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Abbreviations

BGN	–	<i>The abbreviation of the Redenominated Bulgarian Lev</i>
BIR	–	<i>Base Interest Rate</i>
BNB	–	<i>Bulgarian National Bank</i>
CB	–	<i>Commercial Banks</i>
CM	–	<i>Council of Ministers</i>
CMD	–	<i>Council of Ministers Decree</i>
CSB	–	<i>Consolidated State Budget</i>
EBRD	–	<i>European Bank for Reconstruction and Development</i>
EIB	–	<i>Economic and Investment Bank</i>
GDP	–	<i>Gross Domestic Product</i>
GS	–	<i>Government Securities</i>
IMF	–	<i>International Monetary Fund</i>
JBIC	–	<i>Japan Bank for International Cooperation</i>
LBNB	–	<i>Law on the Bulgarian National Bank</i>
LSPDACB	–	<i>Law on State Protection of Deposits and Accounts with Commercial Banks in Respect Whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings</i>
MF	–	<i>Ministry of Finance</i>
SBL of RB	–	<i>State Budget Law of the Republic of Bulgaria</i>
SDR	–	<i>Special Drawing Rights</i>
TFP	–	<i>Transitional and Final Provisions</i>
UBB	–	<i>United Bulgarian Bank</i>
ZUNK	–	<i>Bulgarian abbreviation of the Law on Settlement of Nonperforming Credits Negotiated prior to 31 December 1990 (LSNC)</i>

BUDGET DEFICIT FINANCING BY GOVERNMENT SECURITIES ISSUES

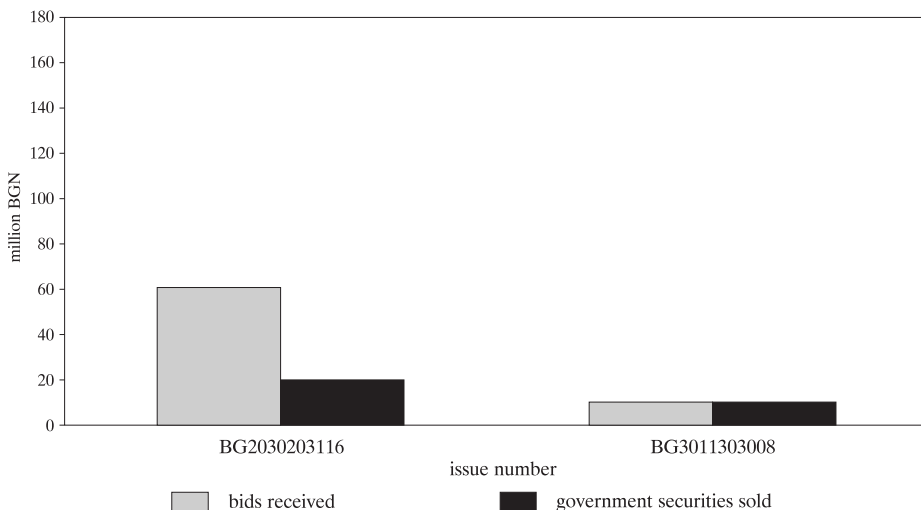
In December the Ministry of Finance issued through auctions organized by the BNB two government securities issues under Regulation No. 5, including one short-term discount treasury bills issue, No. BG3011303008, and one medium-term (five-year) treasury bonds issue, No. BG2030203116. Issued bonds involved tap treasury bonds which is standard practice at present; five-year government securities were opened again in December.

At the auctions primary dealers' bids totaled BGN 70,920 thousand: BGN 10,170 thousand for three-month and BGN 60,750 thousand for five-year government securities (Chart 1). Approved bids totaled BGN 30,170 thousand nominal value, including three-month of BGN 10,170 thousand and five-year of BGN 20,000 thousand (Charts 2 and 3). Bid-to-cover ratio of the issues approved for sale in December accounted for 2.22: 0.85 on three-month and 3.04 on five-year government securities (Chart 4). Government securities issued in December decreased by BGN 20.4 million on a year earlier basis (Chart 2).

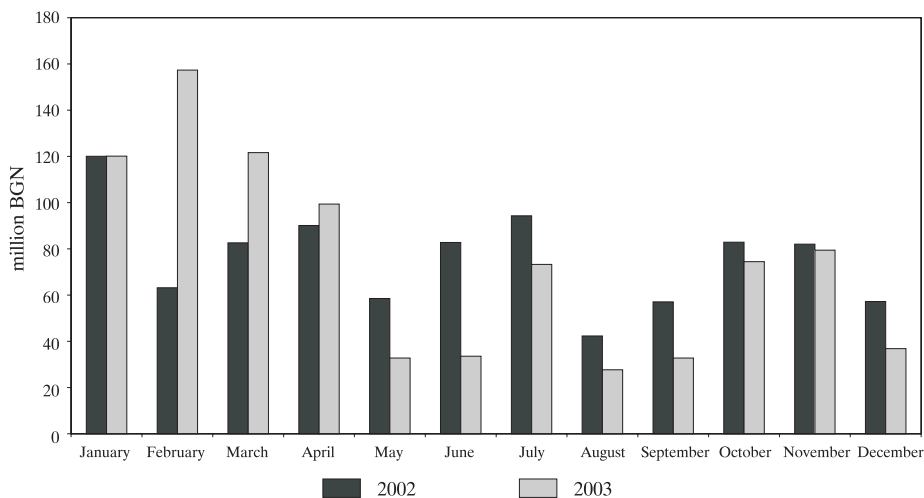
In the review period the yield attained in the primary market reflected demand for government securities as a whole, and preferences for particular kinds of debt instruments. The yield of three-month government securities increased by 0.2 basis points compared to the previous month and amounted to 2.83%. The yield of five-year government securities was 4.87%, a decrease of 0.1 basis points compared to the previous period (Charts 5, 6 and 8).

Chart 1

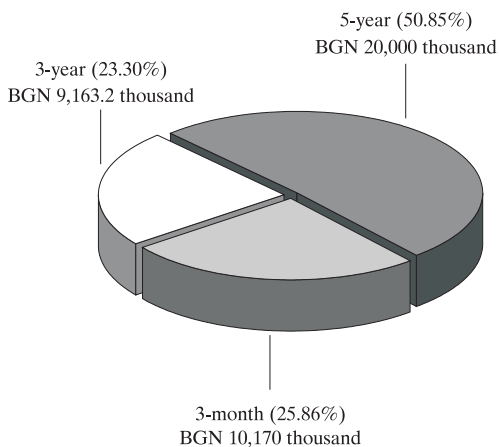
Government Securities Issue in December



Sales of Government Securities Issues

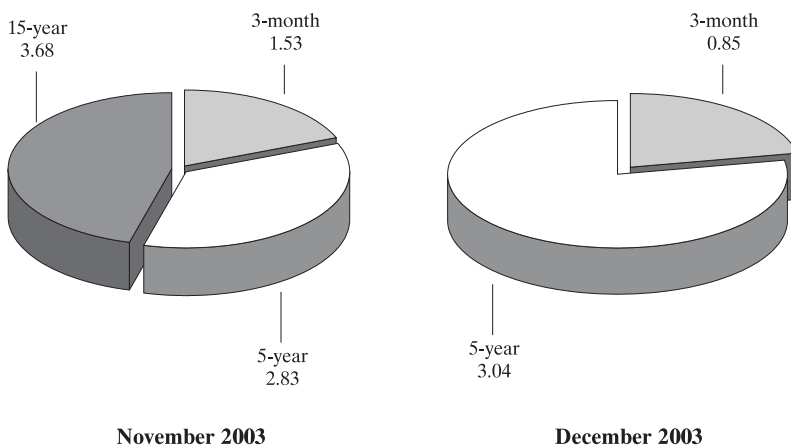


Structure and Volume of Government Securities Issued for Budget Deficit Financing in December



Note: Including target issues of government securities.

Bid-to-Cover Ratios of Issues Sold



Two treasury bills issues matured in December: one 2002 treasury bills issue (No. BG3011502005) and one 2003 treasury bills issue (No. BG3011003004).

In the reporting period one issue of three-year treasury bonds earmarked for direct sale to individuals was put in circulation: issue No. 824 of 10 December 2003. Issue No. 824 totaled BGN 6,448.2 thousand nominal value, which is a comparatively high amount approved for sale for a single issue of this kind of government securities (Chart 11). One 2001 issue, totaling BGN 632.7 thousand, matured in December. During the period under review reverse purchases accounted for BGN 350 thousand (Chart 12).

Prices of Issues Sold per BGN 100 Nominal Value

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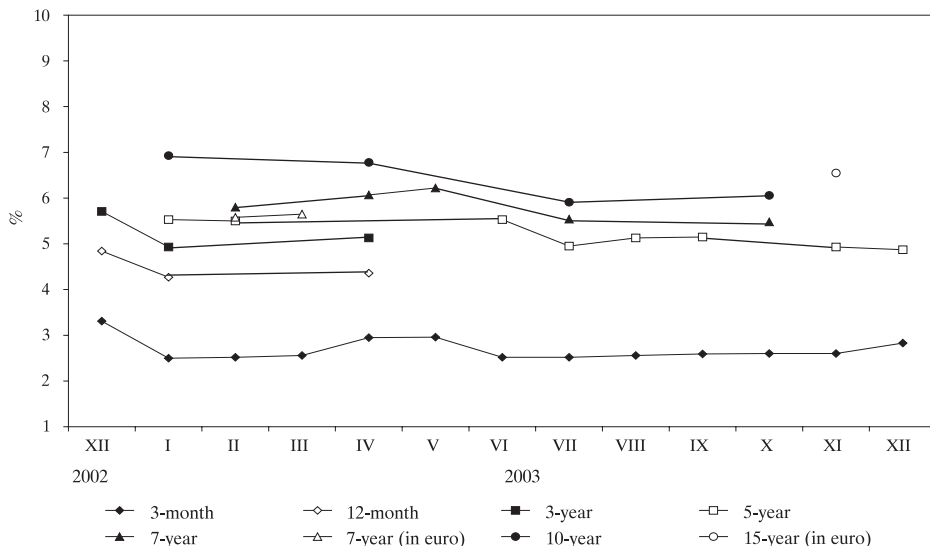
	3-month	5-year	15-year
	BG3011203000	BG2030203116	BG2040403219 (EUR)
Minimum	99.30	99.05	93.90
Average-weighted	99.34	99.22	94.81
Maximum	99.38	99.46	101.97

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	3-month	5-year
	BG3011303008	BG2030203116
Minimum	99.00	99.21
Average-weighted	99.29	99.48
Maximum	99.36	100.28

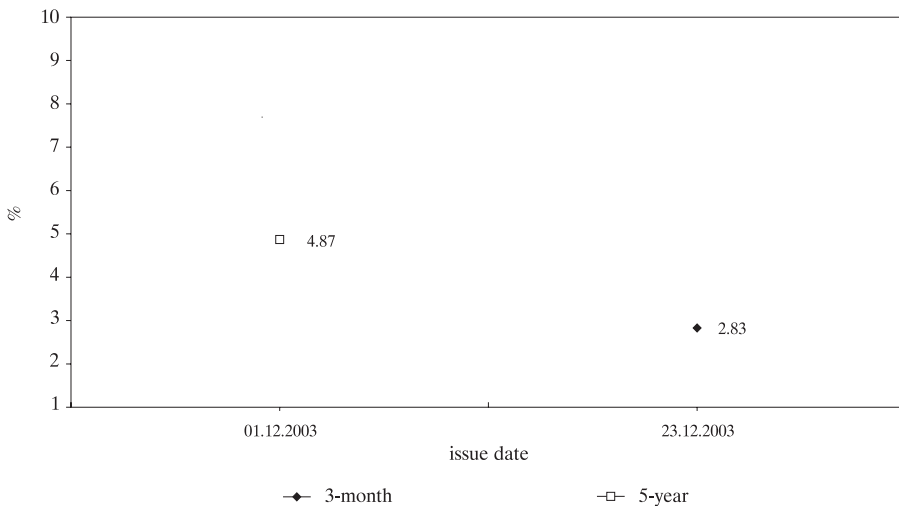
Chart 5

Yield of Primary Market Government Securities



Note: The yield is on an effective annual basis.

Dynamics of the Average Annual Yield of Primary Market Government Securities



Note: Five-year tap government securities issue; the above dates indicate the auction dates.

Government Securities Bought in the Primary Market through Competitive and Noncompetitive Bids

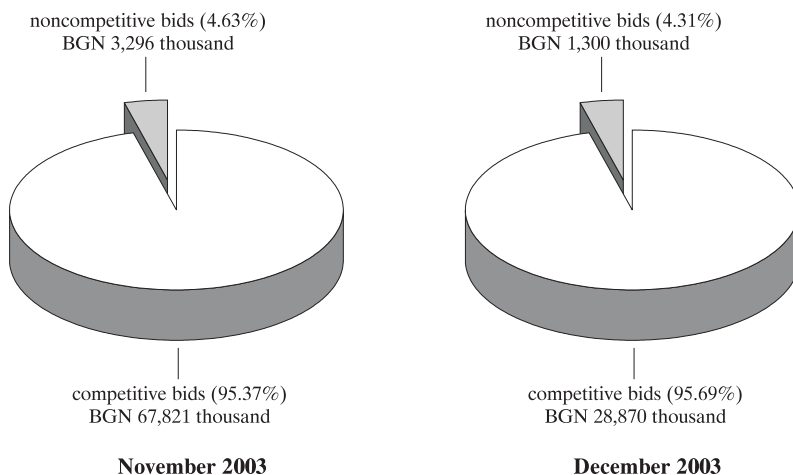
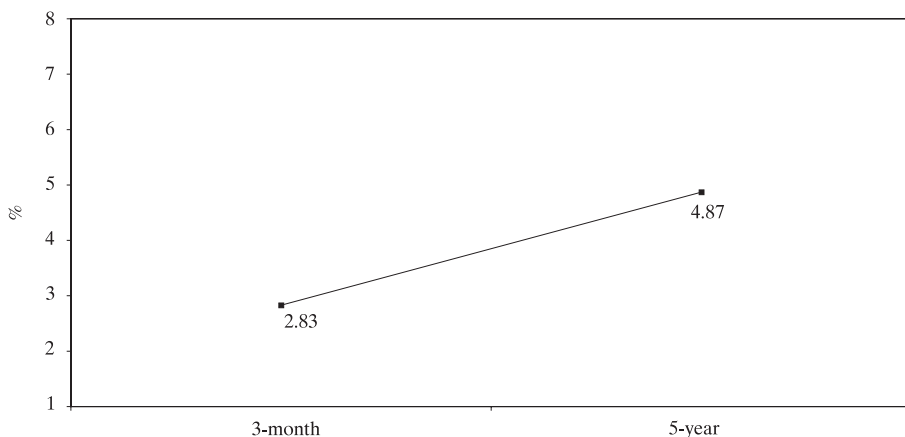


Chart 8

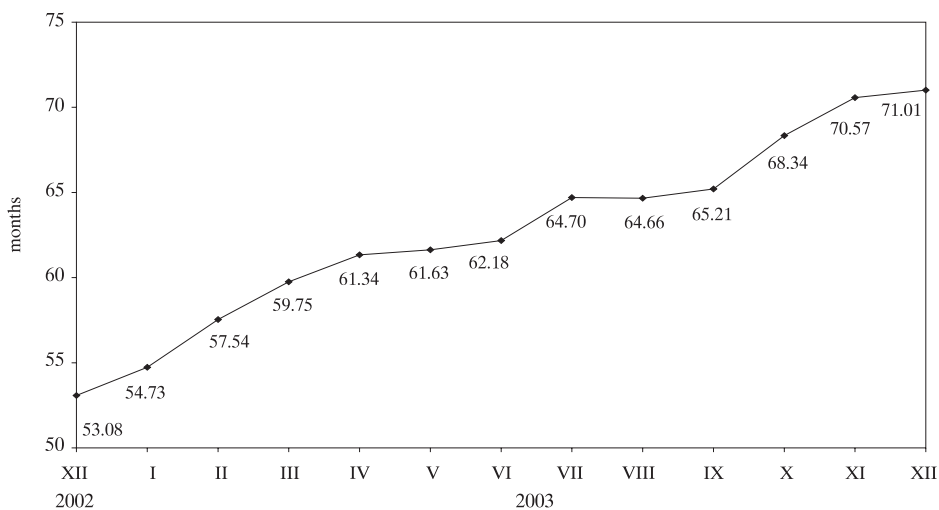
Yield Curve of Primary Market Government Securities in December



Note: Average-weighted yield on an effective annual basis.

Chart 9

Average Term of Outstanding Government Securities Issues by Month



Note: The average term is calculated on the basis of the maturity structure of government securities issued for budget deficit financing.

Chart 10

Monthly Liquidity Regulation through Government Securities Maturities and Issues

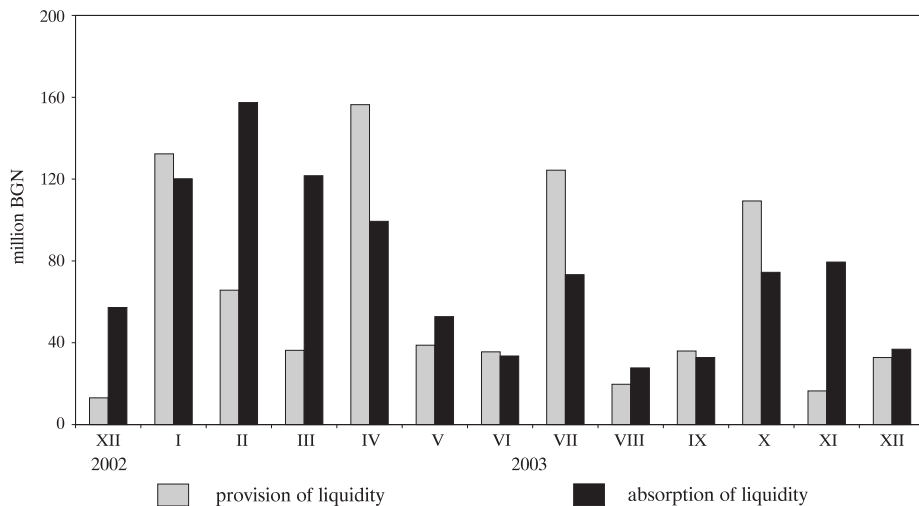
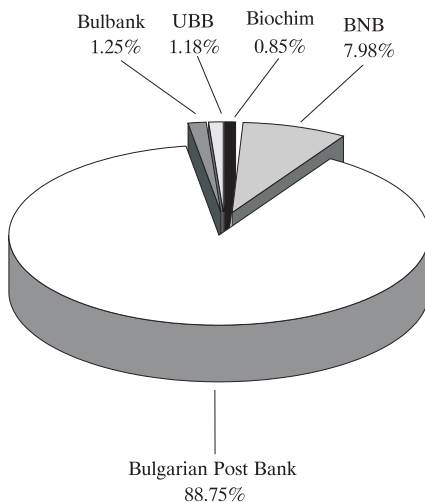
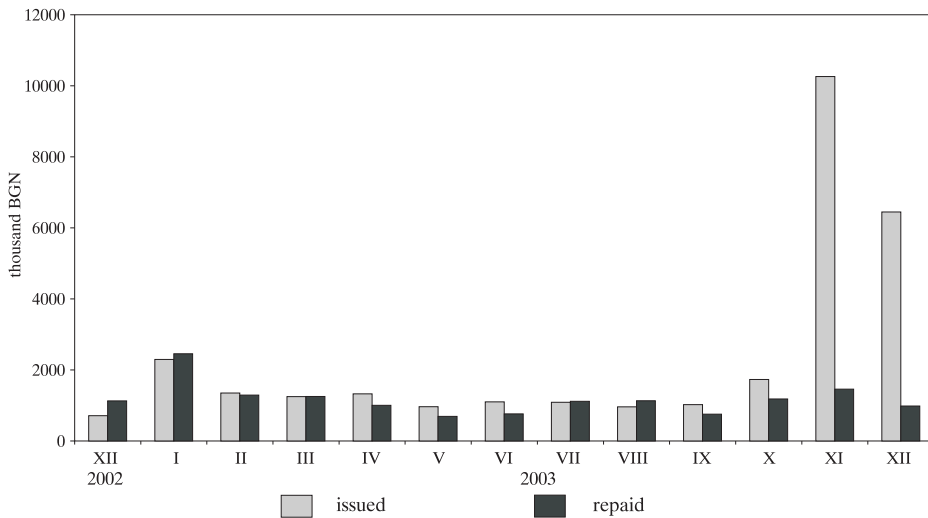


Chart 11

Primary Dealers' Direct Sales of Government Securities from Target Issues in December



Issued and Repaid Government Securities from Target Issues



Outstanding Government Securities

Discount Treasury Bills

	BG3010003005	BG3010403007	BG3011103002	BG3011203000	BG3011303008
Issue No.					
Issue date	16.01.2003	09.04.2003	29.10.2003	26.11.2003	23.12.2003
Maturity date	16.01.2004	09.04.2004	29.01.2004	26.02.2004	23.03.2004
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	12 000.00	12 000.00	12 000.00
Total nominal value of the bids received (thousand BGN)	77 550.00	51 600.00	15 620.00	18 330.00	10 170.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	12 000.00	12 000.00	10 170.00
Average price of the bids approved per BGN 100 (%)	95.85	95.76	99.34	99.34	99.29
Average discount per BGN 100 (%)	4.15	4.24	0.66	0.66	0.71
Average annual yield (%)	4.27	4.36	2.60	2.60	2.83
Effective annual yield (%)	4.27	4.35	2.63	2.63	2.86
Bid-to-cover ratio	3.88	2.58	1.30	1.53	0.85

Treasury Bonds

Issue No.	BG2030699115	BG2030999119	First opening	BG2030900117 ³ Second opening	Third opening	Total for the issue***	First opening	BG2030101112 ³ Second opening	Third opening	Total for the issue***
Auction date			09.10.2000	06.11.2000	11.12.2000		22.01.2001	26.02.2001	26.03.2001	
Issue date	31.03.1999	29.04.1999	11.10.2000	11.10.2000	11.10.2000	11.10.2000	24.01.2001	24.01.2001	24.01.2001	24.01.2001
Maturity date	24.03.2004	22.04.2004	05.10.2005	05.10.2005	05.10.2005	05.10.2005	24.01.2006	24.01.2006	24.01.2006	24.01.2006
Nominal value of the offer (thousand BGN)	2 000.00	3 000.00	10 000.00	15 000.00	15 000.00	40 000.00	20 000.00	20 000.00	20 000.00	60 000.00
Total nominal value of the bids received (thousand BGN)	2 795.00	1 190.00	46 780.00	35 511.11	31 074.00	113 365.10	95 924.14	87 276.00	70 430.00	253 630.14
Total nominal value of the bids approved (thousand BGN)	2 000.00	1 190.00	10 000.00	15 000.00	15 000.00	28 755.89	20 000.00	20 000.00	20 000.00	29 325.90
Average price of the bids approved per BGN 100 (%)	86.35	78.37	98.78	99.63	99.87	99.51	101.65	104.60	106.40	104.22
Interest rate	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Bid-to-cover ratio	1.40	0.40	4.68	2.37	2.07	2.83	4.80	4.36	3.52	4.23
Average annual yield (%)	12.79	15.37	9.31	9.09	9.03	9.12	8.59	7.87	7.44	7.96

(continued)

(continued)

Issue No.	BG2030301118²			BG2030501113²			Total for the issue***	First opening	Second opening	Third opening	Total for the issue
Auction date	23.04.2001	21.05.2001	25.06.2001	23.07.2001	20.08.2001	24.09.2001					
Issue date	25.04.2001	25.04.2001	25.04.2001	25.07.2001	25.07.2001	25.07.2001					
Maturity date	25.04.2006	25.04.2006	25.04.2006	25.07.2006	25.07.2006	25.07.2006					
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00	60 000.00	20 000.00	20 000.00	20 000.00	60 000.00
Total nominal value of the bids received (thousand BGN)	55 846.00	60 050.00	49 500.00	51 650.00	41 950.00	46 470.00	165 396.00	51 650.00	41 950.00	46 470.00	140 070.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00	20 000.00	60 000.00	20 000.00	20 000.00	20 000.00	60 000.00
Average price of the bids approved per BGN 100 (%)	103.61	104.48	104.66	100.79	100.10	100.40	104.25	100.79	100.10	100.40	100.43
Interest rate	8.00	8.00	8.00	7.00	7.00	7.00	8.00	7.00	7.00	7.00	7.00
Bid-to-cover ratio	2.79	3.00	2.48	2.58	2.10	2.32	2.76	2.58	2.10	2.32	2.33
Average annual yield (%)	7.13	6.92	6.88	6.81	6.98	6.90	6.98	6.81	6.98	6.90	6.90

(continued)

(continued)

Issue No.	First opening	BG2030701119³	Third opening	Total for the issue	First opening	BG2040001211⁴	Second opening	Total for the issue
Auction date	22.10.2001	26.11.2001	21.12.2001		29.10.2001	30.11.2001	30.11.2001	
Issue date	24.10.2001	24.10.2001	24.10.2001	24.10.2001	31.10.2001	31.10.2001	31.10.2001	31.10.2001
Maturity date	24.10.2006	24.10.2006	24.10.2006	24.10.2006	31.10.2008	31.10.2008	31.10.2008	31.10.2008
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	20 000.00	60 000.00	30 000.00	11 070.00	11 070.00	30 000.00
Total nominal value of the bids received (thousand BGN)	43 400.00	55 400.00	28 750.00	127 550.00	53 672.00	54 615.00	54 615.00	108 287.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	20 000.00	60 000.00	18 930.00	11 070.00	11 070.00	30 000.00
Average price of the bids approved per BGN 100 (%)	100.22	100.36	100.20	100.29	95.45	98.19	98.19	96.46
Interest rate	7.00	7.00	7.00	7.00	7.50	7.50	7.50	7.50
Bid-to-cover ratio	2.17	2.77	1.44	2.13	1.79	4.93	4.93	3.61
Average annual yield (%)	6.95	6.91	6.95	6.93	8.37	7.84	7.84	8.17

(continued)

(continued)

Issue No.	BG2030002112 ²				BG2040002219 ⁴			
	First opening	Second opening	Third opening	Fourth opening	Total for the issue	First opening	Second opening	Total for the issue
Auction date	07.01.2002	11.02.2002	08.04.2002	07.05.2002		14.01.2002	21.01.2002	
Issue date	09.01.2002	09.01.2002	09.01.2002	09.01.2002	09.01.2002	16.01.2002	16.01.2002	16.01.2002
Maturity date	09.01.2007	09.01.2007	09.01.2007	09.01.2007	09.01.2007	16.01.2009	16.01.2009	16.01.2009
Nominal value of the offer (thousand BGN)	25 000.00	20 000.00	25 000.00	20 000.00	90 000.00	30 000.00	30 000.00	60 000.00
Total nominal value of the bids received (thousand BGN)	62 850.00	72 470.00	47 080.00	36 250.00	218 650.00	106 295.00	99 331.00	205 626.00
Total nominal value of the bids approved (thousand BGN)	25 000.00	20 000.00	25 000.00	20 000.00	90 000.00	30 000.00	50 000.00	80 000.00*
Average price of the bids approved per BGN 100 (%)	100.71	101.98	102.01	102.07	101.66	100.47	101.46	101.09
Interest rate	7.00	7.00	7.00	7.00	7.00	7.50	7.50	7.50
Bid-to-cover ratio	2.51	3.62	1.88	1.81	2.43	3.54	3.31	3.43
Average annual yield (%)	6.83	6.53	6.52	6.51	6.60	7.41	7.23	7.30

(continued)

(continued)

Issue No.	First opening	BG2040102217³ Second opening	Third opening	Total for the issue	First opening	BG2030102110⁴ Second opening	Total for the issue
Auction date	18.02.2002	18.03.2002	13.05.2002		11.03.2002	10.06.2002	
Issue date	20.02.2002	20.02.2002	20.02.2002	20.02.2002	13.03.2002	13.03.2002	13.03.2002
Maturity date	20.05.2009	20.05.2009	20.05.2009	20.05.2009	13.03.2005	13.03.2005	13.03.2005
Nominal value of the offer (thousand BGN)	30 000.00	25 000.00	35 000.00	90 000.00	25 000.00	25 000.00	50 000.00
Total nominal value of the bids received (thousand BGN)	63 350.00	58 812.00	58 300.00	180 462.00	72 750.00	44 151.00	116 901.00
Total nominal value of the bids approved (thousand BGN)	30 000.00	25 000.00	35 000.00	90 000.00	25 000.00	25 000.00	50 000.00
Average price of the bids approved per BGN 100 (%)	99.05	99.77	99.44	99.40	101.62	101.68	101.65
Interest rate	7.00	7.00	7.00	7.00	6.50	6.50	6.50
Bid-to-cover ratio	2.11	2.35	1.67	2.01	2.91	1.77	2.34
Average annual yield (%)	7.17	7.04	7.10	7.10	5.90	5.88	5.89

(continued)

(continued)

Issue No.	BG2040202215 ²				BG2030202118 ²				Total for the issue	Fourth opening	Total for the issue
	First opening	Second opening	Third opening	Fourth opening	First opening	Second opening	Third opening	Fourth opening			
Auction date	15.04.2002	22.04.2002	17.06.2002	22.07.2002	08.07.2002	12.08.2002	07.10.2002	11.11.2002			
Issue date	17.04.2002	17.04.2002	17.04.2002	17.04.2002	10.07.2002	10.07.2002	10.07.2002	10.07.2002			
Maturity date	17.04.2012	17.04.2012	17.04.2012	17.04.2012	10.07.2007	10.07.2007	10.07.2007	10.07.2007			
Nominal value of the offer (thousand BGN)	15 000.00	25 000.00	25 000.00	25 000.00	25 000.00	20 000.00	25 000.00	20 000.00			
Total nominal value of the bids received (thousand BGN)	72 080.00	59 589.60	42 338.50	28 859.30	38 080.00	19 100.00	49 950.00	67 184.70			
Total nominal value of the bids approved (thousand BGN)	15 000.00	25 000.00	25 000.00	19 920.00	25 000.00	14 750.00	25 000.00	20 000.00			
Average price of the bids approved per BGN 100 (%)	98.14	96.77	95.92	93.76	99.81	98.45	98.78	99.52			
Interest rate	7.50	7.50	7.50	7.50	6.50	6.50	6.50	6.50			
Bid-to-cover ratio	4.81	2.38	1.69	1.15	1.52	0.96	2.00	3.36			
Average annual yield (%)	7.77	7.97	8.10	8.44	6.55	6.87	6.79	6.61			

(continued)

(continued)

Issue No.	First opening	Second opening	Third opening	Fourth opening	Total for the issue	First opening	Second opening	Third opening	Total for the issue
			BG2040302213²				BG2030302116³		
Auction date	15.07.2002	19.08.2002	14.10.2002	18.11.2002	17.07.2002	29.07.2002	28.10.2002	25.11.2002	31.07.2002
Issue date	17.07.2002	17.07.2002	17.07.2002	17.07.2002	17.07.2009	31.07.2005	31.07.2005	31.07.2005	31.07.2005
Maturity date	17.07.2009	17.07.2009	17.07.2009	17.07.2009	17.07.2009	31.07.2005	31.07.2005	31.07.2005	31.07.2005
Nominal value of the offer (thousand BGN)	20 000.00	15 000.00	20 000.00	15 000.00	70 000.00	25 000.00	25 000.00	33 100.00	83 100.00
Total nominal value of the bids received (thousand BGN)	29 863.50	24 239.00	48 880.30	86 964.00	189 946.80	24 200.00	44 150.00	92 265.70	160 615.70
Total nominal value of the bids approved (thousand BGN)	20 000.00	15 000.00	20 000.00	15 000.00	70 000.00	16 900.00	25 000.00	33 100.00	75 000.00
Average price of the bids approved per BGN 100 (%)	98.39	96.38	96.63	99.09	97.61	98.83	98.67	99.57	99.10
Interest rate	7.00	7.00	7.00	7.00	7.00	5.75	5.75	5.75	5.75
Bid-to-cover ratio	1.49	1.62	2.44	5.80	2.71	0.97	1.77	2.79	1.93
Average annual yield (%)	7.30	7.68	7.63	7.17	7.44	6.18	6.24	5.91	6.08

(continued)

(continued)

Issue No.	BG2030402114 ⁴		BG2040003217 ⁴		BG20300003110 ³			Total for the issue
	First opening	Second opening	Total for the issue	First opening	Second opening	Third opening		
Auction date	09.09.2002	09.12.2002	06.01.2003	31.03.2003	13.01.2003	10.02.2003	02.06.2003	
Issue date	11.09.2002	11.09.2002	08.01.2003	08.01.2003	15.01.2003	15.01.2003	15.01.2003	15.01.2003
Maturity date	11.09.2005	11.09.2005	08.01.2013	08.01.2013	15.01.2008	15.01.2008	15.01.2008	15.01.2008
Nominal value of the offer (thousand BGN)	25 000.00	25 000.00	30 000.00	20 000.00	30 000.00	25 000.00	20 000.00	75 000.00
Total nominal value of the bids received (thousand BGN)	33 700.00	66 700.00	94 289.80	56 355.00	87 720.00	50 900.00	49 450.00	188 070.00
Total nominal value of the bids approved (thousand BGN)	25 000.00	25 000.00	30 000.00	20 000.00	30 000.00	25 000.00	20 000.00	75 000.00
Average price of the bids approved per BGN 100 (%)	99.13	100.80	104.08	105.18	100.42	100.55	100.40	100.46
Interest rate	6.00	6.00	7.50	7.50	5.625	5.625	5.625	5.625
Bid-to-cover ratio	1.35	2.67	3.14	2.82	2.92	2.04	2.47	2.51
Average annual yield (%)	6.32	5.71	6.93	6.78	5.53	5.50	5.53	5.52

(continued)

(continued)

Issue No.	BG2030103118 ⁴			BG2040103215 ¹					
	First opening	Second opening	Total for the issue	First opening	Second opening	Third opening	Fourth opening	Fifth opening	Total for the issue
Auction date	20.01.2003	21.04.2003		03.02.2003	14.04.2003	07.05.2003	21.07.2003	20.10.2003	
Issue date	22.01.2003	22.01.2003	22.01.2003	05.02.2003	05.02.2003	05.02.2003	05.02.2003	05.02.2003	05.02.2003
Maturity date	22.01.2006	22.01.2006	22.01.2006	05.02.2010	06.02.2010	05.02.2010	05.02.2010	05.02.2010	05.02.2010
Nominal value of the offer (thousand BGN)	25 000.00	25 000.00	50 000.00	20 000.00	20 000.00	20 000.00	15 000.00	30 000.00	105 000.00
Total nominal value of the bids received (thousand BGN)	62 650.00	42 850.00	105 500.00	77 850.00	49 650.00	34 800.00	46 260.00	68 030.00	276 590.00
Total nominal value of the bids approved (thousand BGN)	25 000.00	25 000.00	50 000.00	20 000.00	20 000.00	20 000.00	15 000.00	30 000.00	105 000.00
Average price of the bids approved per BGN 100 (%)	101.57	101.01	101.29	100.42	98.90	98.06	101.92	102.27	100.42
Interest rate	5.50	5.50	5.50	5.875	5.875	5.875	5.875	5.875	5.875
Bid-to-cover ratio	2.51	1.71	2.11	3.89	2.48	1.74	3.08	2.27	2.63
Average annual yield (%)	4.93	5.13	5.03	5.80	6.07	6.22	5.54	5.48	5.80

(continued)

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Issue No.	BG2040203213**			BG20403032114		
	First opening	Second opening	Total for the issue	First opening	Second opening	Total for the issue
Auction date	18.02.2003	10.03.2003		30.06.2003	29.09.2003	
Issue date	24.02.2003	24.02.2003	24.02.2003	02.07.2003	02.07.2003	02.07.2003
Maturity date	24.05.2010	24.05.2010	24.05.2010	02.07.2013	02.07.2013	02.07.2013
Nominal value of the offer (thousand BGN)	50 000.00	25 000.00	75 000.00	20 000.00	30 000.00	50 000.00
Total nominal value of the bids received (thousand BGN)	139 990.00	76 475.00	216 465.00	69 350.00	78 753.00	148 103.00
Total nominal value of the bids approved (thousand BGN)	50 000.00	55 000.00	105 000.00	20 000.00	30 000.00	50 000.00
Average price of the bids approved per BGN 100 (%)	100.99	100.55	100.76	98.82	97.71	98.15
Interest rate	5.75	5.75	5.75	5.75	5.75	5.75
Bid-to-cover ratio	2.80	3.06	2.89	3.47	2.63	2.96
Average annual yield (%)	5.58	5.65	5.62	5.91	6.06	6.00

(continued)

(continued)

Issue No.	BG2030203116 ¹					BG2040403219**		
	First opening	Second opening	Third opening	Fourth opening	Fifth opening	Total for the issue	First opening	Total for the issue
Auction date	07.07.2003	04.08.2003	08.09.2003	12.11.2003	01.12.2003		03.11.2003	
Issue date	09.07.2003	09.07.2003	09.07.2003	09.07.2003	09.07.2003	09.07.2003	12.11.2003	12.11.2003
Maturity date	09.07.2008	09.07.2008	09.07.2008	09.07.2008	09.07.2008	09.07.2008	11.10.2018	11.10.2018
Nominal value of the offer (thousand BGN)	25 000.00	15 000.00	20 000.00	20 000.00	20 000.00	100 000.00	20 000.00	20 000.00
Total nominal value of the bids received (thousand BGN)	47 300.00	37 150.00	43 600.00	56 500.00	60 750.00	245 300.00	73 628.54	73 628.54
Total nominal value of the bids approved (thousand BGN)	25 000.00	15 000.00	20 000.00	20 000.00	20 000.00	100 000.00	20 000.00	20 000.00
Average price of the bids approved per BGN 100 (%)	99.12	98.33	98.25	99.22	99.48	98.92	94.81	94.81
Interest rate	4.75	4.75	4.75	4.75	4.75	4.75	6.00	6.00
Bid-to-cover ratio	1.89	2.48	2.18	2.83	3.04	2.45	3.68	3.68
Average annual yield (%)	4.95	5.13	5.15	4.93	4.87	5.00	6.55	6.55

¹The price indicated in *Total for the issue* column is a result of the five auctions organized for sale of this issue.

²The price indicated in *Total for the issue* column is a result of the four auctions organized for sale of this issue.

³The price indicated in *Total for the issue* column is a result of the three auctions organized for sale of this issue.

⁴The price indicated in *Total for the issue* column is a result of the two auctions organized for sale of this issue.

* According to the resolution approved by the Ministry of Finance on 21 January 2002, the total volume of this issue was increased to BGN 80,000,000.

** Issues Nos. BG2040203213 and BG2040403219 are denominated in euro and all related values are also in euro.

*** In 2003 reverse repurchases totaled BGN 49,171.1 thousand.

Deposit Insurance Government Securities

Issue No.	BG2044397227	BG2047397224	BG2047597229	BG2047697227
Issue date	18.08.1997	22.10.1997	22.10.1997	05.11.1997
Maturity date	09.08.2004	13.10.2004	13.10.2004	27.10.2004
Principal (thousand BGN)	4225.97	466.10	1518.62	2069.96
Interest rate	BIR	BIR	BIR	BIR
Interest payments	semiannual	semiannual	semiannual	semiannual
Repayments	equal annual	equal annual	equal annual	equal annual
Maturity (in years)	7	7	7	7

In compliance with Article 8 and Article 9, para. 1, item 1 of the Law on State Protection of Deposits and Accounts with Commercial Banks in Respect Whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings (State Gazette, issue 46 of 29 May 1996; amended, issue 90 of 24 October 1996, effective as of 24 October 1996), the Ministry of Finance issues lev deposit insurance government securities. These are issued under the following conditions:

- 7-year redemption term;
- interest – BIR for the respective period, payable semiannually;
- redemption schedule – equal annual installments.

The Law on Bank Deposit Guaranty (published in the State Gazette, issue 49 of 29 April of 1998) repeals the Law on State Protection of Deposits and Accounts with Commercial Banks in Respect Whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings. The repealed law is applicable to deposits and accounts with banks which had been declared insolvent before the enforcement of the Law on Bank Deposit Guaranty, as well as to the special fund for state protection of deposits and accounts and deposit insurance government securities service.

Principals of deposit insurance government securities are based on actual data as of 31 December 2003.

Government Securities Issued to Settle Nonperforming Credits of State-owned Companies to Banks

Legal regulation	CMD 244/91	CMD 186/93	Art. 4 ZUNK/93	Art. 5 ZUNK/93	CMD 3/94	§ 10 of TFP of SBL/99
Issue No.	BG 2000192224	BG 2009993226	BG 2009893228	BG 2009794228	BG 2009693222	BG 2040099223
Issue date	01.01.1992	01.07.1993	01.10.1993	01.01.1994	01.12.1993	01.07.1999
Maturity date	01.01.2011	01.07.2017	01.10.2018	01.01.2019	01.12.2018	01.01.2019
Maturity (years)	19	24	25	25	25	19.5
Grace period (years)	4	4	5	5	5	
Redemption term (years)	15	20	20	20	20	19.5
Repayments	15 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments
Principal (thousand)	BGN 2,201.39	BGN 1,780.57	BGN 6,459.39	USD 164,578.84	BGN 693.07	EUR 134,433.15
Interest payments	semiannual	semiannual	semiannual	semiannual	annual	semiannual
Interest	BIR+1	BIR	BIR	LIBOR*	BIR	EURIBOR**

* Six-month LIBOR of the US dollar for the preceding interest period; the amount of interest coupon is announced by the Minister of Finance three days after the beginning of each interest period.

** Six-month EURIBOR for the preceding interest period; the amount of interest coupon is announced by the Minister of Finance three days after the beginning of each interest period.

EUR-denominated issue BG 2040099223 has the same status as the USD-denominated issue BG 2009794228 (issued under Article 5 of ZUNK).

Pursuant to CM Decree No. 221 of 1995 holders of long-term government bonds issued under ZUNK, negotiated until 31 December 1990, CM Decrees No. 244 of 1991, No. 186 of 1993 and No. 3 of 1994 may use them as legal tender in privatization transactions.

Pursuant to CM Decree No. 22 of 1995, long-term government bonds issued under ZUNK may be used to repay obligations of state-owned enterprises, firms and commercial companies to the government, transformed under Article 10 of ZUNK. In meeting these obligations, long-term government bonds are valued at their nominal for the bonds denominated in US dollars, and 80% for those denominated in levs.

Principals are based on actual data as of 31 December 2003.

Pending Payments on Government Securities in February 2004

(thousand BGN)

Government securities	Monday	Tuesday	Wednesday	Thursday	Friday
	2	3	4	5	6
bonds target issues GGS				3 109.7 21.3	15.4 55.7
	9	10	11	12	13
target issues bonds					510.1
	16	17	18	19	20
bills target issues	18.8			16.4	11.1
	23	24	25	26	27
bills target issues				12 000.0	418.6
	March 1				
bills target issues	17.1				

Note: When the payment day is not a business day, payment is effected on the following business day.

Auction Calendar of Government Securities Issues for February 2004

Auction date	Issue date	Maturity date	Issue term	Scheduled volume (BGN)	Total nominal value (BGN)
*02.02.2004	04.02.2004	04.02.2014	10-year	20 000 000	up to 80 000 000
*09.02.2004	11.02.2004	11.02.2011	7-year	20 000 000	up to 80 000 000
*16.02.2004	18.02.2004	18.02.2007	3-year	20 000 000	up to 100 000 000
23.02.2004	25.02.2004	25.05.2004	3-month	12 000 000	
TOTAL, incl.:				52 000 000	
bills				12 000 000	
bonds				40 000 000	

Note: The Ministry of Finance is entitled to make relevant adjustments in the calendar where necessary.

* Tap issue.

By end-December 2003 domestic debt totaled BGN 2,241,122.8 thousand. The share of budget deficit financing government securities was 76% in overall debt and that of government securities issued for structural reform, 24% (Chart 13).

By end-December government securities issued for budget deficit financing accounted for BGN 1,703,919.1 thousand. Issued government securities totaled BGN 879,187 thousand, including BGN 29,800.6 thousand sold directly to individuals. Securities repaid in December accounted for BGN 637,538 thousand, including short-term treasury bills of BGN 219,035.5 thousand. As a result of effected operations the maturity structure of government securities issued for budget deficit financing was changed: the share of three-year and five-year government securities reached 14.9% and 33.5% respectively. The share of all other types of government securities decreased (Chart 14). The average-weighted maturity of government securities issued for budget deficit financing reached five years and eleven months. By end-December government securities issued for structural reform reached BGN 537,203.7 thousand. In the review period USD-denominated ZUNK bonds of USD 387.1 thousand and EUR-denominated ZUNK bonds of EUR 51.8 thousand were used for repayment of obligations to the state under ZUNK. In December USD-denominated ZUNK bonds were replaced by EUR-denominated long-term government bonds (issue No. 400 of 1999) of EUR 2,214.1 thousand nominal value. In addition, payments amounting to BGN 46.2 thousand on bonds issued under the terms of CM Decree No. 3 of 1994 were also effected.

Debt movements in December led to a change in debt forex structure (Chart 15). The share of government securities in US dollars decreased from 12.2% to 11.4% respectively at the expense of government securities denominated in levs and euro which increased to 66.1% and 22.6% respectively. Debt maturity structure also changed. Short-term and long-term government securities decreased to 3.2% and 59.4% respectively at the expense of medium-term securities which increased to 37.4% (Chart 16). Government securities with fixed interest coupons comprised 76% and government securities with floating interest coupons, 24%.

Since early-2003 repaid interest and discounts have totaled BGN 118,678.5 thousand. Interest and discounts on government securities for budget deficit financing of BGN 103,167.4 thousand, or 86.9% of overall repaid interest and discounts, were repaid in December (Chart 19). Expenditure on five-year government bonds occupied the largest share, 38.7%, followed by seven-year bonds, 19.4%, and three-year bonds, 19.3%.

Domestic Debt

(thousand BGN/thousand EUR/thousand USD)

Structure	Amount as of 31 Dec. 2002	Change in 2003		Amount as of 31 Dec. 2003
		increase	decrease	
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING				
1. Government securities issued in 1998	4 090.9		4 090.9	-
5-year	4 090.9		4 090.9	-
2. Government securities issued in 1999	2 659.7		-	2 659.7
5-year	2 659.7		-	2 659.7
3. Government securities issued in 2000	179 719.4		151 653.8	28 065.6
3-year	139 929.7		139 929.7	0.0
5-year	39 789.7		11 724.1	28 065.6
4. Government securities issued in 2001	480 853.1		260 629.7	220 223.4
4.1. Medium-term	451 915.5		260 629.7	191 285.8
2-year	211 958.6		211 958.6	-
5-year	239 956.9		48 671.1	191 285.8
4.2. Long-term	28 937.6		-	28 937.6
7-year	28 937.6		-	28 937.6
5. Government securities issued in 2002	794 946.9		113 399.9	681 547.0
5.1. Short-term	111 748.7		111 748.7	-
3-month	35 676.8		35 676.8	-
12-month	76 071.8		76 071.8	-
5.2. Medium-term	363 847.6		1 651.2	362 196.3
2-year	15 709.9		1 651.2	14 058.7
3-year	174 103.5		-	174 103.5
5-year	174 034.2		-	174 034.2
5.3. Long-term	319 350.6		-	319 350.6
7-year	237 780.3		-	237 780.3
10-year	81 570.3		-	81 570.3
6. Government securities issued in 2003	-	879 187.0	107 763.7	771 423.4
6.1. Short-term	-	179 549.0	107 286.8	72 262.2
3-month		141 225.8	107 286.8	33 939.0
12-month		38 323.2		38 323.2
6.2. Medium-term	-	253 718.5	476.9	253 241.6
3-year		79 800.6	476.9	79 323.8
5-year		173 917.9		173 917.9
6.3. Long-term	-	445 919.5	-	445 919.5
7-year		309 753.6		309 753.6
EUR-denominated (lev equivalent)		205 362.2		205 362.2
10-year		99 078.0		99 078.0
15-year		37 087.9		37 087.9
EUR-denominated (lev equivalent)		37 087.9		37 087.9
TOTAL (I)	1 462 270.1	879 187.0	637 538.0	1 703 919.1
II. DEBT ON GOVERNMENT SECURITIES ISSUED FOR STRUCTURAL REFORM				
A1. Long-term government bonds issued pursuant to CM Decree No. 244 of 1991	2 476.6		275.2	2 201.4

(continued)

(continued)

(thousand BGN/thousand EUR/thousand USD)

Structure	Amount as of 31 Dec. 2002	Change in 2003		Amount as of 31 Dec. 2003
		increase	decrease	
A2. Long-term government bonds issued pursuant to CM Decree No. 234 of 1992	1 907.7		127.2	1 780.6
A3. Long-term government bonds issued pursuant to Articles 4 and 5 of ZUNK of 1993				
in BGN	6 890.0		430.6	6 459.4
denominated in USD	195 836.5		31 257.6	164 578.8
lev equivalent	369 143.9			254 860.2
denominated in EUR	126 803.5	15 420.4	7 790.7	134 433.1
lev equivalent	248 006.0			262 928.4
A4. Long-term government bonds issued pursuant to CM Decree No. 3 of 1994	739.3		46.2	693.1
TOTAL (A)	629 163.5			528 923.0
B. Government securities in BGN issued pursuant to Articles 8 and 9 of LSPDACB of 1996	18 437.3			8 280.7
Government securities issued in 1996	1 876.0		1 876.0	-
Government securities issued in 1997	16 561.3		8 280.7	8 280.7
TOTAL (B)	18 437.3			8 280.7
TOTAL (II)	647 600.8			537 203.7
GOVERNMENT DEBT, TOTAL	2 109 870.8			2 241 122.8
III. DOMESTIC GOVERNMENT GUARANTEES	1 881.2			-
DOMESTIC DEBT, TOTAL	2 111 752.0			2 241 122.8

Notes:

Domestic debt based on cash flows.

The IMF extends its tranches to the central bank which then on-lends them to the government under Article 45 of the Law on the BNB. So far, the credits extended by the BNB to the MF are reported as domestic government debt to the BNB, on the one hand, and foreign liabilities of the BNB to the IMF, on the other hand.

In the *Government Debt Management* bulletin, debt to the IMF is included in the foreign debt structure and excluded from domestic debt structure in order to avoid any mistakes in using debt information.

Debt recalculation in US dollars and euro is based on BNB exchange rate of the relevant currency against the lev for the last business day of the respective period.

Changes in Domestic Government Debt

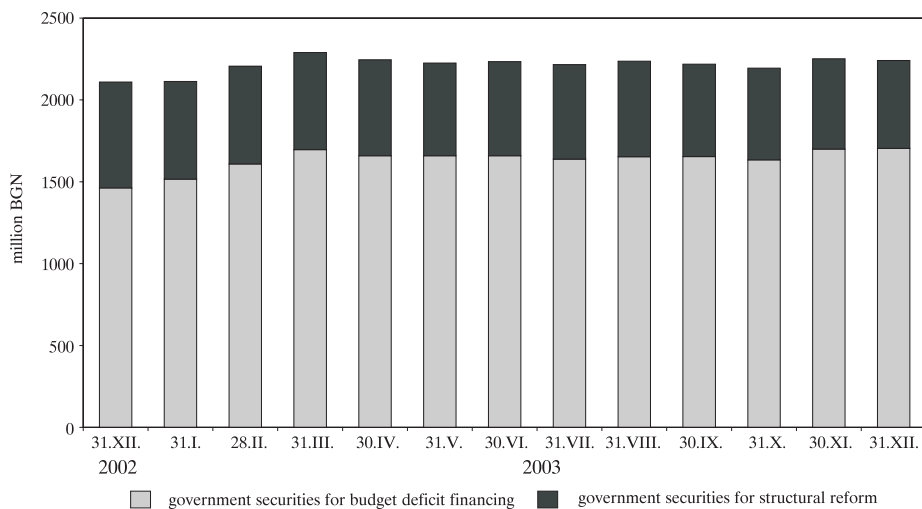
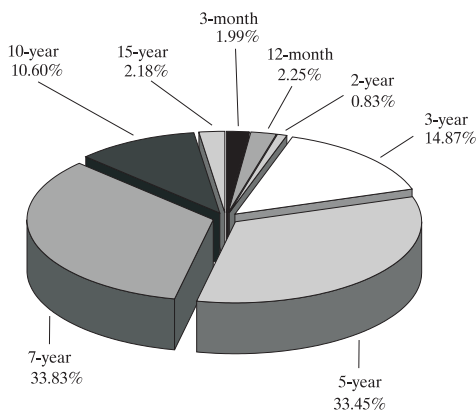


Chart 14

Outstanding Government Securities Issued for Budget Deficit Financing as of 31 December



Note: The average-weighted maturity of government securities issued for budget deficit financing is five years and eleven months.

Forex Composition of Outstanding Government Securities as of 31 December

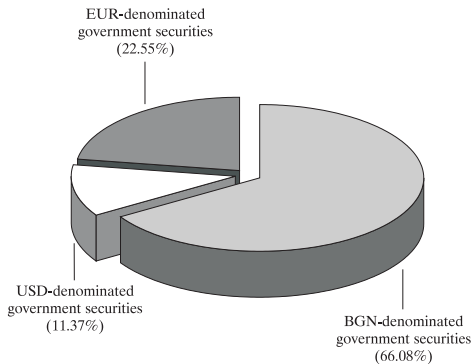


Chart 16

Maturity Structure of Outstanding Government Securities as of 31 December

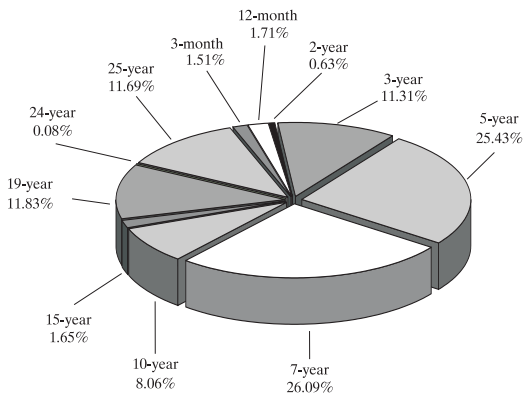
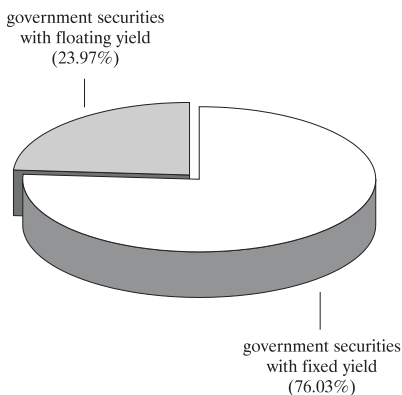


Chart 17

Shares of Outstanding Government Securities with Fixed and Floating Yield as of 31 December



Expenditure on Domestic Debt between 1 January and 31 December 2003

(thousand BGN)

Structure	Amount of repaid interest (discount)
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING	
1. Government securities issued in 1998	1 098.6
5-year	1 098.6
2. Government securities issued in 1999	286.3
5-year	286.3
3. Government securities issued in 2000	12 337.6
3.1. Medium-term	12 337.6
3-year	8 148.1
5-year	4 189.5
4. Government securities issued in 2001	34 109.6
4.1. Medium-term*	34 109.6
2-year	9 902.3
5-year	21 957.3
7-year	2 250.0
5. Government securities issued in 2002	51 087.8
5.1. Short-term	4 251.3
3-month	323.2
12-month	3 928.2
5.2. Medium-term	23 284.8
2-year	918.1
3-year	10 558.0
5-year	11 808.8
5.3. Long-term	23 551.6
7-year	17 191.3
10-year	6 360.3
6. Government securities issued in 2003	4 247.5
6.1. Short-term	713.2
3-month	713.2
6.2. Medium-term	1 250.4
3-year	1 250.4
6.3. Long-term	2 283.9
5-year	624.5
7-year	574.8
EUR-denominated (lev equivalent)	-301.2
10-year	1 084.6
TOTAL (I)	103 167.4

(continued)

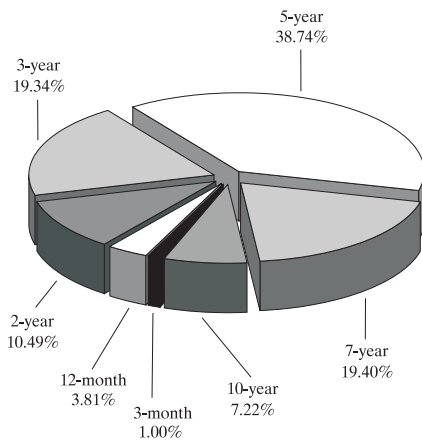
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(thousand BGN)

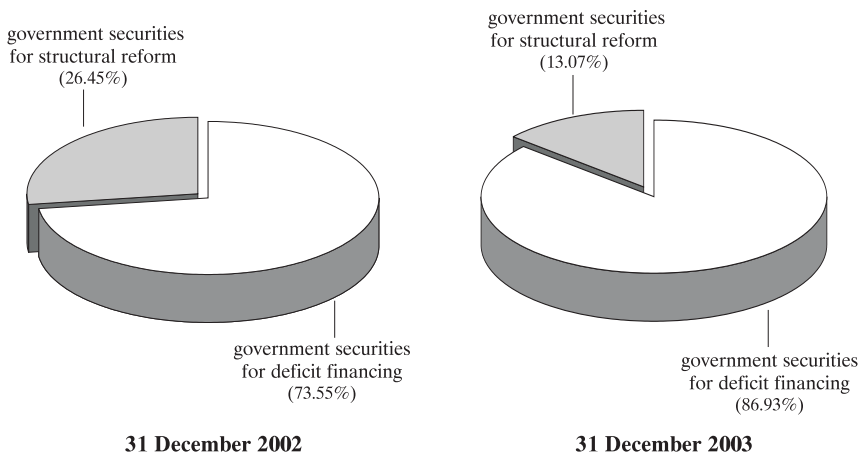
Structure	Amount of repaid interest (discount)
II. DEBT ON GOVERNMENT SECURITIES ISSUED AS A RESULT OF STRUCTURAL REFORM	
A. Debt on government securities issued to settle nonperforming credits of state-owned companies to banks	99.3
1. Bonds issued pursuant to CM Decree No. 244 of 1991	61.4
2. Bonds issued pursuant to CM Decree No. 186 of 1992	14 812.0
3. Bonds issued pursuant to Articles 4 and 5 of ZUNK of 1993	241.2
lev bonds	6 492.5
USD-denominated bonds (in BGN at the current exchange rate)	8 078.4
EUR-denominated bonds (in BGN at the fixed exchange rate)	20.2
Total (A)	14 993.0
B. Debt on government securities issued pursuant to Articles 8 and 9 of LSPDACB of 1996	518.1
Total (B)	518.1
TOTAL (II)	15 511.1
EXPENDITURE ON GOVERNMENT DEBT, TOTAL	118 678.5
III. GOVERNMENT GUARANTEED DEBT	0.0
EXPENDITURE, TOTAL	118 678.5

* Including interest revenue from tap medium-term government securities issues.

Structure of Expenditure on Government Securities Issued for Budget Deficit Financing in December



Structure of Expenditure on Domestic Debt



By end-December foreign debt totaled EUR 7,295.4 million. Government debt accounted for EUR 6,903.1 million and government guaranteed debt amounted to EUR 392.3 million.

In December new foreign financing amounted to BGN 11,572.4 thousand. Payments on the debt totaled BGN 57,346.2 thousand, of which BGN 31,863.8 thousand principal repayments and BGN 25,482.4 thousand interest. Predominant among them were repayments to the World Bank (BGN 11,228.3 thousand), to the IMF (BGN 10,194 thousand) and on government guaranteed debt (BGN 7,047.1 thousand). Interest was repaid mainly to the World Bank (BGN 12,806.7 thousand), on government guaranteed debt (BGN 3,973.1 thousand) and to the European Union (BGN 3,136.4 thousand).

Since early-2003 received loans have totaled BGN 847,818 thousand, of which BGN 295,721.5 thousand receipts from the World Bank, BGN 256,649.9 thousand from the IMF, BGN 165,677.9 thousand on government investment loans and BGN 130,835.9 thousand on government guaranteed loans. Payments on the debt have amounted to BGN 1,410,535.8 thousand, including BGN 767,404.9 principal repayments. The largest amounts were repaid on Brady bonds (BGN 178,820.1 thousand), followed by repayments to the IMF (BGN 148,068.4 thousand), to the Paris Club (BGN 121,589.3 thousand), on government guaranteed loans (BGN 85,279 thousand) and on government investment loans (BGN 64,744.2 thousand). By end-December net foreign financing totaled BGN 80,413.1 thousand.

In November a forex swap transaction was concluded with the World Bank under FESAL 1, Financial and Enterprise Sector Adjustment Loan, extended by the World Bank. The initial loan amounted to USD 100 million. Principal and interest repayments were swapped in euro with effective date 15 December 2003. The debt amount as of the effective date was USD 95.8 million.

Foreign debt structure underwent certain changes as a result of the effected swap. Debt denominated in euro increased from 34.7% in November to 36.9% in December at the expense of the debt denominated in US dollars which comprised 47.2%. Debt in other currencies amounted to 16%. A slight change was reported in debt interest structure. Proportion between the debt with floating interest coupons and fixed interest coupons reached 62.4% to 37.6%. The average-weighted residual term to maturity of the foreign debt was nine years and ten months.

Other bonds (global bonds and eurobonds) occupied the largest share in debt structure by type of creditor, 27.9%, followed by Brady bonds, 25.9%, and debt to the IMF, 12.9%. Obligations to the World Bank comprised 11.9%, to the Paris Club, 3%, to the European Union, 4.8%, and on government guaranteed loans, 5.4%.

Foreign Debt

(million EUR)

Structure	2003											
	as of 31.XII. 2002	as of 31.I. as of 28.II. as of 31.III. as of 30.IV. as of 31.V. as of 30.VI. as of 31.VII. as of 31.VIII. as of 30.IX. as of 31.X. as of 30.XI. as of 31.XII.										
Government debt	7 623.6	7 498.3	7 505.6	7 426.2	7 222.3	7 367.2	7 397.2	7 541.8	7 239.7	7 248.1	7 116.8	6 903.1
I. Bonds	4 646.4	4 453.2	4 464.0	4 428.6	4 357.1	4 164.0	4 271.5	4 257.6	4 165.8	4 173.8	4 077.1	3 924.8
1. Brady bonds	2 398.7	2 254.1	2 261.2	2 237.8	2 190.3	2 062.3	2 133.6	2 109.2	2 048.8	2 054.1	1 990.3	1 890.1
2. Other bonds	2 247.7	2 199.1	2 202.8	2 190.8	2 166.8	2 101.7	2 137.9	2 148.4	2 117.0	2 119.8	2 086.7	2 034.7
II. Credits	2 977.3	3 045.1	3 041.7	2 997.6	3 150.4	3 058.2	3 095.7	3 139.6	3 073.9	3 074.3	3 039.7	2 978.3
1. Paris Club	284.5	282.5	264.8	242.3	241.3	239.6	240.3	240.6	220.0	220.3	219.5	218.9
2. World Bank	836.1	814.4	804.6	798.6	938.0	909.6	917.5	922.3	929.7	904.3	907.0	892.2
2.1. World Bank	716.9	699.6	691.8	687.2	830.0	807.3	814.1	817.7	821.9	797.8	798.7	767.7
2.2. JBC (JEXIM)	119.2	114.8	112.8	111.4	108.0	102.3	103.3	104.6	107.8	106.5	104.5	100.3
3. G24	48.9	47.8	47.4	47.9	47.4	46.1	43.9	44.8	43.5	43.7	43.1	42.0
4. European Union	390.0	390.0	390.0	390.0	390.0	390.0	390.0	390.0	350.0	350.0	350.0	350.0
5. IMF	990.9	962.4	984.7	971.0	977.7	930.0	949.2	984.2	1 003.2	995.3	970.6	940.2
6. Other	129.2	129.2	129.2	129.2	129.2	127.8	127.8	127.8	127.8	127.8	125.2*	125.2*
7. Government investment loans	236.7	359.7	362.6	361.2	370.0	360.6	371.6	375.6	384.1	372.2	377.3	381.8
7.1. World Bank	69.0	71.6	72.3	72.4	75.1	75.1	76.9	78.2	79.6	79.1	81.0	83.1
7.2. European Investment Bank	122.5	189.2	189.5	186.5	193.9	187.4	191.0	196.6	199.4	190.8	187.7	199.1
7.3. EBRD	40.2	40.2	40.2	40.0	39.4	37.3	38.2	34.7	35.6	34.0	34.1	32.9
7.4. Other	19.0	58.8	60.5	62.4	61.7	60.8	65.4	66.1	68.2	74.5	73.3*	73.3
8. Called government guarantees	61.0	59.0	57.7	57.4	56.8	54.6	55.5	55.1	54.7	53.0	53.0	51.4
8.1. World Bank	48.5	47.2	45.9	45.7	45.4	43.8	44.4	44.1	43.3	42.2	42.3	41.8
8.2. European Investment Bank	2.6	2.3	2.3	2.3	2.2	2.1	2.2	2.0	2.1	1.9	1.9	1.9
8.3. Other	9.9	9.5	9.5	9.4	9.2	8.7	9.0	9.1	8.8	8.8	8.8	7.8
Government guaranteed debt	530.5	396.1	387.8	388.3	386.1	366.9	397.7	401.0	399.7	401.2	402.3	392.3
1. World Bank	137.1	132.7	129.7	128.6	126.5	120.8	122.3	123.2	117.3	117.8	115.0	109.2
2. European Investment Bank	115.8	48.4	50.4	47.5	47.5	47.5	47.5	47.5	44.7	44.7	44.7	44.5
3. EBRD	60.7	40.5	40.6	41.1	39.4	38.2	38.5	40.0	41.8	41.8	41.2*	39.5
4. Other	216.8	174.5	167.1	171.0	172.6	160.4	189.3	190.2	196.0	197.1	201.4*	199.0
FOREIGN DEBT, TOTAL	8 154.1	7 894.5	7 893.4	7 814.5	7 893.6	7 589.2	7 764.9	7 798.2	7 639.4	7 649.3	7 519.1	7 295.4
FOREIGN DEBT, TOTAL (million USD)	8 460.6	8 538.7	8 520.5	8 514.0	8 786.4	8 971.9	8 872.9	8 826.0	8 687.9	8 901.4	8 890.0	9 014.1

Notes:

- Foreign debt based on cash flows as of 1 January 2003.
- Credits in *Government investment loans* and *Government guaranteed debt* groups have been rearranged according to the provisions of the Law on the Government Debt (published in the State Gazette, issue 93 of 1 October 2002).
- The IMF extends its tranches to the central bank which then on-lends them to the government under Article 45 of the Law on the BNB. So far, the credits extended to the MF by the BNB are reported as domestic government debt to the BNB, on the one hand, and foreign liabilities of the BNB to the IMF, on the other hand. In the *Government Debt Management* bulletin, debt to the IMF is included in the foreign debt structure and excluded from domestic debt structure in order to avoid any mistakes in using debt information.
- Debt recalculation in US dollars and in euro is based on BNB exchange rates of the relevant currencies against the Bulgarian lev valid for the last business day of the period.
- Preliminary data for December 2003.

* Revised data.

New Foreign Financing and Foreign Debt Payments as of 31 December

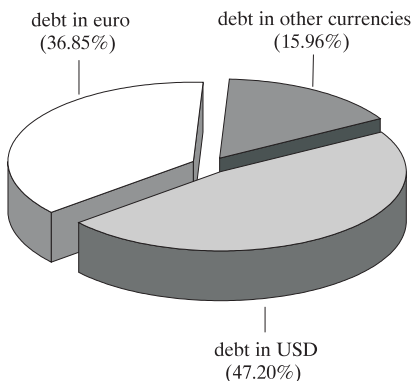
(thousand BGN)

Structure	Received credits (tranches)	Payments, incl.	
		installments	interest
Government debt	716 982.1	682 125.9	612 411.8
I. Bonds	-	178 820.1	434 769.0
1. Brady bonds	-	178 820.1	107 644.3
2. Other bonds	-	-	327 124.6
II. Credits	716 982.1	503 305.8	177 642.9
1. Paris Club	-	121 589.3	19 990.2
2. World Bank	295 721.5	75 142.7	52 417.0
2.1. World Bank	295 721.5	56 252.6	46 689.4
2.2. JBIC (JEXIM)	-	18 890.1	5 727.6
3. G24	-	5 991.8	2 431.7
4. European Union	-	78 233.2	20 326.7
5. IMF	256 649.9	148 068.4	42 165.7
6. Other	-	-	3 710.4
7. Government investment loans	165 677.9	64 744.2	32 651.2
7.1. World Bank	33 346.3	3 579.0	4 501.4
7.2. European Investment Bank	93 696.5	44 510.5	22 033.8
7.3. EBRD	59.4	16 654.7	3 612.3
7.4. Other	38 575.8	-	2 503.7
8. Called government guarantees	-1 067.3	9 536.1	3 950.1
8.1. World Bank	-1 067.3	7 194.3	3 116.6
8.2. European Investment Bank	-	809.9	327.9
8.3. Other	-	1 532.0	505.5
Government guaranteed debt	130 835.9	85 279.0	30 719.1
1. World Bank	1 019.4	19 522.6	11 851.1
2. European Investment Bank	3 911.7	11 541.8	5 150.9
3. EBRD	18 248.8	12 584.4	2 341.7
4. Other	107 656.1	41 630.2	11 375.3
TOTAL	847 818.0	767 404.9	643 130.9

Notes:

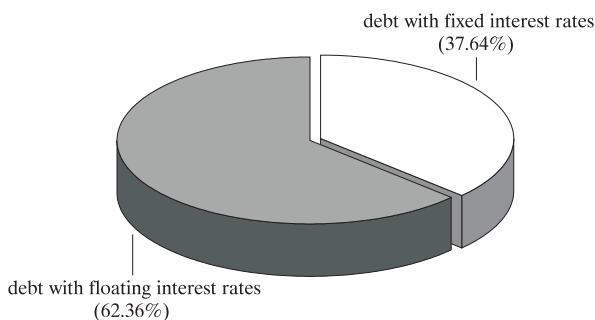
1. Values in BGN of the new foreign financing and payments effected are calculated on the basis of BNB central exchange rates of the respective foreign currencies against the Bulgarian lev valid until 4.00 p.m. on the day of corresponding payment.
2. Preliminary data.

Forex Composition of the Foreign Debt as of 31 December

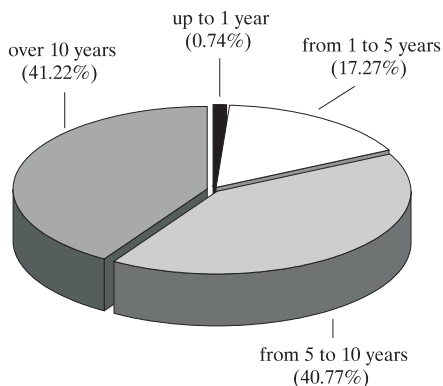


Note: Including swaps.

Interest Rate Structure of the Foreign Debt as of 31 December



Residual Term to Maturity of the Foreign Debt as of 31 December



Note: The average-weighted residual term to maturity of the foreign debt is nine years and ten months.

By end-December government and government guaranteed debt totaled EUR 8,441.3 million, including domestic debt of EUR 1,145.9 million and foreign debt of EUR 7,295.4 million. The decrease in absolute terms was EUR 228.7 million on the previous month mainly due to the USD/EUR exchange rate devaluation in the international financial markets and repayments made in December.

By end-December the *debt to GDP* ratio was 47.8%, down 1.3% on November 2003. The values of the *domestic debt to GDP* ratio and the *foreign debt to GDP* ratio accounted for 6.5% and 41.3% respectively.

Domestic debt occupied 13.6% in debt structure and foreign debt, 86.4% (Chart 23). The upward trend in the share of domestic debt was sustained reflecting the positive net issue of government securities in the domestic market at the expense of the negative net foreign financing.

Forex debt composition underwent certain changes on the previous month as a result of the effected swap. By end-December the share of the debt in US dollars indicated a significant decrease of 2.1 basis points reaching 42.3%. At the expense of the debt in US dollars, the debt in euro increased by 1.9% on November and amounted to 34.9%. Debt in levs rose to 9% and debt in other currencies stayed at 13.8% (Chart 24).

Debt on other bonds (global bonds and eurobonds) occupied the largest share in debt structure by type of creditor, 24.1%, followed by Brady bonds, 22.4%, domestic debt (government securities), 13.6%, debt to the IMF, 11.1%, and debt to the World Bank, 10.3% (Chart 25).

By end-December debt interest structure reflected slight changes: debt with fixed interest was 42.8%, while the debt with floating interest comprised 57.2% (Chart 26).

Since early 2003 payments effected on government and government guaranteed debt have totaled BGN 2,213.1 million, including domestic debt payments of BGN 803.5 million and foreign debt payments of BGN 1,410.5 million (Chart 27). In December payments to the World Bank and the IMF, on government guaranteed loans, comprised the most significant share, while the main repayments related to domestic debt were effected on government securities issued for budget deficit financing.

By end-December payments in levs (BGN 803.5 million) accounted for the biggest share in the forex composition of debt payments, followed by payments in US dollars (recalculated in levs: BGN 586 million) and in euro (BGN 508.1 million, Chart 28).

Government and Government Guaranteed Debt

(million EUR)

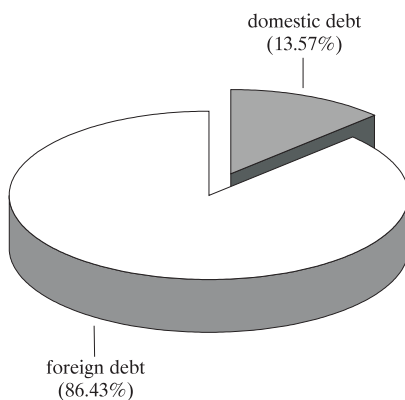
Structure	2003												
	as of 31.XII. 2002	as of 31.I.	as of 28.II.	as of 31.III.	as of 30.IV.	as of 31.V.	as of 30.VI.	as of 31.VII.	as of 31.VIII.	as of 30.IX.	as of 31.X.	as of 30.XI.	as of 31.XII.
Domestic debt	1 079.7	1 081.1	1 128.9	1 172.1	1 148.6	1 138.2	1 142.5	1 133.0	1 143.7	1 134.1	1 121.9	1 151.0	1 145.9
I. Government debt	1 078.8	1 080.1	1 128.1	1 171.5	1 148.2	1 137.9	1 142.5	1 133.0	1 143.7	1 134.1	1 121.9	1 151.0	1 145.9
1. Government securities issued	747.6	775.3	822.8	868.0	848.4	848.2	848.1	837.7	845.1	845.6	835.3	868.9*	871.2
2. Government securities issued for budget deficit financing													
2. Government securities issued for structural reform	331.1	304.9	305.4	303.4	299.8	289.7	294.4	295.4	298.6	288.5	286.5	282.0	274.7
II. Government guaranteed debt	1.0	0.9	0.8	0.6	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign debt	8 154.1	7 894.5	7 893.4	7 814.6	7 893.6	7 589.2	7 764.9	7 798.2	7 950.9	7 639.4	7 649.3	7 519.1	7 295.4
I. Government debt	7 623.6	7 498.3	7 505.7	7 426.3	7 507.5	7 222.3	7 367.2	7 397.2	7 541.8	7 239.7	7 248.1	7 116.8	6 903.1
1. Bonds	4 646.4	4 453.2	4 464.0	4 428.6	4 357.1	4 164.0	4 271.5	4 257.6	4 372.2	4 165.8	4 173.8	4 077.1	3 924.8
2. Credits	2 977.3	3 045.1	3 041.7	2 997.7	3 150.5	3 058.2	3 095.7	3 139.6	3 169.5	3 073.9	3 074.3	3 039.7*	2 978.3
Government investment loans	236.7	359.7	362.6	361.2	370.0	360.6	371.6	375.6	384.1	372.2	377.3	387.7*	381.8
Called government guarantees	61.0	59.0	57.7	57.4	56.8	54.6	55.5	55.1	54.7	53.0	53.0	51.4	50.2
II. Government guaranteed debt	530.5	396.1	387.8	388.3	386.1	366.9	397.7	401.0	409.1	399.7	401.2	402.3*	392.3
Debt, total	9 233.9	8 975.5	9 022.3	8 986.6	9 042.2	8 727.4	8 907.4	8 931.2	9 094.6	8 773.5	8 771.2	8 670.0	8 441.3
Debt/GDP (%)	55.9	50.9	51.1	50.9	51.2	49.5	50.5	50.6	51.5	48.7	49.7	49.1	47.8
Domestic debt/GDP (%)	6.5	6.1	6.4	6.6	6.5	6.5	6.5	6.4	6.5	6.3	6.4	6.5	6.5
Foreign debt/GDP (%)	49.3	44.7	44.7	44.3	44.7	43.0	44.0	44.2	45.1	42.4	43.4	42.6	41.3

Notes:

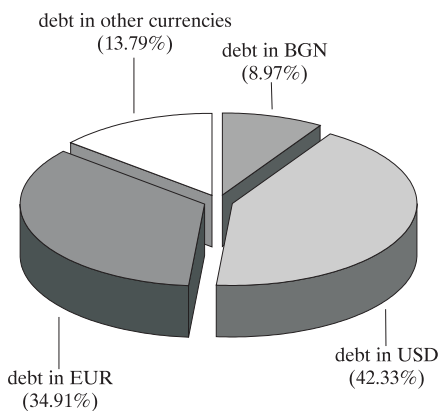
- Debt based on cash flows. Foreign debt based on cash flows as of 1 January 2003.
- Revised GDP projection for 2003: BGN 34,509 million. GDP for 2002: BGN 32,323.7 million.
- The IMF extends its tranches to the central bank which then on-lends them to the government under Article 45 of the Law on the BNB. So far, the credits extended to the MF by the BNB are reported as domestic government debt to the BNB, on the one hand, and foreign liabilities of the BNB to the IMF, on the other hand.
- In the present issue of *Government Debt Management* bulletin, debt to the IMF is included in the foreign debt structure and excluded from domestic debt structure.
- Debt recalculation in US dollars and in euro is based on BNB exchange rates of the relevant currencies against the Bulgarian lev valid for the last business day of the period.
- Preliminary data for December 2003.

* Revised data.

Debt Structure as of 31 December

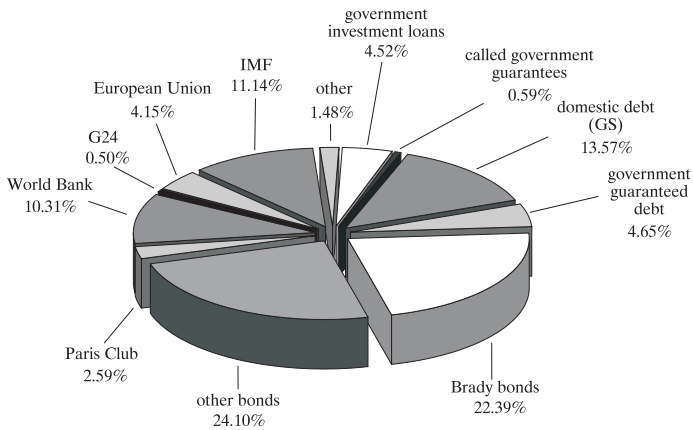


Debt Forex Structure as of 31 December

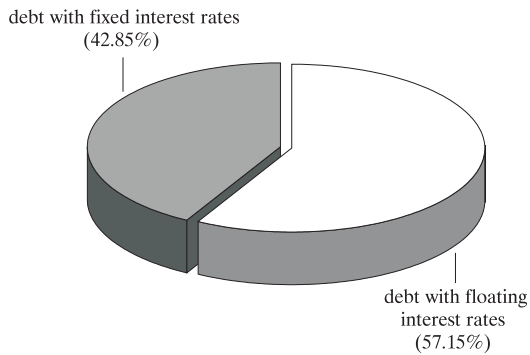


Note: Including swaps.

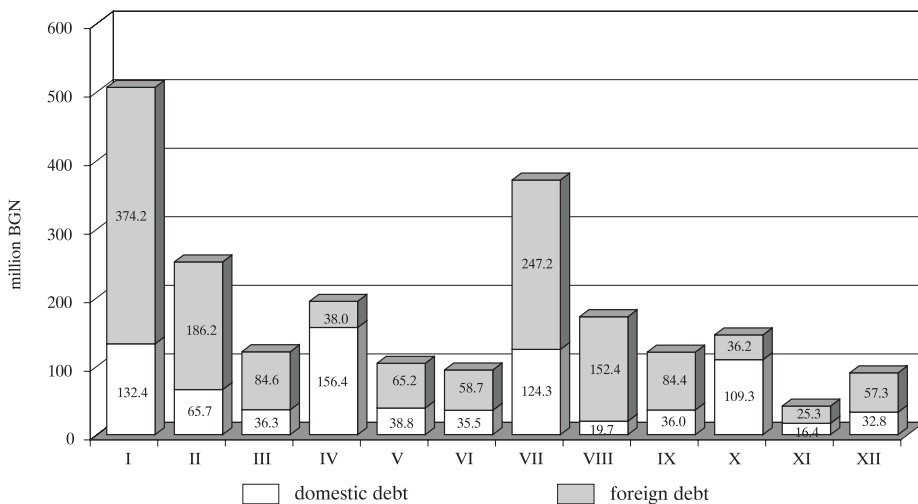
Debt Structure by Creditor as of 31 December



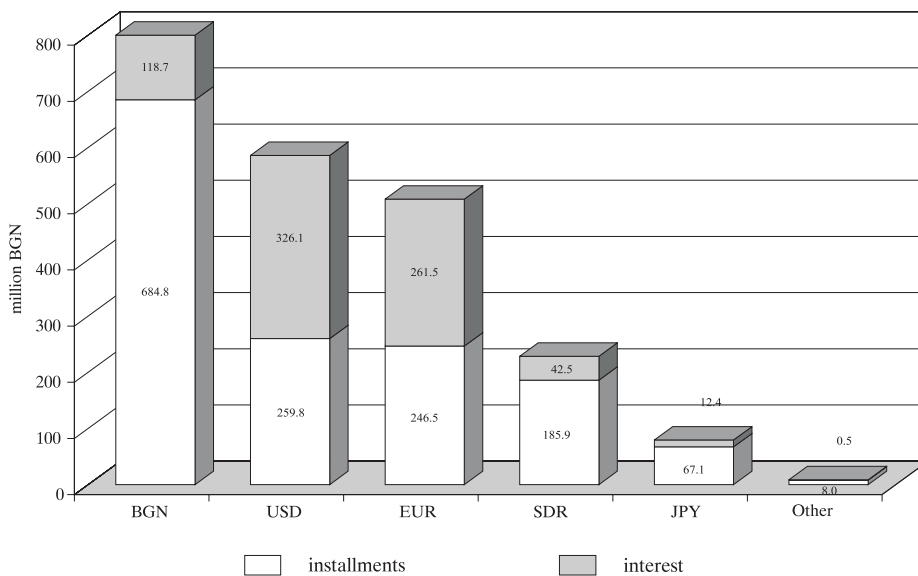
Debt Interest Structure as of 31 December



Government Debt Payments



Currency Structure of Government Debt Payments as of 31 December



Government Securities Issued in Domestic Market and Held by Nonresidents

Government securities type	2003												
	31.XII.2002		31.I.	28.II.	31.III.	30.IV.	31.V.	30.VI.	31.VII.	31.VIII.	30.IX.	31.X.	30.XI.
Government securities issued for budget deficit financing	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	2 540.5	2 540.5	2 540.5	2 735.1	7 331.3
– in EUR	-	-	-	-	-	-	-	-	-	-	-	194.6	194.6
Government securities issued for structural reform	71 326.7	66 848.8	66 869.9	66 800.6	66 660.6	70 339.2	65 011.8	65 058.2	65 232.1	61 007.2	53 196.0	30 557.1	
– in USD	7 368.0	6 652.4	6 673.4	6 604.2	6 464.2	6 086.3	4 815.4	4 861.7	5 035.7	4 722.4	4 734.6	4 587.7	
– in EUR	63 958.7	60 196.4	60 196.4	60 196.4	60 196.4	64 252.8	60 196.4	60 196.4	60 196.4	56 284.8	48 461.5	25 969.4	
Total	71 326.8	66 848.9	66 870.0	66 800.7	66 660.7	70 339.3	65 011.9	67 598.7	67 772.7	63 547.7	55 931.1	37 888.4	

(thousand BGN)

Government Securities Issued in International Market and Held by Residents

Government securities type	2003												
	31.XII.2002		31.I.	28.II.	31.III.	30.IV.	31.V.	30.VI.	31.VII.	31.VIII.	30.IX.	31.X.	30.XI.
Brady bonds	69.4	71.0	73.9	76.8	73.9	73.9	78.2	81.2	82.8	86.1	85.9	85.9	
Eurobonds	74.4	72.8	69.4	70.5	70.3	68.7	68.3	70.4	71.6	77.3	86.0	84.9	
Global bonds	189.2	197.2	199.1	217.2	221.7	213.6	210.6	214.3	220.1	215.1	214.3	207.9	
– in EUR	136.3	140.7	140.4	151.5	146.9	152.4	152.4	150.6	145.8	148.7	147.3	148.4	
– in USD	52.9	56.6	58.6	65.7	74.9	61.3	58.2	63.7	74.3	66.5	67.1	59.5	
Total	332.9	341.0	342.4	364.4	365.9	356.3	357.1	365.9	374.5	376.5	386.2	378.8	

(million USD)

* Revised data.

MUNICIPAL DEBT AND SOCIAL SECURITY FUNDS

Municipal Debt and Municipal Guarantees

Structure	as of 31.XII. 2002	2003							(thousand BGN)			
	as of 31.I. as of 28.II. as of 31.III. as of 30.IV. as of 31.V. as of 31.VI. as of 31.VII. as of 31.VIII. as of 30.IX. as of 31.X. as of 30.XI.	34 745.12	33 719.18	32 738.52	34 417.38	36 240.35	36 717.56	40 039.15		41 724.08	43 218.02	43 398.26
I. Domestic municipal debt and municipal guarantees	44 597.65	34 745.12	33 719.18	32 738.52	34 417.38	36 240.35	36 717.56	40 039.15	41 724.08	43 218.02	43 398.26	42 848.82
I.1. Municipal debt	42 342.55	32 502.32	32 274.19	31 295.02	33 000.67	34 826.87	35 304.07	38 626.48	40 311.41	41 806.77	41 986.42	41 810.38
I.1.1. Government securities issues (at nominal value as of corresponding period)	9 164.70	9 164.70	9 164.70	9 164.70	10 484.70	10 484.70	10 484.70	10 484.70	10 484.70	10 484.70	8 528.87	8 454.57
I.2. Loans from banks and other financial institutions	9 122.33	8 806.00	9 016.12	9 664.69	9 339.27	11 185.77	11 633.00	15 471.79	16 854.46	18 712.12	20 294.23 *	20 545.82
I.3. Loans from the republican budget	11 169.60	3 810.50	3 810.50	2 775.50	3 185.42	3 185.42	3 086.34	2 875.73	2 852.94	3 056.28	3 056.28	2 780.51
I.4. Loans from extrabudgetary accounts and funds	9 611.36	7 473.06	7 014.24	6 632.59	7 044.45	7 082.74	7 337.29	7 068.68	7 007.82	6 330.41	6 553.02 *	6 443.39
I.5. Loans from other municipalities	-	-	-	-	-	-	-	-	-	-	-	-
I.6. Called municipal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
I.7. Other	3 274.56	3 248.07	3 268.63	3 060.54	2 946.84	2 888.25	2 762.75	2 725.58	3 111.50	3 243.27	3 574.02 *	3 586.09
2. Municipal guarantees	2 255.10	2 242.80	1 444.99	1 443.51	1 416.70	1 413.49	1 413.49	1 412.67	1 412.67	1 411.85	1 411.85	1 035.44
II. Foreign municipal debt and municipal guarantees	4 205.04	2 285.99	2 672.57	2 998.50	3 215.30	3 063.08	3 473.56	3 627.95	3 823.63	7 023.63	7 146.93	17 782.56
I.1. Municipal debt	4 205.04	2 285.99	2 672.57	2 998.50	3 215.30	3 063.08	3 473.56	3 627.95	3 823.63	7 023.63	7 146.93	17 782.56
I.1.1. Loans from banks and other financial institutions	4 205.04	2 285.99	2 672.57	2 998.50	3 215.30	3 063.08	3 473.56	3 627.95	3 823.63	7 023.63	7 146.93	17 782.56
2. Municipal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Municipal debt and municipal guarantees, total	48 802.69	37 031.11	36 391.75	35 737.02	37 632.67	39 323.43	40 191.12	43 667.10	45 547.70	50 242.25	50 545.19	60 628.38

Notes:

- The loan extended by the Council of Europe Development Bank (CEB) under the *Building and Rehabilitation of Houses for Rom Families* project (utilized by the Sofia Municipality) is excluded from *II. Foreign municipal debt and municipal guarantees, I. Municipal debt, I.1. Loans from banks and other financial institutions*, since it is reported under *Chapter Four (Government and Government Guaranteed Debt), Foreign Debt, I. Government debt, 2. Credits*.
- The loan extended by the Japan Bank for International Cooperation (JBIC) to the Sofia Municipality under the Loan Agreement is reported under *II. Foreign municipal debt and municipal guarantees, I. Municipal debt, I.1. Loans from banks and other financial institutions* as a foreign municipal debt. Pursuant to the Guarantee Agreement concluded between the Government of Bulgaria and the Government of Japan under the Loan Agreement, this loan is guaranteed by the Bulgarian Government and is reported under *Chapter Four (Government and Government Guaranteed Debt), Foreign Debt, II. Government guaranteed debt*.
- Debt recalculation in US dollars and in euro is based on the BNB central exchange rates of the relevant currencies against the Bulgarian lev valid for the last business day of the period.

* Revised data.

Social Security Funds Debt

(thousand BGN)

Structure	2003													
	as of 31.XII. 2002	as of 28.II. as of 31.I. as of 30.IV. as of 31.V. as of 30.VI. as of 31.VII. as of 31.VIII. as of 30.IX. as of 31.X. as of 30.XI. as of 31.XII.	37 482.3	37 397.1	37 403.5	37 382.6	37 340.3	37 226.3	36 432.6	36 450.5	36 517.6	36 396.8	36 401.5	45 544.8
Domestic debt														
I. National Insurance Institute	37 482.3	37 397.1	37 403.5	37 382.6	37 340.3	37 226.3	36 432.6	36 450.5	36 517.6	36 396.8	36 401.5	45 544.8	35 378.2	
1. Other ¹	37 482.3	37 397.1	37 403.5	37 382.6	37 340.3	37 226.3	36 432.6	36 450.5	36 517.6	36 396.8	36 401.5	36 344.8*	35 378.2	
2. Loans from the republican budget	-	-	-	-	-	-	-	-	-	-	-	-	9 200.0*	
II. National Health Insurance Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Teachers' Pension Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign debt														

¹ The loan was extended by the Ministry of Finance to the National Insurance Institute under a subloan agreement concluded on the basis the loan agreement between the Republic of Bulgaria and the International Bank for Reconstruction and Development (the World Bank) under the *Social Insurance Administration* project

Debt recalculation in US dollars and in euro is based on the BNB central exchange rates of the relevant currencies against the Bulgarian lev valid for the last business day of the period.

* Revised data.

CONSOLIDATED DEBT

Consolidated Debt Amount

Structure	2003											
	as of 31.XII. 2002	as of 31.I. as of 28.II.	as of 31.III.	as of 30.IV.	as of 31.V.	as of 30.VI.	as of 31.VII.	as of 31.VIII.	as of 30.IX.	as of 31.X.	as of 30.XI.	
I. Consolidated government debt	8 726.2	8 596.3	8 651.6	8 615.3	8 674.2	8 379.5	8 529.5	8 551.9	8 685.5	8 398.8	8 395.1	8 302.9
1. Central government debt	8 702.4	8 578.5	8 633.7	8 597.8	8 655.6	8 360.2	8 509.7	8 530.3	8 685.5	8 373.8	8 370.0*	8 267.7
2. Social security funds debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7
3. Municipal debt	23.8	17.8	17.9	17.5	18.5	19.4	19.8	21.6	25.0	25.1*	30.5	
II. Government guaranteed debt	531.5	397.0	388.6	388.8	386.5	367.2	397.7	401.0	409.1	399.7	401.2	402.3
III. Municipal guarantees	1.2	1.1	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.5
Debt, total (I+II+III)	9 258.9	8 994.4	9 040.9	9 004.9	9 061.4	8 747.5	8 927.9	8 953.5	9 095.3	8 799.2	8 797.0	8 705.7
Debt/GDP (%)	56.02	50.98	51.24	51.04	51.36	49.58	50.60	50.75	51.55	49.87	49.86	49.34

Notes:

1. Government debt based on cash flows. Foreign debt based on cash flows as of 1 January 2003.
2. Revised GDP projection for 2003: BGN 34,509 million. GDP for 2002: BGN 32,323.7 million.

3. Debt recalculation in euro is based on the BNB central exchange rates of the relevant currencies against the Bulgarian lev valid for the last business day of the period.

4. The IMF extends its tranches to the central bank which then on-lends them to the government under Article 45 of the Law on the BNB. So far, the credits extended to the MF by the BNB are reported as domestic government debt to the BNB, on the one hand, and foreign liabilities of the BNB to the IMF, on the other hand. In the *Government Debt Management* bulletin, debt to the IMF is included in the foreign debt structure and excluded from domestic debt structure.

5. The loan extended by the Ministry of Finance to the National Insurance Institute under a subloan agreement concluded on the basis of the loan agreement between the Republic of Bulgaria and the International Bank for Reconstruction and Development (the World Bank) under the *Social Insurance Administration* project is excluded from 2. *Social Security Funds Debt* and is reported under 1. *Central government debt*.

6. The loan extended by the Council of Europe Development Bank (CEB) under the *Building and Rehabilitation of Houses for Rom Families* project (utilized by the Sofia Municipality) is excluded from 3. *Municipal debt* and is reported under 1. *Central government debt*.

7. The loan extended by the Japan Bank for International Cooperation (JBIC) to the Sofia Municipality under the Loan Agreement is reported under 1. *Consolidated government debt*. 3. *Municipal debt* as a foreign municipal debt. Pursuant to the Guarantee Agreement concluded between the Government of Bulgaria and the Government of Japan under the Loan Agreement, this loan is guaranteed by the Bulgarian Government and is reported under 11. *Government guaranteed debt*.

* Revised data.