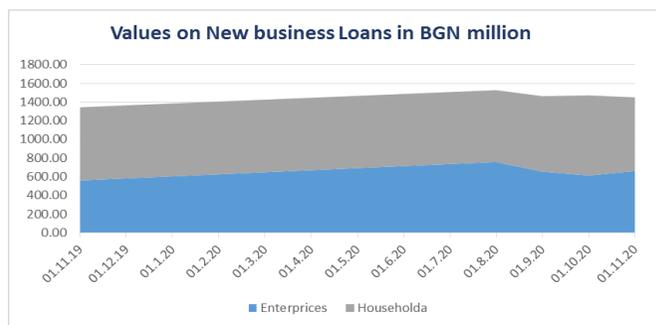
(million EUR)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	464.95	301.73	270.03	283.90	382.78
loans up to 1 year	31.68	15.55	19.57	34.69	29.22
loans over 1 up to 5 years	35.41	63.89	92.72	66.84	58.56
loans over 5 years	397.86	222.29	157.75	182.37	295.00
households	9.55	15.51	14.46	13.10	12.81
loans up to 1 year	0.03	0.02	0.05	0.08	1.66
- consumer loans	0.03	0.02	0.05	0.08	0.02
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	1.65
loans over 1 up to 5 years	0.88	1.87	1.10	0.63	0.28
- consumer loans	0.26	1.51	0.19	0.27	0.17
- mortgages	0.12	0.27	0.89	0.20	0.11
- other loans	0.50	0.09	0.02	0.16	0.00
loans over 5 years	8.64	13.61	13.30	12.40	10.87
- consumer loans	3.16	2.39	2.91	2.56	2.12
- mortgages up to 10 years	0.85	1.32	0.71	1.04	0.58
- mortgages over 10 yrs	4.63	9.34	9.68	8.30	7.85
- other loans	0.00	0.56	0.00	0.50	0.31

Source : BNB

USD

(million USD)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	10.53	10.72	0.61	6.56	3.43
loans up to 1 year	0.45	0.65	0.00	0.00	0.00
loans over 1 up to 5 years	0.00	0.27	0.42	3.36	0.29
loans over 5 years	10.08	9.80	0.18	3.19	3.14
households	0.01	0.04	0.03	0.01	0.01
loans up to 1 year	0.00	0.00	0.00	0.00	0.00
- consumer loans	0.00	0.00	0.00	0.00	0.00
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	0.00
loans over 1 up to 5 years	0.01	0.00	0.00	0.00	0.01
- consumer loans	0.01	0.00	0.00	0.00	0.01
- mortgages	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.00	0.00	0.00	0.00
loans over 5 years	0.00	0.04	0.03	0.01	0.00
- consumer loans	0.00	0.00	0.00	0.00	0.00
- mortgages up to 10 years	0.00	0.00	0.00	0.00	0.00
- mortgages over 10 yrs	0.00	0.00	0.00	0.00	0.00
- other loans	0.00	0.04	0.03	0.01	0.00

Source : BNB



Banking sector: Volumes of New Business Deposits (5)

- In November 2020 the volumes of new business deposits for enterprises increased to previous month in BGN, in EUR and in USD.
- In November 2020 the volumes of new business deposits of Households increased in BGN , in EUR and in USD.

BGN

(million BGN)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	14153.86	15147.84	15977.43	15970.00	16100.25
Overnight deposits	14071.33	15039.84	15900.26	15833.41	15984.93
Time deposits	82.54	108.00	77.17	136.60	115.32
Up to 1 month	57.96	65.58	53.00	74.63	96.89
Up to 3 months	5.84	4.52	5.13	12.82	3.06
Up to 6 months	7.33	22.14	4.57	3.71	1.30
Up to 1 year	10.82	7.92	14.36	14.25	13.88
Up to 2 years	0.33	0.22	0.04	30.19	0.00
Over 2 years	0.25	7.63	0.08	1.01	0.20
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	21540.38	22837.97	23120.20	23674.35	24007.04
Overnight deposits	13300.21	22251.69	22534.10	23051.21	23441.19
Time deposits	371.98	279.60	280.24	314.10	255.18
Up to 1 month	128.39	109.89	113.06	123.20	109.82
Up to 3 months	42.31	30.03	27.55	35.56	29.71
Up to 6 months	57.59	42.71	42.75	39.34	34.51
Up to 1 year	118.47	79.31	76.04	87.77	62.86
Up to 2 years	14.22	6.60	6.52	13.50	7.31
Over 2 years	11.00	11.06	14.34	14.73	10.97
Redeemable at notice	7868.19	306.68	305.85	309.05	310.68

Source: BNB

EUR

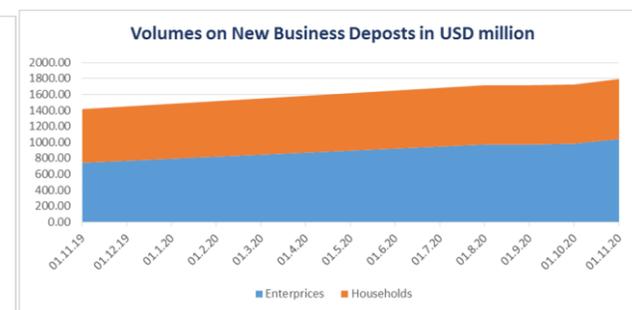
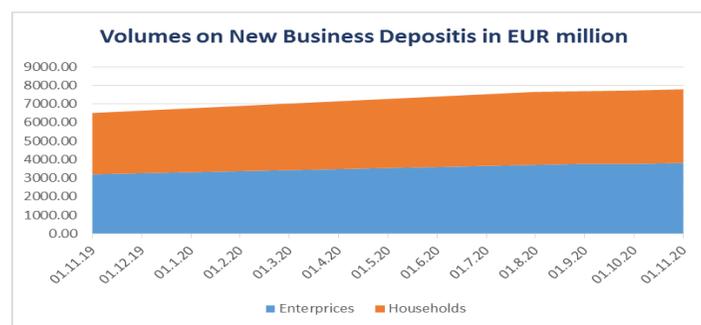
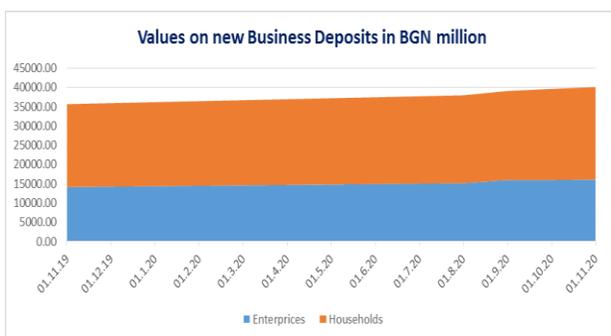
(million EUR)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	3205.62	3711.53	3767.36	3764.18	3814.79
Overnight deposits	3188.61	3663.32	3724.33	3708.79	3733.50
Time deposits	17.01	48.21	43.03	55.39	81.29
Up to 1 month	9.24	22.51	26.01	27.13	66.70
Up to 3 months	1.61	14.78	10.65	3.57	6.91
Up to 6 months	2.19	1.48	1.62	1.81	1.50
Up to 1 year	3.83	8.20	4.75	22.51	6.18
Up to 2 years	0.08	0.05	0.00	0.35	0.00
Over 2 years	0.06	1.20	0.00	0.01	0.00
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	3303.23	3933.55	3915.77	3958.79	3970.63
Overnight deposits	1521.85	3682.34	3693.67	3718.61	3765.53
Time deposits	131.75	140.63	110.52	127.22	91.31
Up to 1 month	38.90	55.67	44.42	42.70	39.56
Up to 3 months	32.52	11.31	10.76	13.43	12.10
Up to 6 months	15.77	18.69	13.63	15.58	9.73
Up to 1 year	35.73	42.61	32.17	43.19	22.41
Up to 2 years	5.86	6.24	3.89	6.09	3.17
Over 2 years	2.98	6.11	5.64	6.23	4.34
Redeemable at notice	1649.63	110.58	111.57	112.96	113.78

Source: BNB

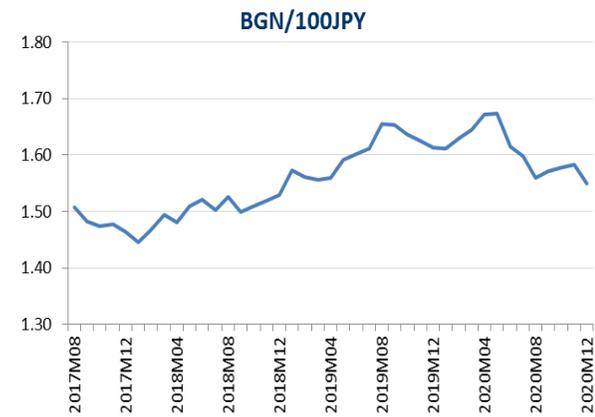
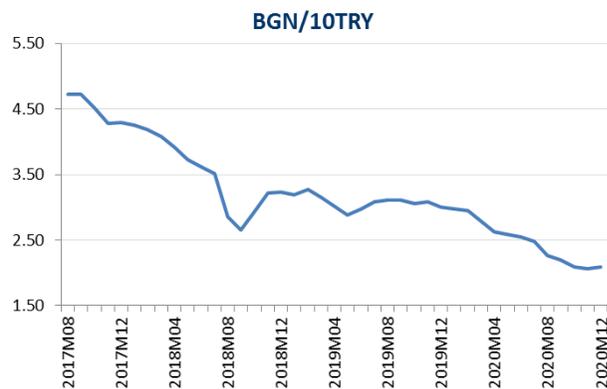
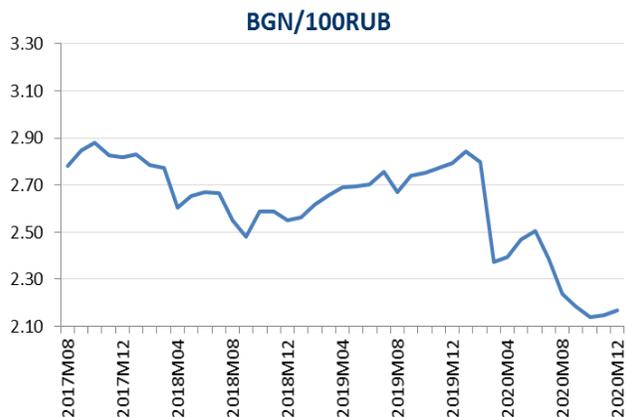
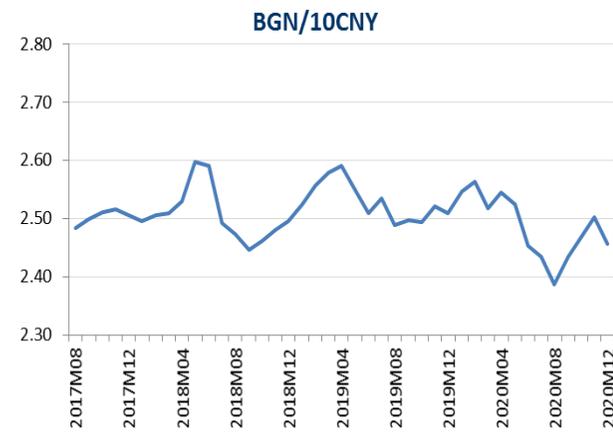
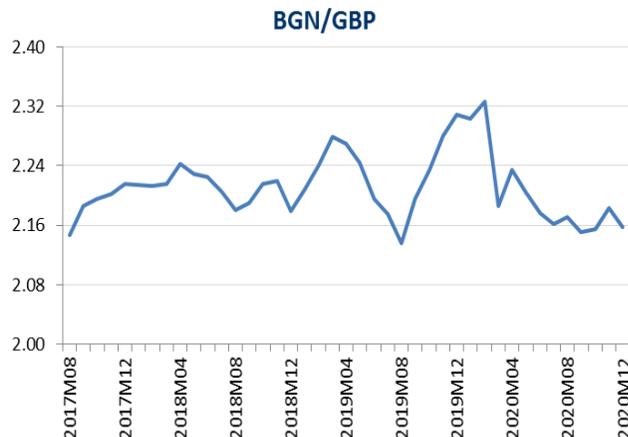
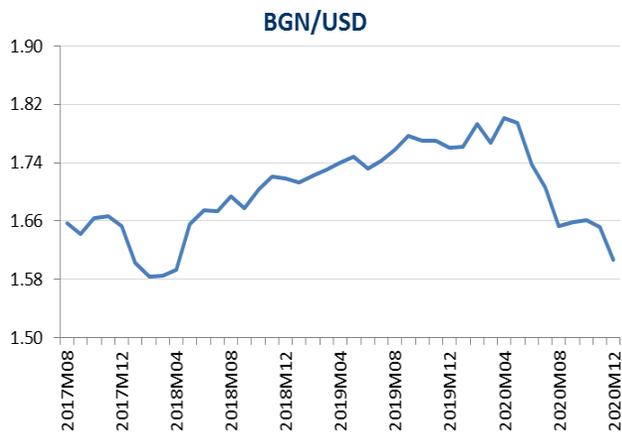
USD

(million USD)	11.30.19	8.31.20	9.30.20	10.31.20	11.30.20
enterprises	743.29	972.07	971.38	982.71	1041.56
Overnight deposits	720.91	968.98	965.78	977.69	1036.00
Time deposits	22.38	3.09	5.60	5.02	5.56
Up to 1 month	14.52	1.35	1.34	0.23	2.14
Up to 3 months	0.60	0.07	0.00	0.00	0.14
Up to 6 months	4.92	0.56	0.50	0.00	2.15
Up to 1 year	2.34	1.11	3.75	4.79	1.13
Up to 2 years	0.00	0.00	0.00	0.00	0.00
Over 2 years	0.00	0.00	0.00	0.00	0.00
Redeemable at notice	0.00	0.00	0.00	0.00	0.00
households	672.41	742.38	742.83	740.69	750.71
Overnight deposits	286.11	705.69	707.86	706.08	718.33
Time deposits	21.47	22.18	20.15	19.67	17.49
Up to 1 month	5.96	8.82	8.78	8.14	7.16
Up to 3 months	3.01	2.01	3.56	2.42	2.10
Up to 6 months	3.11	2.93	2.29	2.27	1.69
Up to 1 year	8.17	5.19	3.64	5.04	5.67
Up to 2 years	0.81	0.84	1.22	1.08	0.28
Over 2 years	0.40	2.40	0.65	0.73	0.59
Redeemable at notice	364.83	14.51	14.82	14.94	14.89

Source: BNB



Banking sector: FX Rates (6)



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