

# Bulgaria's Capital Markets and Perspectives for Development in the SEE and the Balkans

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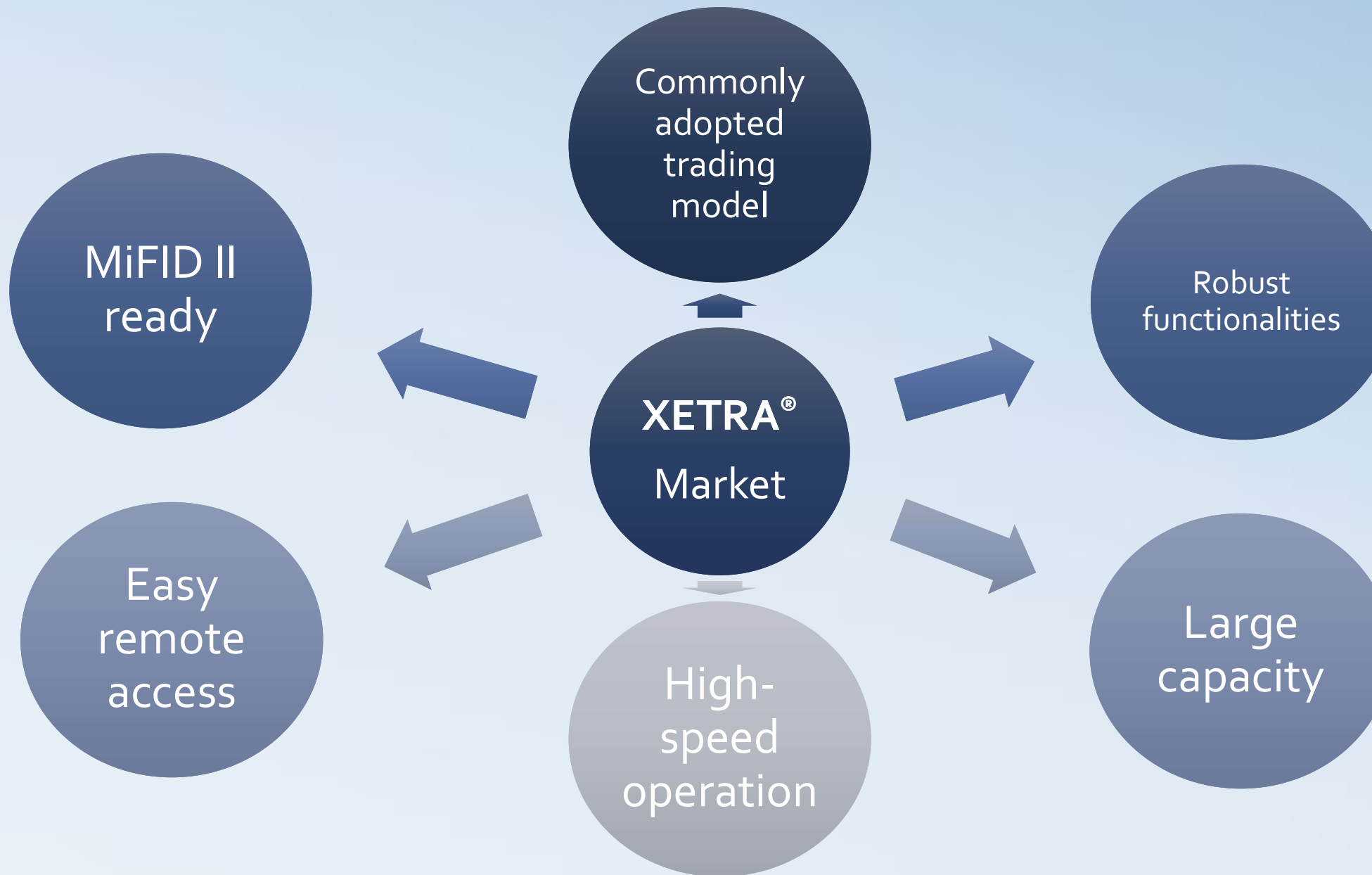
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# Infrastructure overview



# acro Highlights

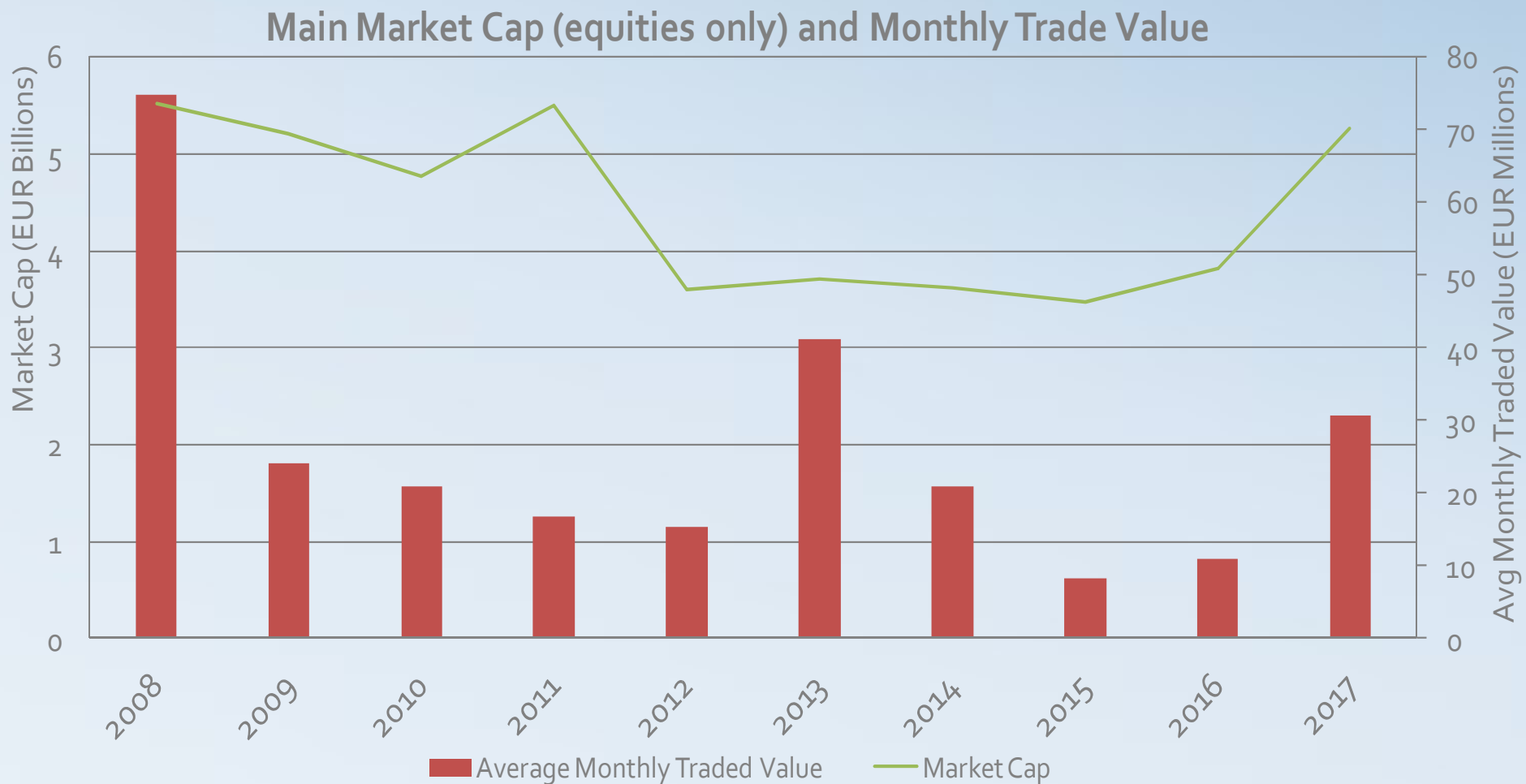
|                               | 2013      | 2014      | 2015      | 2016      | 2017    |
|-------------------------------|-----------|-----------|-----------|-----------|---------|
| GDP (EUR million)             | 41 911    | 42 750    | 44 162    | 47 364    | 50 160  |
| Real GDP growth               | 0.9%      | 1.30%     | 3.60%     | 3.90%     | 4.00%   |
| Short-term interest rates     | 1.14%     | 0.78%     | 0.54%     | 0.16%     | 0.09%   |
| BGN/EUR exchange rate**       | 1.95583   | 1.95583   | 1.95583   | 1.95583   | 1.95583 |
| Population                    | 7 265 115 | 7 223 937 | 7 265 115 | 7 101 859 | n.o.    |
| GDP per capita (nominal, EUR) | 5 765     | 5 911     | 6 136     | 6 645     | n.o.    |
| Market Cap (EUR million)      | 5 093     | 4 988     | 4 390     | 4 951     | 5 250   |
| Market Cap/GDP                | 12.15%    | 11.67%    | 9.94%     | 10.54%    | 10.48%  |

Source: BNB

\* Official forecast

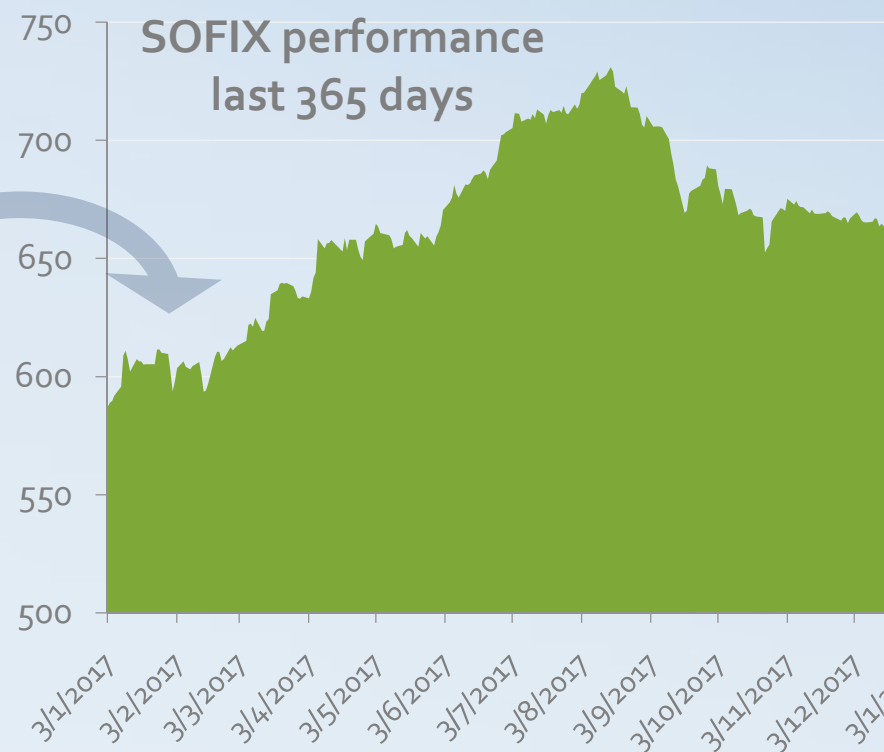
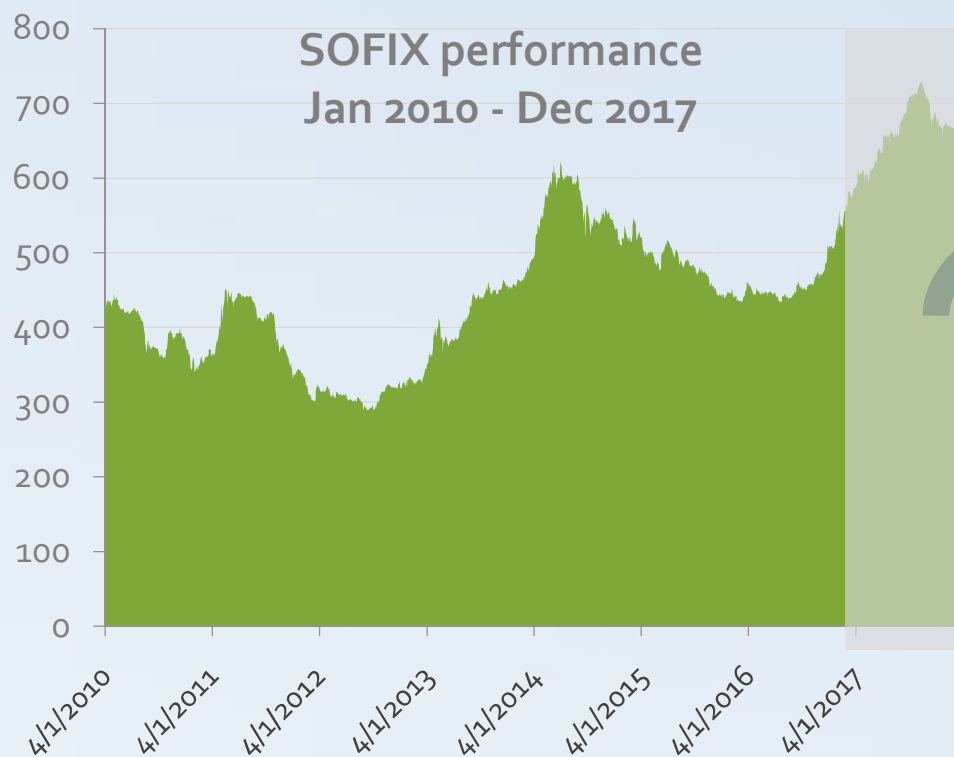
\*\* Pegged to DEM (hence to EUR) since 1999

# Market Highlights (2)



# Market Highlights (1)

|  | 2013  | 2014  | 2015  | 2016  | 2017  |
|--|-------|-------|-------|-------|-------|
| Trading value (EUR million)                      | 792   | 388   | 210   | 213   | 213   |
| Capital raised (EUR million)                     | 58.60 | 15.62 | 16.53 | 23.33 | 23.33 |
| Companies raised capital                         | 11    | 5     | 5     | 7     | 7     |
| Average capital raised per company (EUR million) | 5.33  | 3.12  | 3.31  | 3.33  | 3.33  |
| IPOs   | 1     | 1     | 1     | 2     | 2     |



# Market Highlights (3)

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## Asset Management Companies

Net Assets Under Managements (AuM) of mutual funds (EUR million)

Net Assets Under Managements (AuM) of pension funds (EUR million)

Market Cap held by institutional investors (EUR million)

Share ownership by institutional investors

Share ownership in SOFIX Companies by institutional investors

Share ownership in BGBX40 Companies by institutional investors

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*Institutional investors include investment funds, UCITs, Pension insurance companies*  
*<http://www.fsc.bg/>, <http://baud.bg>*

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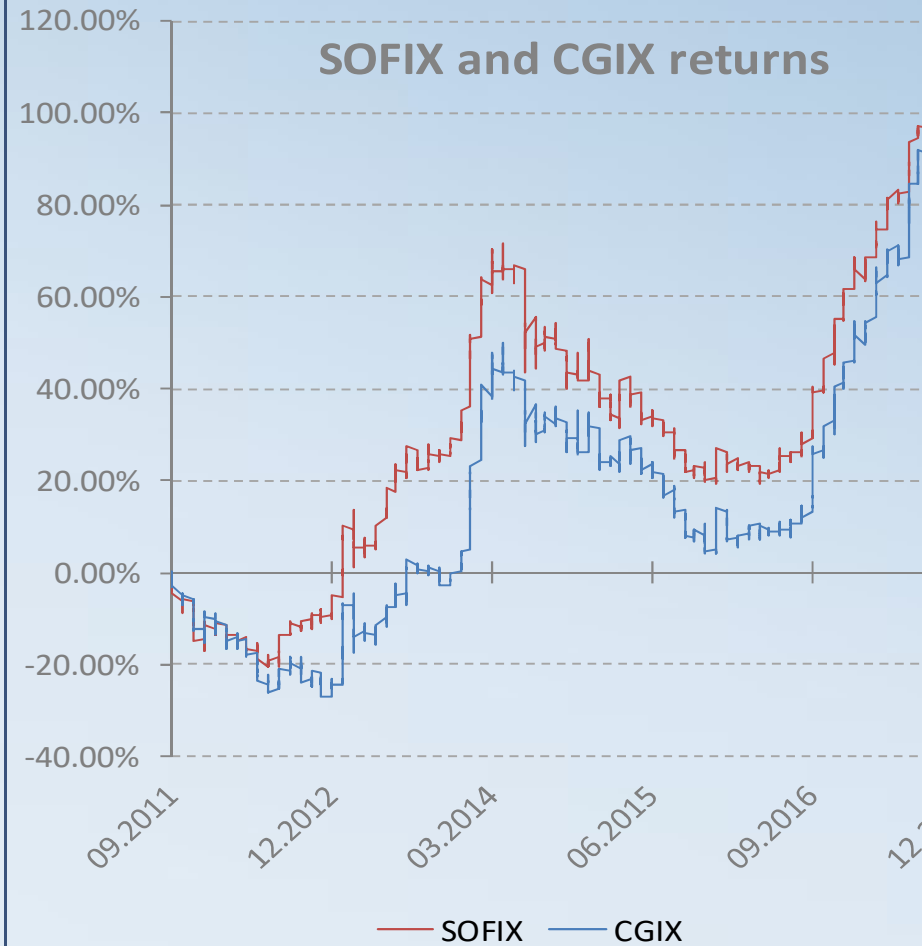
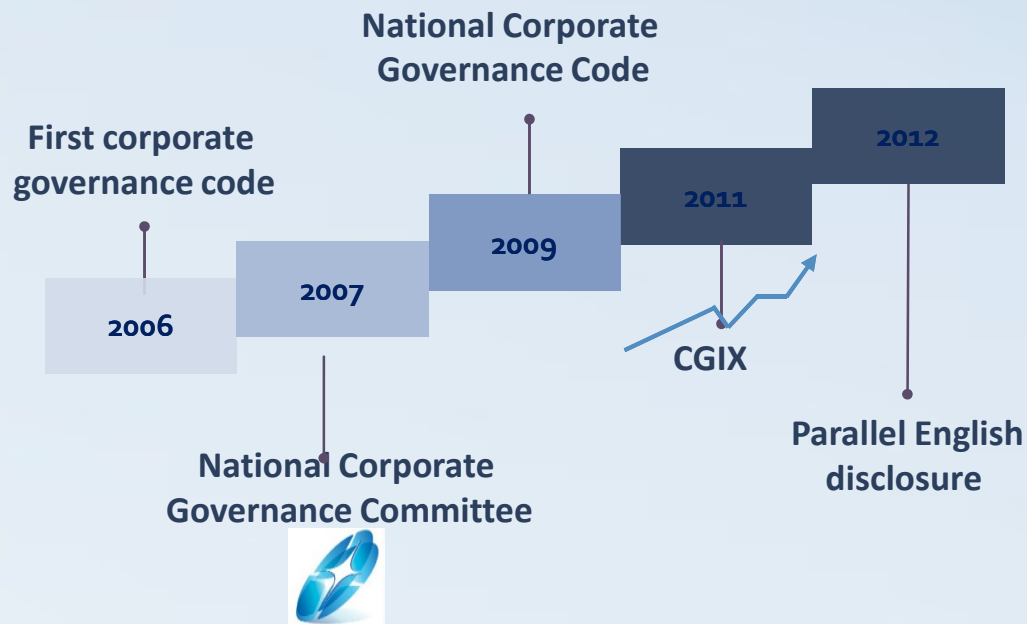
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17.1

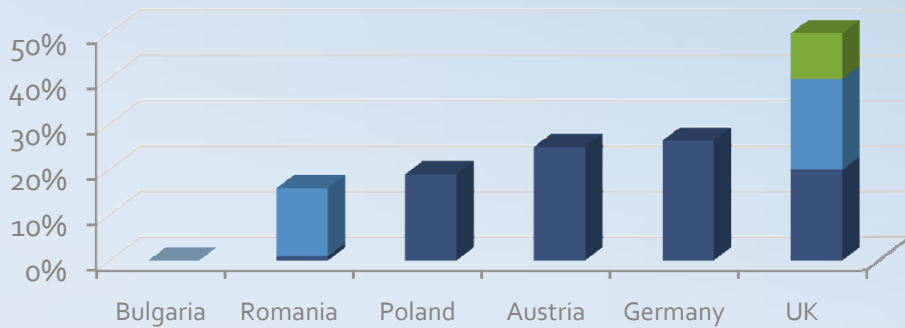
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# Corporate Governance

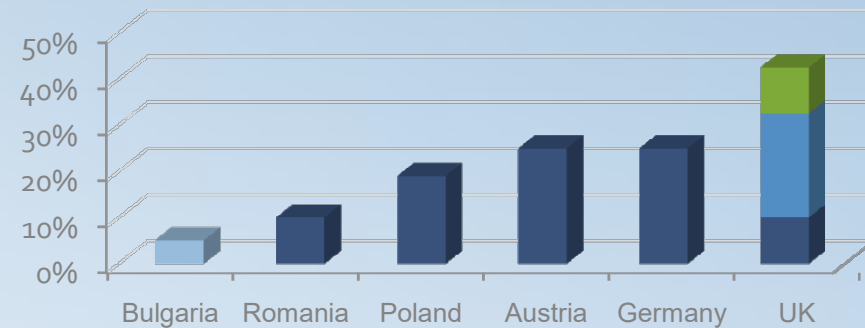


# Incentives to Bulgaria's Capital Markets

## Natural Persons Capital Gains Taxation



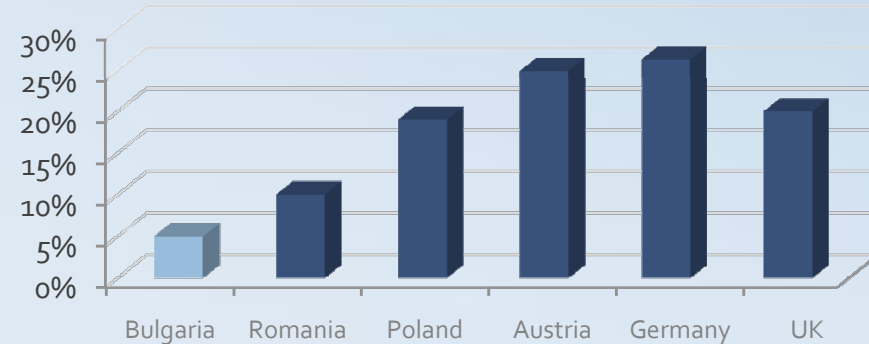
## Natural Persons Dividends Taxation



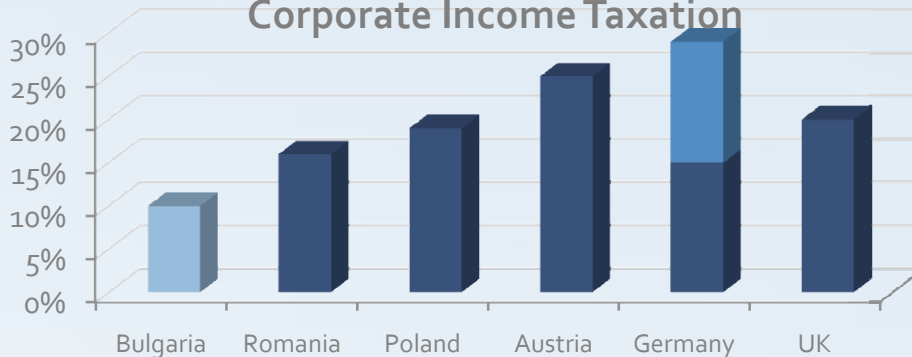
## Legal Persons Capital Gains Taxation



## Legal Persons Dividend Taxation



## Corporate Income Taxation



- 0% tax on capital gains;
- 5% dividend withholding tax;
- 10% flat corporate & personal income tax

# the Balkans

**Low visibility**

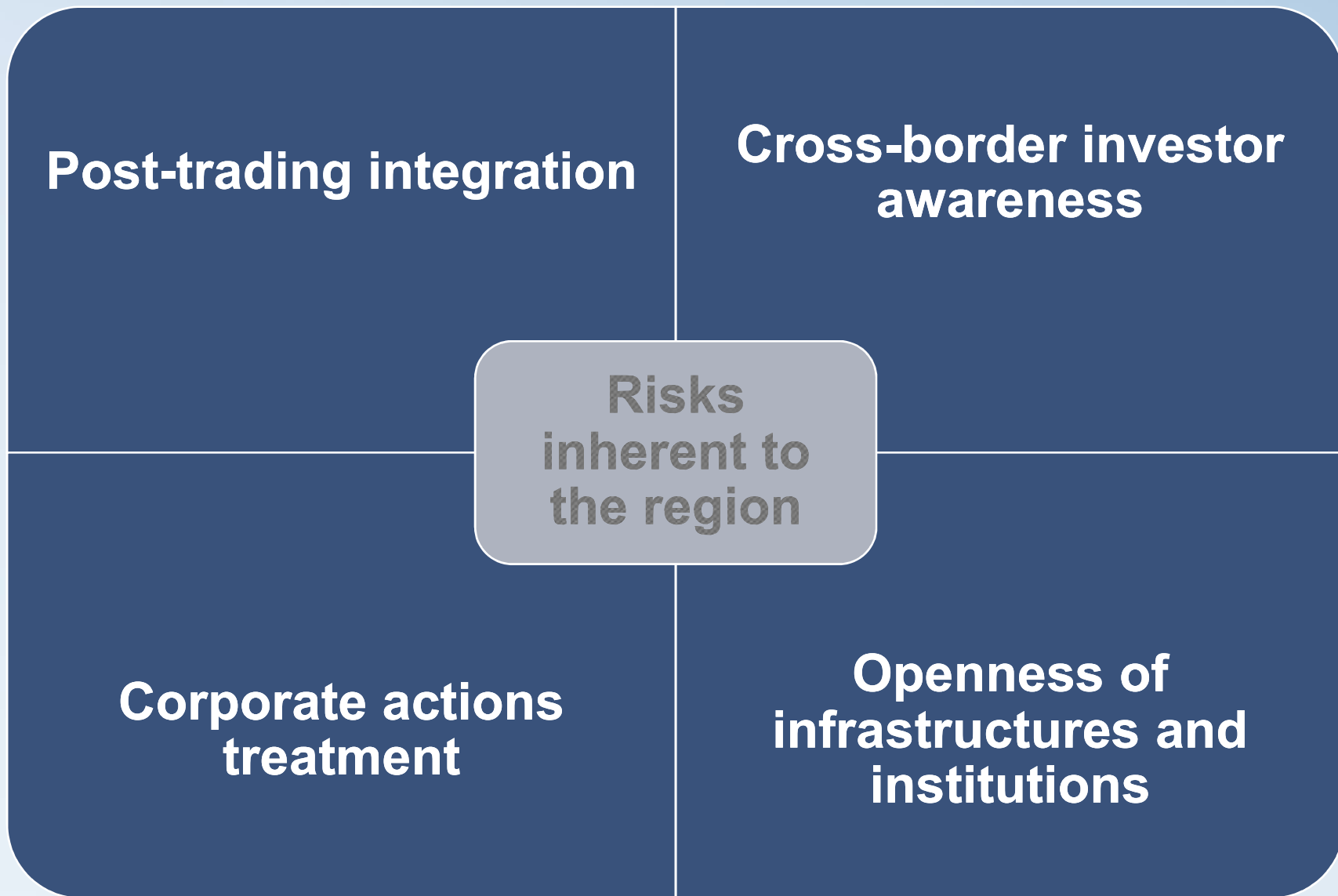
**Low  
regulatory  
harmonization**

**Poor adoption  
of best market  
practices**

**Limited  
investor base**

**Low transaction volume**

# Challenges lying ahead



Thank you!

