

MINISTRY OF FINANCE

**GOVERNMENT DEBT
MANAGEMENT**

DECEMBER 2002

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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>
CGB	– <i>Central Government Budget</i>
CM	– <i>Council of Ministers</i>
CMD	– <i>Council of Ministers Decree</i>
CSB	– <i>Consolidated State Budget</i>
EAPA	– <i>Economic Analyses and Projections Agency</i>
EBRD	– <i>European Bank for Reconstruction and Development</i>
GDP	– <i>Gross Domestic Product</i>
GGG	– <i>Guarantee Government Securities</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>
SFRD	– <i>State Fund for Reconstruction and Development</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>

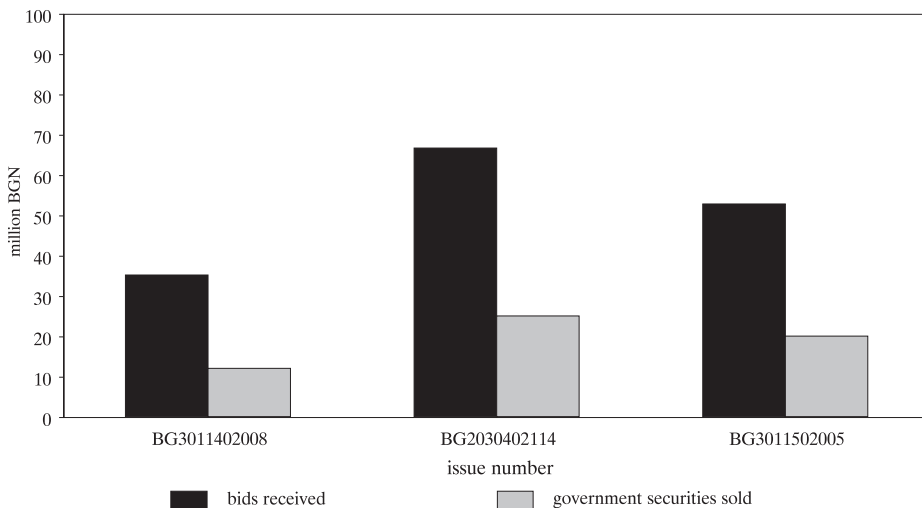
BUDGET DEFICIT FINANCING BY GOVERNMENT SECURITIES ISSUES

According to the issuing schedule for 2002, three auctions for sale of government securities were held in December. The Ministry of Finance issued three government securities issues under Regulation No. 5, including two discount treasury bills issues (Nos. BG3011402008 and BG3011502005) and one medium-term (three-year) tap treasury bonds issue (No. BG2030402114). The three-year treasury bonds issue (issued in September 2002) was opened for the second (last) time in December.

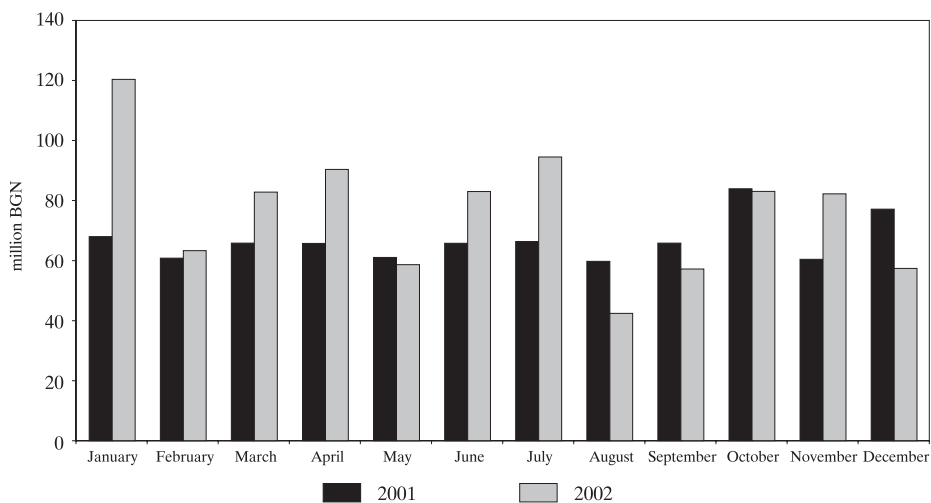
At the auctions primary dealers' bids totaled BGN 154,658 thousand: BGN 35,158 thousand for three-month government securities, BGN 52,800 thousand for twelve-month and BGN 66,700 thousand for three-year government securities (Chart 1). Approved bids totaled BGN 57,000 thousand nominal value, including three-month of BGN 12,000 thousand, twelve-month of BGN 20,000 thousand, and three-year of BGN 25,000 thousand (Charts 2 and 3). Coverage coefficient of the issues approved for sale in December accounted for 2.71: 2.93 on three-month, 2.64 on twelve-month and 2.67 on three-year government securities (Chart 4). Government securities issued in December decreased by BGN 19.69 million on a year earlier basis (Chart 2).

Chart 1

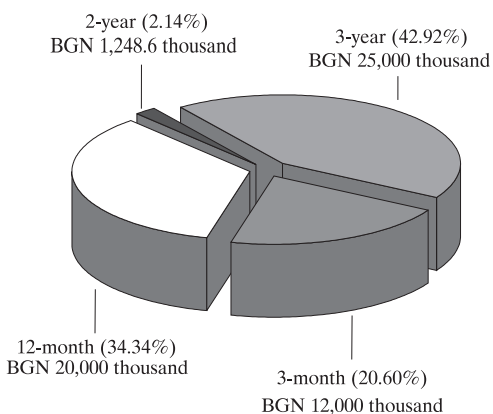
Government Securities Issue in December



Sales of Government Securities Issues

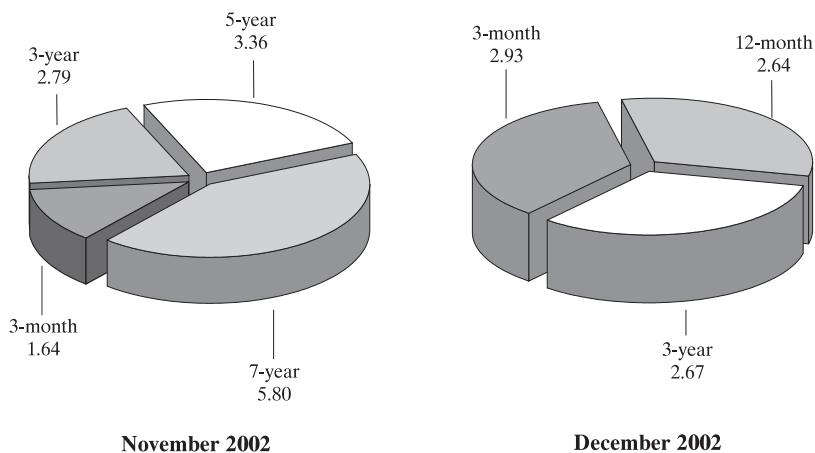


Structure and Volume of Government Securities Issued for Budget Deficit Financing in December



Note: Including target issues of government securities.

Coverage Coefficients of Issues Sold*



* Proportion between bids received and government securities sold.

The yield on three-month government securities attained in the primary market decreased slightly in December – by 3.31%. The yield on twelve-month government securities decreased from 5.36% to 4.84%, or by 0.5 percentage points. The yield on three-year government securities reached 5.71% reflecting a decrease by 0.2 percentage points compared with the previous month (Charts 5, 6 and 8).

One 2002 treasury bills issue (BG3011002006) matured in December.

In the review period one issue of two-year treasury bonds earmarked for direct sale to individuals was put in circulation: issue No. 724 of 4 December 2002. The issue totaled BGN 713.316 thousand nominal value (Chart 11). One issue, amounting to BGN 883.9 thousand (issued in 2000), matured in December. During the period under review reverse repurchases accounted for BGN 245.4 thousand (Chart 12).

Prices of Issues Sold per BGN 100 Nominal Value

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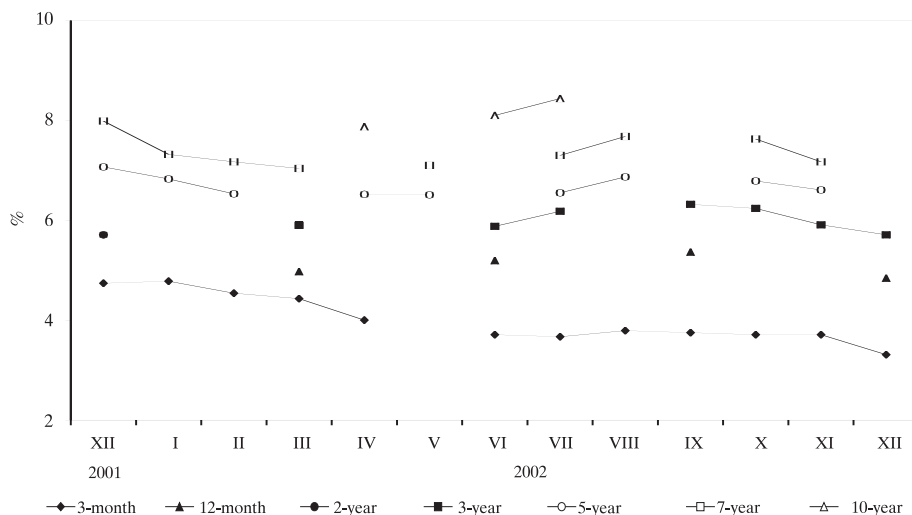
	3-month	3-year	5-year	7-year
	BG3011302000	BG2030302116	BG2030202118	BG2040302213
Minimum	99.05	99.38	99.30	98.94
Average-weighted	99.06	99.57	99.52	99.09
Maximum	99.18	100.11	101.44	101.00

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	3-month	12-month	3-year
	BG3011402008	BG3011502005	BG2030402114
Minimum	99.15	95.27	100.60
Average-weighted	99.18	95.32	100.80
Maximum	99.30	95.63	101.89

Chart 5

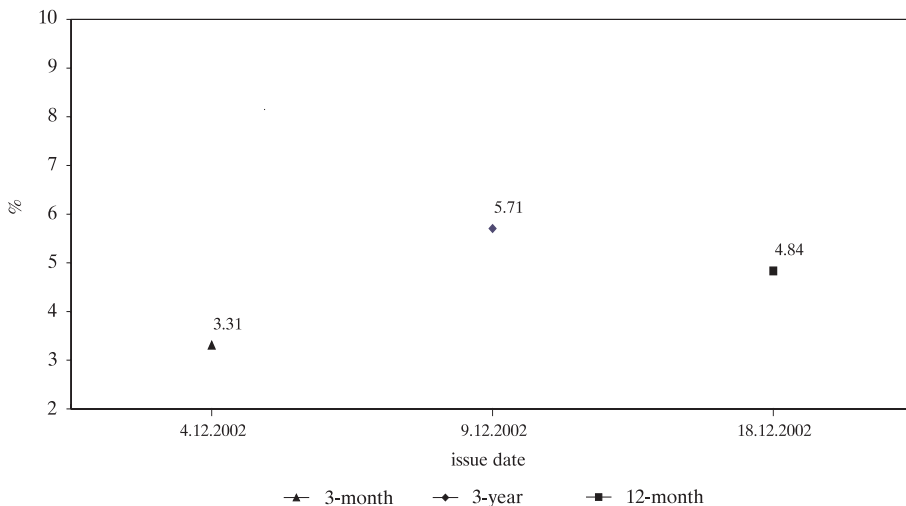
Yield of Primary Market Government Securities



Note: The yield is on an effective annual basis.

Chart 6

Dynamics of the Average Annual Yield of Primary Market Government Securities



Note: Three-year tap government securities issue; the above date indicates the auction date.

Chart 7

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

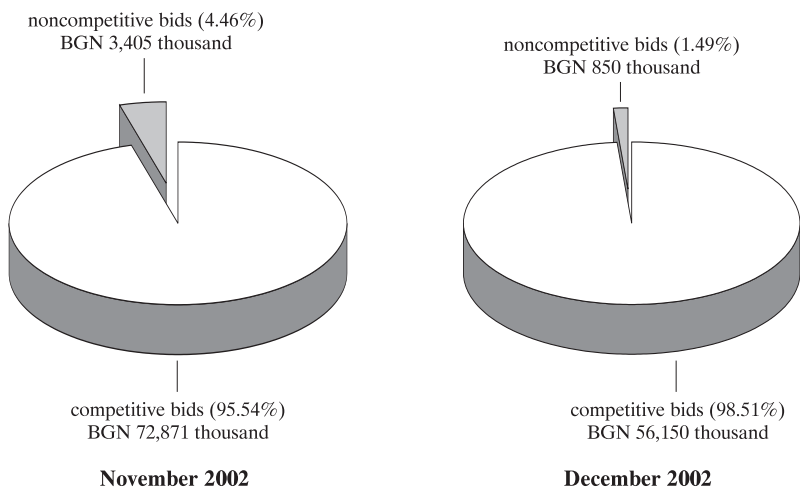
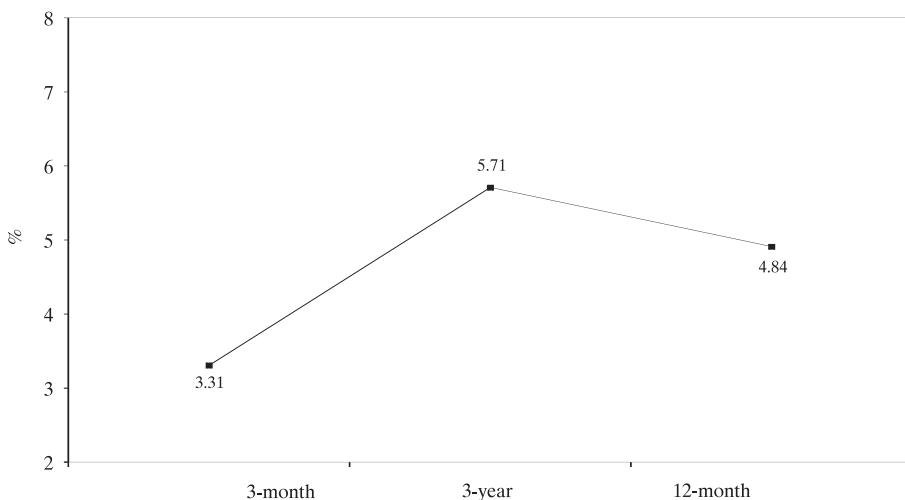


Chart 8

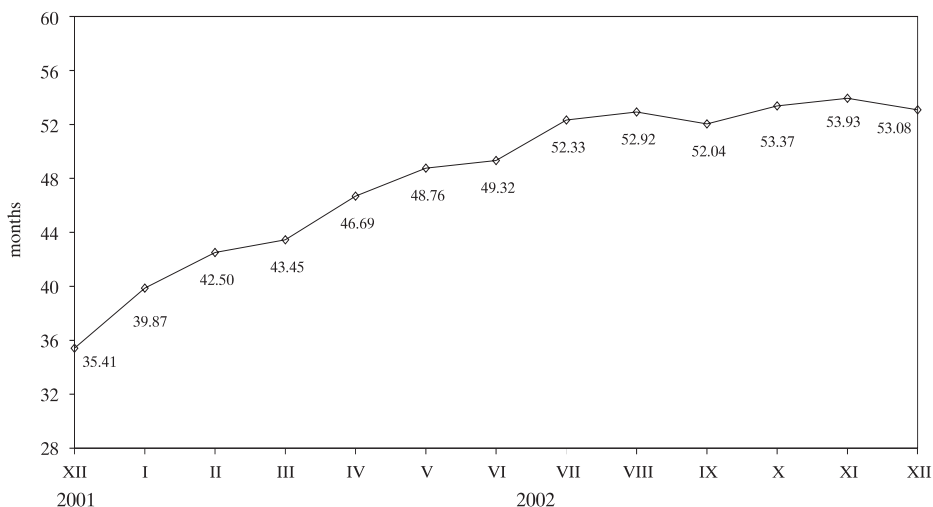
Yield Curve of Primary Market Government Securities in December



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

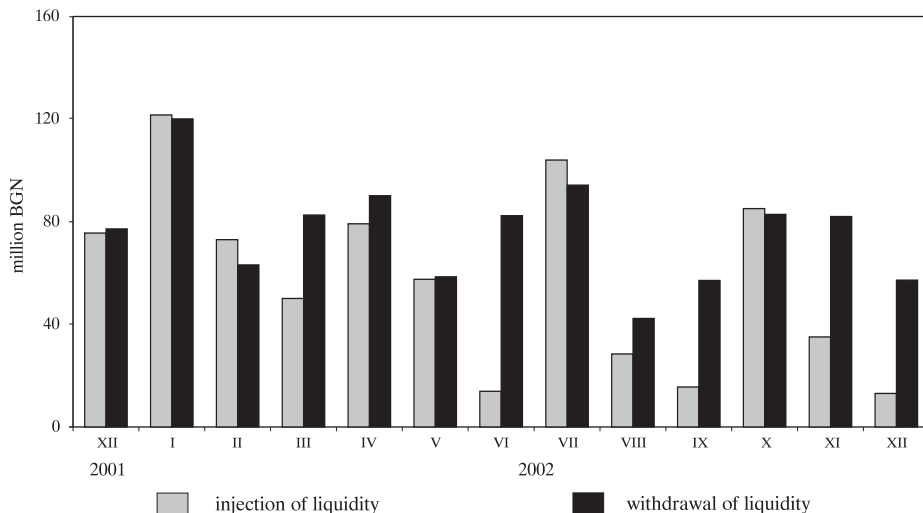
Chart 9

Average Term of Outstanding Government Securities Issues by Month

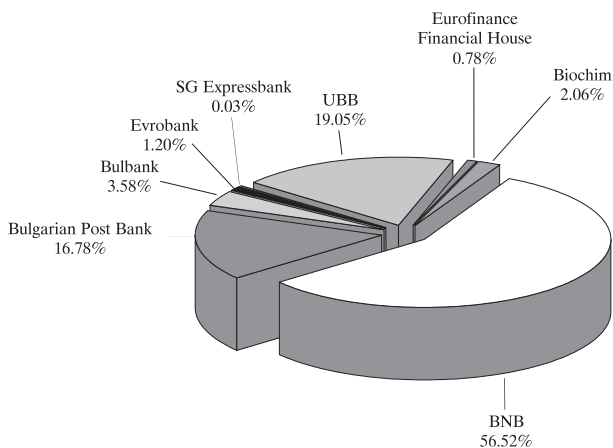


Note: The average term is calculated on the basis of the maturity structure of government securities issued for budget deficit financing.

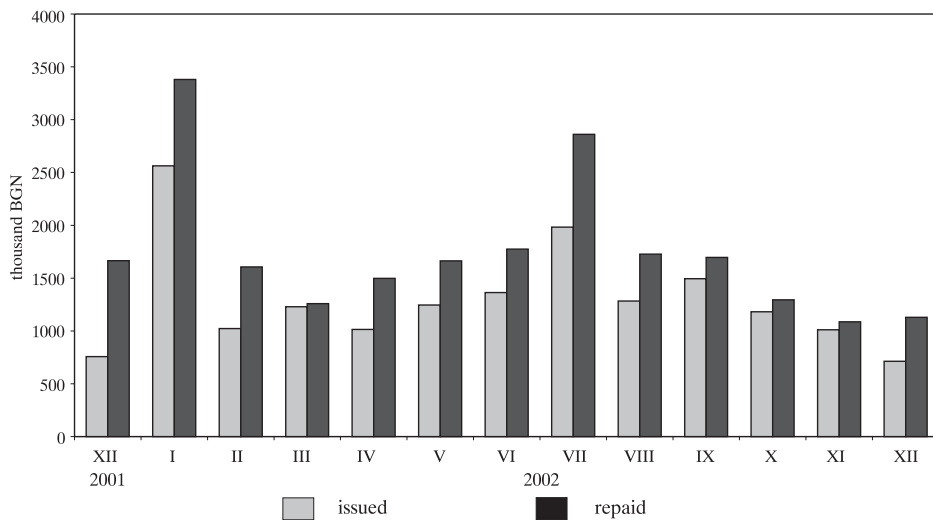
Monthly Liquidity Regulation through Government Securities Issues and Maturities



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

Issue No.	BG3010302001	BG3010702002	BG3011102004	BG3011202002	BG3011302000	BG3011402008	BG3011502005
Issue date	27.03.2002	26.06.2002	25.09.2002	02.10.2002	06.11.2002	04.12.2002	18.12.2002
Maturity date	27.03.2003	26.06.2003	25.09.2003	02.01.2003	06.02.2003	04.03.2003	18.12.2003
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	20 000.00	12 000.00	12 000.00	12 000.00	20 000.00
Total nominal value of the bids received (thousand BGN)	40 420.00	21 700.00	40 901.05	18 805.00	19 710.00	35 158.00	52 800.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	20 000.00	12 000.00	12 000.00	12 000.00	20 000.00
Average price of the bids approved per BGN 100 (%)	95.20	95.00	94.85	99.06	99.06	99.18	95.32
Average discount per BGN 100 (%)	4.80	5.00	5.15	0.94	0.94	0.82	4.68
Average annual yield (%)	4.97	5.19	5.36	3.71	3.71	3.31	4.91
Effective annual yield (%)	4.97	5.19	5.35	3.76	3.76	3.35	4.84
Coverage coefficient	2.02	1.09	2.05	1.57	1.64	2.93	2.64

Treasury Bonds

Issue No.	BG2030798115	BG2030998111	BG2031198117	BG2030699115	BG2030999119	BG2030100114 ¹	BG2030500115 ²	BG2030700111 ²
Issue date	30.04.1998	28.05.1998	02.07.1998	31.03.1999	29.04.1999	09.02.2000	19.04.2000	19.07.2000
Maturity date	24.04.2003	22.05.2003	26.06.2003	24.03.2004	22.04.2004	05.02.2003	16.04.2003	16.07.2003
Nominal value of the offer (thousand BGN)	1 000.00	2 000.00	2 000.00	2 000.00	3 000.00	50 000.00	30 000.00	30 000.00
Total nominal value of the bids received (thousand BGN)	3 605.00	3 440.00	2 070.00	2 795.00	1 190.00	192 244.60	120 312.85	131 450.00
Total nominal value of the bids approved (thousand BGN)	1 000.00	2 000.00	2 000.00	2 000.00	1 190.00	50 000.00	30 000.00	30 000.00
Average price of the bids approved per BGN 100 (%)	87.14	84.78	76.20	86.35	78.37	100.83	99.94	101.43
Interest rate	8.00	8.00	7.00	9.00	9.00	9.00	8.00	8.00
Coverage coefficient	3.61	1.72	1.04	1.40	0.40	3.84	4.01	4.38

(continued)

(continued)

Issue No.	BG2030900117²	BG2031000115²	BG2030001114³	BG2030101112²	BG2030201110³	BG2030301118²	BG2030401116³	BG2030501113²
Issue date	11.10.2000	18.10.2000	10.01.2001	24.01.2001	11.04.2001	25.04.2001	11.07.2001	25.07.2001
Maturity date	05.10.2005	15.10.2003	10.01.2003	24.01.2006	11.04.2003	25.04.2006	11.07.2003	25.07.2006
Nominal value of the offer (thousand BGN)	40 000.00	30 000.00	50 000.00	60 000.00	50 000.00	60 000.00	50 000.00	60 000.00
Total nominal value of the bids received (thousand BGN)	113 365.10	110 383.00	121 965.00	253 630.14	95 565.00	165 396.00	87 163.00	140 070.00
Total nominal value of the bids approved (thousand BGN)	40 000.00	30 000.00	50 000.00	60 000.00	50 000.00	60 000.00	50 000.00	60 000.00
Average price of the bids approved per BGN 100 (%)	99.51	101.53	101.05	104.22	101.78	104.25	100.72	100.43
Interest rate	9.00	7.50	6.50	9.00	6.50	8.00	6.00	7.00
Coverage coefficient	2.83	3.68	2.44	4.23	1.91	2.76	1.74	2.33

(continued)

(continued)

Issue No.	BG2030601111 ³	BG2030701119 ²	BG2040001211 ³	BG2030002112 ¹	BG2040002219 ⁵	BG2040102217 ²	BG2030102110 ⁵	BG2040202215 ¹
Issue date	10.10.2001	24.10.2001	31.10.2001	09.01.2002	16.01.2002	20.02.2002	13.03.2002	17.04.2002
Maturity date	10.10.2003	24.10.2006	31.10.2008	09.01.2007	16.01.2009	20.05.2009	13.03.2005	17.04.2012
Nominal value of the offer (thousand BGN)	50 000.00	60 000.00	30 000.00	90 000.00	60 000.00	90 000.00	50 000.00	90 000.00
Total nominal value of the bids received (thousand BGN)	77 900.00	127 550.00	108 287.00	218 650.00	205 626.00	180 462.00	116 901.00	202 867.40
Total nominal value of the bids approved (thousand BGN)	50 000.00	60 000.00	30 000.00	90 000.00	80 000.00*	90 000.00	50 000.00	84 920.00
Average price of the bids approved per BGN 100 (%)	100.66	100.29	96.46	101.66	101.09	99.40	101.65	96.06
Interest rate	6.00	7.00	7.50	7.00	7.50	7.00	6.50	7.50
Coverage coefficient	1.56	2.13	3.61	2.43	3.43	2.01	2.34	2.25

(continued)

(continued)

Issue No.	BG2030202118^{1**}	BG2040302213^{1**}	BG2030302116²	BG2030402114³
Issue date	10.07.2002	17.07.2002	31.07.2002	11.09.2002
Maturity date	10.07.2007	17.07.2009	31.07.2005	11.09.2005
Nominal value of the offer (thousand BGN)	90 000.00	70 000.00	83 100.00	50 000.00
Total nominal value of the bids received (thousand BGN)	174 314.70	189 946.80	160 615.70	100 400.00
Total nominal value of the bids approved (thousand BGN)	84 750.00	70 000.00	75 000.00	50 000.00
Average price of the bids approved per BGN 100 (%)	99.20	97.61	99.10	99.97
Interest rate	6.50	7.00	5.75	6.00
Coverage coefficient	1.94	2.71	1.93	2.01

¹ The above price is a result of the four auctions organized for sale of this issue.

² The above price is a result of the three auctions organized for sale of this issue.

³ The above price is a result of the two auctions organized for sale of this issue.

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

** In accordance with a joint letter of the MF and BNB, as of 1 July 2002 auctions for sale of tap government securities shall be based on a net value. The average price of approved bids per BGN 100 nominal value of all tap government securities issues is based on net value less the interest accrued as of auction dates.

Guaranty Government Securities

Issue No.	BG2040296225	BG2040396223	BG2040596228	BG2044397227	BG2047397224	BG2047597229	BG2047697227
Issue date	05.06.1996	12.06.1996	27.06.1996	18.08.1997	22.10.1997	22.10.1997	05.11.1997
Maturity date	28.05.2003	01.06.2003	19.06.2003	09.08.2004	13.10.2004	13.10.2004	27.10.2004
Principal (thousand BGN)	857.14	905.53	113.30	8451.94	932.21	3037.25	4139.91
Interest rate	BIR	BIR	BIR	BIR	BIR	BIR	BIR
Interest payments	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual	semiannual
Repayments	equal annual	equal annual	equal annual	equal annual	equal annual	equal annual	equal annual
Maturity (in years)	7	7	7	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 levy guaranty 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 guaranty government securities service.

Principals of guaranty government securities are based on actual data as of 31 December 2002.

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
Issue No.	BG 2000192224	BG 2009993226	BG 2009893228	BG 2009794228	BG 2009693222
Issue date	01.01.1992	01.07.1993	01.10.1993	01.01.1994	01.12.1993
Maturity date	01.01.2011	01.07.2017	01.10.2018	01.01.2019	01.12.2018
Maturity (years)	19	24	25	25	25
Grace period (years)	4	4	5	5	5
Redemption term (years)	15	20	20	20	20
Repayments	15 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments
Principal (thousand)	2476.56 (BGN)	1907.75 (BGN)	6890.01 (BGN)	195 836.45 (USD)	739.28 (BGN)
Interest payments	semiannual	semiannual	semiannual	semiannual	annual
Interest	BIR+1	BIR	BIR	LIBOR*	BIR

* 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. Principals are based on actual data as of 31 December 2002.
Pursuant to CM Decree No. 221 of 1995 holders of long-term government bonds issued under ZUNK, negotiated until 31 December 1990, CM Decree 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.

EUR-denominated Government Securities

Issue No.	BG2040099223
Issue date	01.07.1999
Maturity date	01.01.2019
Principal (thousand EUR)	126 803.47
Interest rate	EURIBOR*
Interest payments dates	semiannual
Repayments	20 equal annual installments

EUR-denominated government securities are issued pursuant to § 10 of the Transitional and Final Provisions of 1999 State Budget Law of the Republic of Bulgaria.

* 6-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.

The principal of issue BG 2040099223 has the same status as the USD-denominated issue BG 2009794228 (issued under Article 5 of ZUNK, negotiated until 31 December 1990). The principal of issue BG 2040099223 is based on actual data as of 31 December 2002.

Pending Payments on Government Securities in February 2003

(thousand BGN)

Government securities	Monday	Tuesday	Wednesday	Thursday	Friday
	3	4	5	6	7
bills target issues bonds	10.4		52 243.8	12 000.0	
	10	11	12	13	14
target issues GGs in BGN	166.4			15.7	541.0
	17	18	19	20	21
target issues bonds	12.6				
	24	25	26	27	28
target issues bonds				13.8	735.9

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

Schedule of Government Securities Issues for February 2003

Auction date	Issue date	Maturity date	Issue term	Scheduled volume (BGN)	Total volume (BGN)
03.02.2003*	05.02.2003	05.02.2010	7-year	20 000 000	75 000 000
10.02.2003*	15.01.2003	15.01.2008	5-year	25 000 000	75 000 000
24.02.2003	26.02.2003	26.05.2003	3-month	12 000 000	
TOTAL, incl.:				57 000 000	
bills				12 000 000	
bonds				45 000 000	

* Tap issue.

The Ministry of Finance is entitled to make relevant adjustments in the schedule where necessary.

By end-December 2002 domestic debt totaled BGN 2,111,724.9 thousand and domestic government debt accounted for BGN 2,109,843.7 thousand. Share of the debt on government securities issued for budget deficit financing was 69.2% and that of government securities issued for structural reform, 30.7%. Domestic government guaranteed debt comprised 0.1% (Chart 13).

By end-December government securities issued for budget deficit financing accounted for BGN 1,462,242.9 thousand. Issued government securities totaled BGN 57,253.3 thousand, including BGN 1,248.6 thousand sold directly to physical persons. Newly issued bonds amounted to BGN 57,000 thousand. Securities repaid in December accounted for BGN 13,016.9 thousand, including short-term treasury bills of BGN 11,887.6 thousand. As a result of effected operations, the share of twelve-month government securities in the maturity structure of government securities issued for budget deficit financing increased by 1.2 percentage points to 5.2% and the share of three-year bonds increased by 1.1 percentage points to 21.5%. The share of government securities with other terms decreased (Chart 14). The average-weighted maturity of government securities issued for budget deficit financing reached four years and five months. Government securities issued for structural reform reached BGN 647,600.8 thousand. In the review period USD ZUNK bonds were replaced by EUR-denominated long-term government securities (issue No. 400 of 1999) of EUR 149, 9 thousand nominal value. In addition, ZUNK bonds of USD 1,674.8 thousand were used for repayment of obligations to the state. Repayment amounting to BGN 46.2 thousand on bonds issued under the terms of CM Decree No. 3 of 1994 was effected in December.

Debt movements in December caused changes in debt forex structure (Chart 15). The share of government securities in euro and US dollars decreased to 11.7% and 17.5% respectively at the expense of government securities denominated in levs which rose to 70.8%. Debt maturity structure also changed. Short-term securities increased to 5.3%, and medium-term securities increased slightly reaching 47.5%. Long-term securities decreased slightly reaching 47.2% (Chart 16). Government securities with fixed interest coupons comprised 69.3% and government securities with floating interest coupons – 30.7% (Chart 17).

Since early-2002 repaid interest and discounts have totaled BGN 108,091.9 thousand. Interest and discounts on government securities for budget deficit financing of BGN 79,498.7 thousand, or 73.6% of the total repaid interest and discounts, were repaid in December (Chart 19). Expenditure on two-year government bonds occupied the largest share, 33.7%, followed by five-year bonds, 31.2%.

Domestic Debt

(thousand BGN/thousand EUR/thousand USD)

Structure	Amount as of 31 Dec. 2001	Change in 2002		Amount as of 31 Dec. 2002
		increase	decrease	
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING				
1. Government securities issued in 1997	20 000.0		20 000.0	-
5-year	20 000.0		20 000.0	-
2. Government securities issued in 1998	4 090.9		-	4 090.9
5-year	4 090.9		-	4 090.9
3. Government securities issued in 1999	2 659.7		-	2 659.7
5-year	2 659.7		-	2 659.7
4. Government securities issued in 2000	432 328.0		252 608.6	179 719.4
2-year	252 608.6		252 608.6	-
3-year	139 929.7		-	139 929.7
5-year	39 789.7		-	39 789.7
5. Government securities issued in 2001	618 167.9		137 314.8	480 853.1
5.1. Short-term	135 454.2		135 454.2	-
3-month	59 298.5		59 298.5	-
12-month	76 155.7		76 155.7	-
5.2. Medium-term	482 713.7		1 860.6	451 915.5
2-year	213 819.2		1 860.6	211 958.6
5-year	239 956.9		-	239 956.9
5.3. Long-term	28 937.6		-	28 937.6
7-year	28 937.6		-	28 937.6
6. Government securities issued in 2002		901 776.7	106 856.9	794 919.8
6.1. Short-term		218 183.2	106 434.5	111 748.7
3-month		142 111.4	106 434.5	35 676.8
12-month		76 071.8	-	76 071.8
6.2. Medium-term		364 242.9	422.4	363 820.5
2-year		16 105.2	422.4	15 682.8
3-year		174 103.5	-	174 103.5
5-year		174 034.2	-	174 034.2
6.3. Long-term		319 350.6	-	319 350.6
7-year		237 780.3	-	237 780.3
10-year		81 570.3	-	81 570.3
TOTAL (I)	1 077 246.6	901 776.7	516 780.3	1 462 242.9

I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR STRUCTURAL REFORM

A1. Long-term government bonds issued pursuant to CM Decree No. 244 of 1991	2 751.7		275.2	2 476.6
A2. Long-term government bonds issued pursuant to CM Decree No. 234 of 1992	2 034.9		127.2	1 907.7
A3. Long-term government bonds issued pursuant to Articles 4 and 5 of ZUNK of 1993				
in BGN	7 335.9		445.9	6 890.0
denominated in USD	277 123.8		81 287.4	195 836.5

(continued)

(continued)

(thousand BGN/thousand EUR/thousand USD)

Structure	Amount as of 31 Dec. 2001	Change in 2002		Amount as of 31 Dec. 2002
		increase	decrease	
lev equivalent	615 009.9			369 143.9
denominated in EUR	60 606.3	69 572.6	3 375.4	126 803.5
lev equivalent	118 535.6			248 006.0
A4. Long-term government bonds issued pursuant to CM Decree No. 3 of 1994	785.5		46.2	739.3
A5. Government bonds issued pursuant to Article 2 of CM Decree No. 89 of 1995	1 553.4		1 553.4	-
TOTAL (A)	748 006.8			629 163.5
B1. Government securities in BGN issued pursuant to Articles 8 and 9 of LSPDACB of 1996	28 593.9			18 437.3
Government securities issued in 1996	3 751.9		1 876.0	1 876.0
Government securities issued in 1997	24 842.0		8 280.7	16 561.3
TOTAL (B)	28 593.9			18 437.3
TOTAL (II)	776 600.7			647 600.8
GOVERNMENT DEBT, TOTAL	1 853 847.3			2 109 843.7
III. DOMESTIC GOVERNMENT GUARANTEES	6 653.3			1 881.2
DOMESTIC DEBT, TOTAL	1 860 500.6			2 111 724.9

Notes:

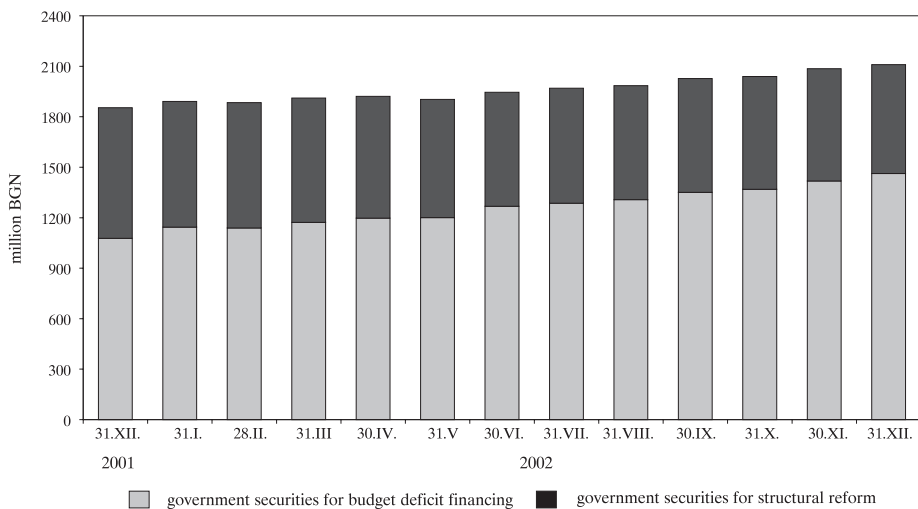
Actual amount of the debt on government securities issued for budget deficit financing.

The lev equivalent of the debt denominated in foreign currency is calculated on the basis of the exchange rate of the relevant currency against the lev at the end of month:

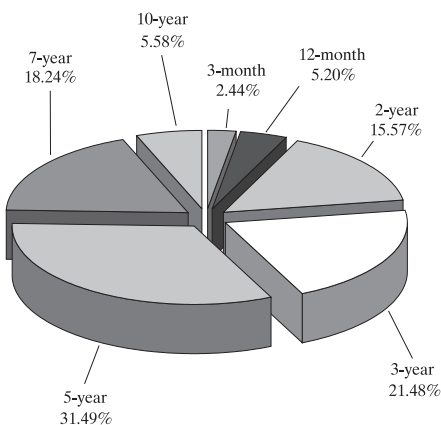
on 28 December 2001: USD 1/BGN 2.21926, EUR 1/BGN 1.95583.

on 31 December 2002: USD 1/BGN 1.88496, EUR 1/BGN 1.95583.

Changes in Domestic Government Debt

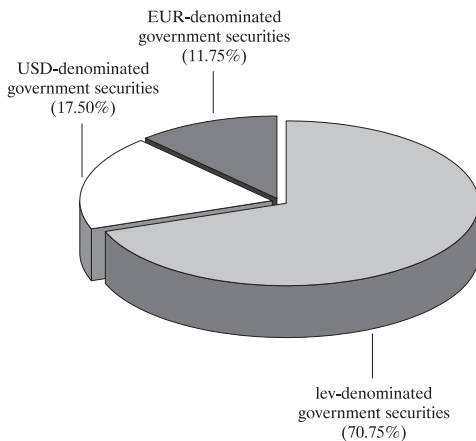


Outstanding Government Securities Issued for Budget Deficit Financing as of 31 December

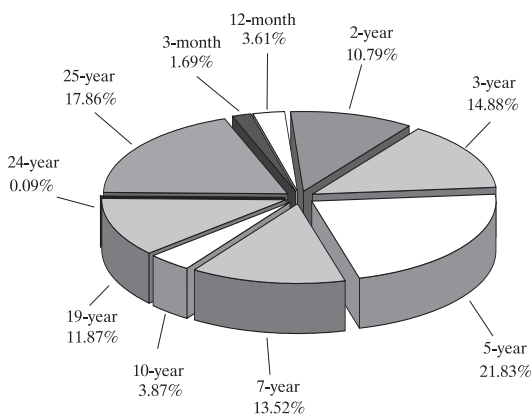


Note: The average-weighted maturity of government securities issued for budget deficit financing is four years and five months.

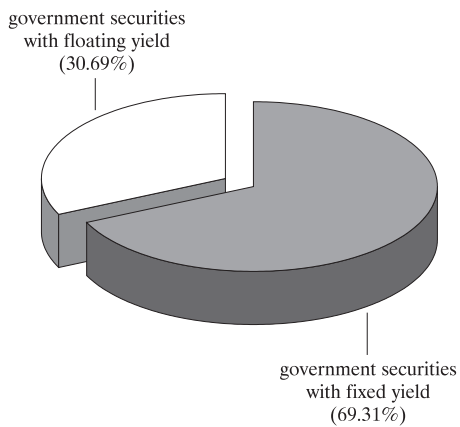
Forex Composition of Outstanding Government Securities as of 31 December



Maturity Structure of Outstanding Government Securities as of 31 December



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



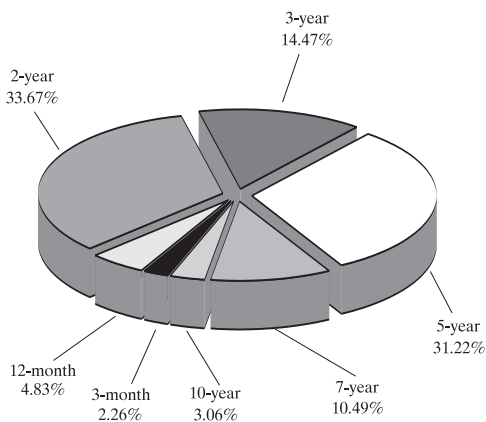
Expenditure on Domestic Debt between 1 January and 31 December 2002

(thousand BGN)

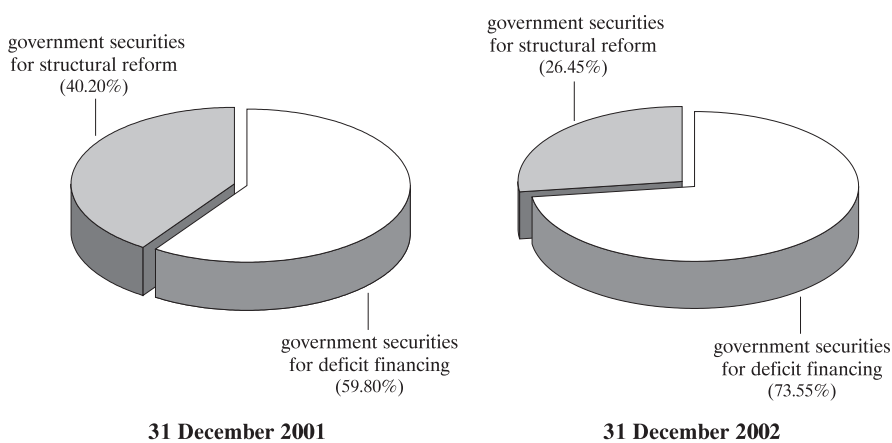
Structure	Amount of repaid interest (discount)
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING	
1. Government securities issued in 1997	848.6
5-year	848.6
2. Government securities issued in 1998	379.0
5-year	379.0
3. Government securities issued in 1999	286.3
5-year	286.3
4. Government securities issued in 2000	28 313.1
2-year	13 204.6
3-year	11 518.4
5-year	3 590.1
5. Government securities issued in 2001	38 767.8
5.1. Short-term	4 545.8
3-month	701.5
12-month	3 844.3
5.2. Medium-term*	31 972.0
2-year	13 372.0
5-year	18 600.0
5.3. Long-term	2 250.0
7-year	2 250.0
6. Government securities issued in 2002	10 904.0
6.1. Short-term	1 095.5
3-month	1 095.5
6.2. Medium-term	1 267.8
2-year	233.8
3-year	-118.1
5-year	1 152.2
6.3. Long-term	8 540.7
7-year	6 105.4
10-year	2 435.3
TOTAL (I)	79 498.7
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	
1. Bonds issued pursuant to CM Decree No. 244 of 1991	142.9
2. Bonds issued pursuant to CM Decree No. 186 of 1992	90.6
3. Bonds issued pursuant to Articles 4 and 5 of ZUNK of 1993	27 119.4
lev bonds	335.5
USD-denominated (in BGN at the current exchange rate)	20 742.5
EUR-denominated (in BGN at the fixed exchange rate)	6 041.4
4. Bonds issued pursuant to CM Decree No. 3 of 1994	32.0
5. Bonds issued pursuant to CM Decree No. 89 of 1995	34.6
Total (A)	27 419.4
B. Debt on government securities issued pursuant to Articles 8 and 9 of LSPDACB of 1996	1 173.7
Total (B)	1 173.7
TOTAL (II)	28 593.1
EXPENDITURE ON GOVERNMENT DEBT, TOTAL	108 091.9
III. GOVERNMENT GUARANTEED DEBT	0.0
EXPENDITURE, TOTAL	108 091.9

* Including interest revenues 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 the end of December foreign debt totaled USD 8,524.6 million. Government debt accounted for USD 7,978.4 million and government guaranteed debt amounted to USD 546.2 million.

In December new foreign financing totaled BGN 9,067.9 thousand, including BGN 8,870.3 thousand receipts on government investment loans. Payments on the debt totaled BGN 74,945.8 thousand, of which BGN 36,266.3 thousand principal repayments and BGN 38,679.5 thousand interest. Repayments were mainly made to the IMF (BGN 19,910.5 thousand), the World Bank (7,283.9) and on government guaranteed loans (BGN 7,113 thousand). Interest was repaid mainly to the World Bank (BGN 22,622.6 thousand), the European Union (BGN 5,637.8) and on government guaranteed loans (BGN 4,689.3 thousand).

Since early-2002 received loans have totaled BGN 532,329.6 thousand, of which BGN 173,440.1 thousand receipts from tranches on government guaranteed loans. Payments on the debt have amounted to BGN 1,805,211.5 thousand, including BGN 1,168,015.9 thousand principal repayments. The largest amounts were repaid on the IMF loans (BGN 429,345.7 thousand), the Paris Club loans (BGN 280,618.6 thousand), government guaranteed loans (BGN 186,143.6 thousand) and Brady bonds (BGN 168,899.1 thousand). By end-December net foreign financing was negative: BGN -635,686.3 thousand.

In general, no changes occurred in foreign debt structure as a result of effected operations. Debt denominated in other currencies reached 15.5% and debt denominated in euro and US dollars comprised 30.5% and 54% respectively. A slight change was reported in debt interest structure. Proportion between the debt with floating interest coupons and fixed interest coupons was 62.8% to 37.2%. The average-weighted residual term to maturity of the foreign debt was ten years and eight months with a decreased share of the debt from five to ten years and an increased share of the debt over ten years.

The percentage share of the debt on Brady bonds amounted to 29.2% and of other bonds – to 28.1%. The percentage share of the debt to the IMF slightly decreased and amounted to 12.1%. Obligations to the World Bank occupied 10.2%, the Paris Club, 3.5%, and the European Union, 4.7%. The share of government guaranteed credits was 6.4%.

Foreign Debt

(million USD)

Structure	2002 г.												
	as of 31.XII. 2001 г.	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 30.VIII.	as of 31.IX.	as of 30.X.	as of 31.XI.	as of 30.XII.
Government debt	8 016.8	7 925.1	7 920.3	7 920.9	7 847.0	7 942.9	8 103.2	7 997.2	7 997.3	7 967.3	7 848.1	7 861.5	7 978.4
I. Bonds	4 979.3	4 958.8	4 959.2	4 961.0	4 912.8	4 954.0	5 017.8	4 928.9	4 934.3	4 937.2	4 830.1	4 836.9	4 885.7
1. Brady bonds	4 759.0	4 742.9	4 742.9	4 742.9	4 423.5	4 423.5	3 423.5	3 355.4	3 355.4	3 355.4	2 488.8	2 488.8	2 488.8
2. Other bonds	220.3	215.9	216.3	218.1	1 489.3	1 530.4	1 594.3	1 573.4	1 578.8	1 581.8	2 341.3	2 348.1	2 396.8
II. Credits	3 037.5	2 966.3	2 961.2	2 960.0	2 934.2	2 989.0	3 085.4	3 068.3	3 063.0	3 030.1	3 018.0	3 024.6	3 092.7
1. Paris Club	382.0	375.3	358.2	352.2	298.9	310.6	328.2	322.6	305.9	282.7	282.3	283.8	295.2
2. World Bank	829.4	823.5	810.8	813.9	838.7	854.0	873.3	867.3	857.1	855.4	854.2	856.3	847.6
2.1. World Bank	708.8	704.7	696.8	698.3	719.5	730.5	744.2	739.7	731.8	733.2	733.3	735.1	743.9
2.2. JBC (JEXIM)	120.6	118.8	114.1	115.6	119.2	123.4	129.2	127.5	125.4	122.2	120.9	121.1	123.7
3. G-24	47.5	47.2	47.1	47.3	48.0	48.9	50.2	49.5	49.7	49.6	49.7	49.8	50.7
4. European Union	343.7	336.8	337.4	340.2	351.3	366.1	389.0	381.5	383.5	384.5	384.7	387.2	404.7
5. IMF	1 042.9	1 006.2	1 026.3	1 021.0	999.7	997.8	1 018.2	1 029.9	1 047.7	1 033.6	1 020.0	1 012.2	1 028.1
6. Other	120.4	118.0	118.2	119.2	123.0	128.2	136.3	133.6	134.3	134.7	134.7	135.6	137.4
7. Government investment loans	211.8	199.9	205.1	207.3	214.3	219.7	224.6	218.6	220.8	226.1	228.9	237.1	245.0
7.1. World Bank	49.4	49.5	50.4	52.0	53.9	57.1	60.7	59.9	61.3	61.5	64.0	65.9	71.6
7.2. European Investment Bank	112.3	108.2	112.5	112.6	117.7	118.5	119.9	115.7	115.8	120.7	120.8	125.9	127.1
7.3. EBRD	30.7	28.8	28.8	29.2	29.2	29.2	28.9	27.0	27.0	27.0	27.4	27.4	27.2
7.4. Other	19.3	13.4	13.4	13.5	13.6	14.8	15.1	16.0	16.7	16.8	16.8	17.9	19.1
8. Called government guarantees	59.8	59.3	58.0	58.9	60.1	63.9	65.7	65.3	63.9	63.5	63.5	62.7	64.1
8.1. World Bank	43.9	43.7	42.4	43.3	45.0	48.7	50.4	50.3	48.9	49.0	49.0	49.2	50.5
8.2. European Investment Bank	3.2	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.7	2.7	2.7	2.7	2.7
8.3. Other	12.7	12.7	12.6	12.7	12.2	12.2	12.3	12.3	12.3	12.3	11.7	11.7	10.8
Government guaranteed debt	507.9	508.1	497.9	503.2	504.7	511.3	529.1	528.0	544.9	544.6	541.4	537.0	546.2
1. World Bank	147.8	147.2	144.0	144.2	145.0	146.2	146.0	146.0	142.7	142.8	142.8	143.0	142.3
2. European Investment Bank	122.6	118.4	118.5	115.2	115.0	118.9	124.8	120.6	121.1	118.7	115.3	115.9	120.2
3. EBRD	68.9	66.4	66.5	66.7	65.9	67.0	64.7	64.9	64.9	63.4	63.4	63.7	63.0
4. Other	168.6	176.1	168.9	177.1	178.8	179.2	191.4	196.6	216.2	218.3	219.9	214.4	220.7
FOREIGN DEBT, TOTAL	8 524.7	8 433.2	8 418.2	8 424.1	8 351.7	8 454.2	8 632.3	8 525.2	8 542.2	8 512.0	8 389.5	8 398.5	8 524.6

Notes:

1. Debt recalculation in US dollars and euro is based on BNB central exchange rate of the relevant currencies against the Bulgarian lev valid for the last working day of the period.
2. Preliminary data for December 2002.

New Foreign Financing and Foreign Debt Payments as of 31 December

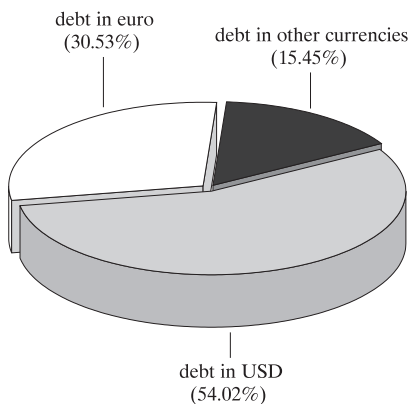
(thousand BGN)

Structure	Received credits (tranches)	Payments, incl.	
		installments	interest
Government debt	358 889.6	981 872.4	589 746.9
I. Bonds	0.0	168 899.1	364 966.2
1. Brady bonds	0.0	168 899.1	342 824.3
2. Other bonds	0.0	0.0	22 141.9
II. Credits	358 889.6	812 973.3	224 780.7
1. Paris Club	0.0	280 618.6	33 544.8
2. World Bank	36 957.2	61 004.2	67 346.1
2.1. World Bank	36 957.2	44 869.4	60 105.9
2.2. JBIC (JEXIM)	0.0	16 134.8	7 240.1
3. G-24	0.0	0.0	3 418.9
4. European Union	0.0	0.0	27 182.9
5. IMF	226 643.8	429 345.7	59 632.1
6. Other	0.0	0.0	4 850.8
7. Government investment loans	82 734.7	29 387.5	23 638.3
7.1. World Bank	31 106.1	3 540.0	4 741.4
7.2. European Investment Bank	38 844.8	15 812.5	15 490.1
7.3. EBRD	2 670.7	10 035.0	2 791.6
7.4. Other	10 113.1	0.0	615.3
8. Called government guarantees	12 553.8	12 617.3	5 166.8
8.1. World Bank	12 553.8	7 685.1	3 965.7
8.2. European Investment Bank	0.0	943.7	448.8
8.3. Other	0.0	3 988.5	752.3
Government guaranteed debt	173 440.1	186 143.6	47 448.8
1. World Bank	1 235.0	19 835.5	15 105.2
2. European Investment Bank	3 911.7	41 761.0	14 440.5
3. EBRD	1 106.6	22 253.7	7 211.5
4. Other	167 186.8	102 293.3	10 691.5
TOTAL	532 329.6	1 168 015.9	637 195.6

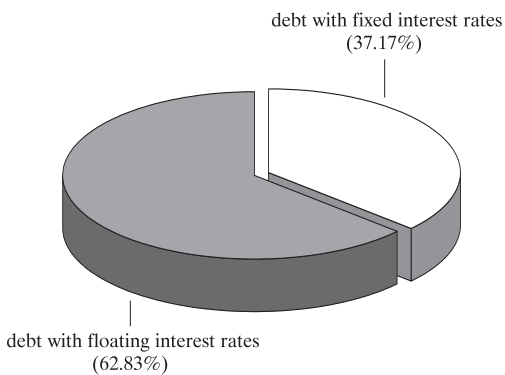
Notes:

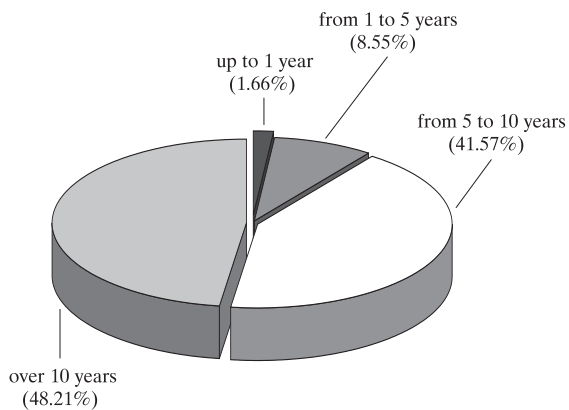
1. Values in USD of the new foreign financing and payments effected is calculated on the basis of BNB central exchange rates of the lev against respective foreign currencies valid until 4.00 p.m. on the day of corresponding payment.
2. Values in BGN of the new foreign financing and payments effected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

Foreign Currency Composition of the Foreign Debt as of 31 December



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 10 years and eight months.

By end-December government and government guaranteed debt totaled EUR 9,295.4 million, including domestic debt of EUR 1,079.7 million and foreign debt of EUR 8,215.7 million. The decrease in absolute terms was EUR 232.2 million on the previous month mainly due to repayments on the foreign debt (to the IMF and the World Bank), and to a lesser degree due to the depreciation of the US dollar against the euro.

By end-December value of the key macroeconomic indicator identifying the *debt to GDP* ratio was 56%, down 1.4% on November. The value of this indicator measured by the *domestic debt to GDP* ratio and the *foreign debt to GDP* ratio accounted for 6.5% and 49.5% respectively.

Domestic debt occupied 11.6% in debt structure and foreign debt 88.4% (Chart 23). The upward trend in the share of domestic debt was preserved reflecting the policy intended to overcome the disequilibrium between domestic and foreign debts of Bulgaria. Therefore, a positive domestic financing and a negative foreign net financing were maintained.

Forex debt composition experienced certain changes compared with the previous month. At the end of December the share of the debt in US dollars stayed relatively high amounting to 49.8% but it decreased by 1.1 percentage points compared to the previous month (Chart 24).

Debt to the London Club (Brady bonds) occupied the largest share in debt structure by type of creditor, 25.8%, followed by other bonds (global bonds used to replace a part of the Brady debt and eurobonds), 24.8%, domestic debt (government securities), 11.6%, and debt to the IMF, 10.7% (Chart 25). The analysis of debt structure indicated no significant changes. The tendency to increase the share of domestic debt issues was preserved.

By end-December debt interest structure reflected a slight decrease in the debt with floating interest, from 59.7% to 59.1%, over the debt with fixed interest which reached 40.9% (Chart 26). Improvement in this proportion was one of the priorities of pursued debt policy intended to minimize interest risk impact and to ensure acceptable interest rate burden for the state budget.

Since early 2002 payments effected on government and government guaranteed debt have totaled EUR 1,269.8 million, including domestic debt payments of EUR 346.8 million and foreign debt payments of EUR 923 million (Chart 27). In December debt payments totaled EUR 45.8 million with payments to the IMF and the World Bank comprising the most significant shares, while the main repayments related to domestic debt were effected on government securities issued for budget deficit financing.

By end-December payments in levs (EUR 346.8 million) and in US dollars (EUR 339.4 million) accounted for the biggest share in the forex composition of debt payments, followed by payments in SDR (EUR 302.3 million, Chart 28).

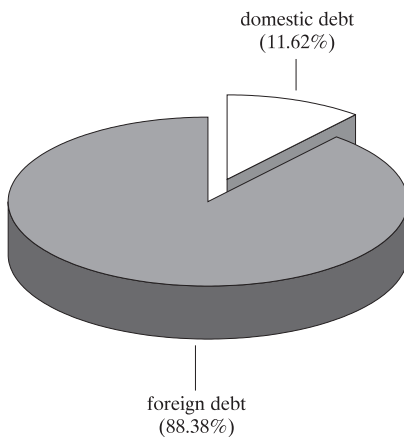
Government and Government Guaranteed Debt

(million EUR)

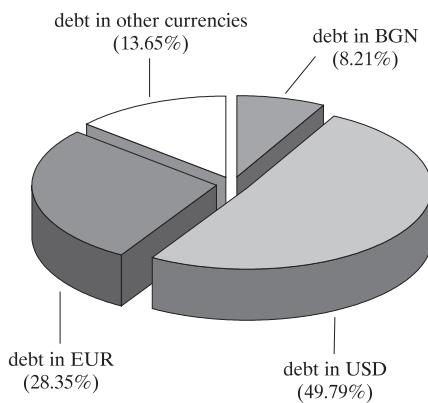
Structure	as of 31.XII. 2001 r.	2002 r.											
		as of 31.I.	as of 28.II.	as of 31.III.	as of 30.IV.	as of 31.V.	as of 30.VI.	as of 31.VII.	as of 31.VIII.	as of 30.IX.	as of 31.X.	as of 30.XI. as of 31.XII.	
Domestic debt	951.3	969.9	966.3	980.2	985.1	975.5	996.6	1 008.8	1 016.3	1 037.7	1 044.0	1 067.4	1 079.7
I. Government debt	947.9	966.6	963.2	977.4	982.5	973.2	994.6	1 006.9	1 014.6	1 036.2	1 042.7	1 066.2	1 078.7
1. Government securities issued for budget deficit financing	550.8	585.1	582.3	599.2	612.3	614.0	648.6	657.4	668.4	690.6	700.1	725.0	747.6
2. Government securities issued for structural reform	397.1	381.5	381.0	378.1	370.2	359.1	346.0	349.5	346.2	345.6	342.5	341.2	331.1
II. Government guaranteed debt	3.4	3.3	3.1	2.9	2.6	2.3	2.0	1.9	1.7	1.5	1.4	1.2	1.0
Foreign debt	9 672.9	9 764.0	9 730.9	9 656.3	9 271.4	9 006.3	8 653.9	8 714.2	8 687.3	8 632.8	8 505.2	8 460.2	8 215.7
I. Government debt	9 096.6	9 175.7	9 155.4	9 079.5	8 711.1	8 461.6	8 123.5	8 174.5	8 133.1	8 080.4	7 956.3	7 919.3	7 689.3
1. Bonds	5 650.0	5 741.3	5 732.5	5 686.6	5 453.8	5 277.5	5 030.4	5 038.2	5 018.1	5 007.3	4 896.7	4 872.5	4 708.6
2. Credits	3 446.6	3 434.4	3 422.9	3 392.9	3 257.3	3 184.2	3 093.1	3 136.4	3 115.0	3 073.1	3 059.6	3 046.8	2 980.6
- Government investment loans	240.3	231.5	237.1	237.6	237.9	234.0	225.1	223.4	224.6	229.3	232.1	238.8	236.1
- Called government guarantees	67.8	68.6	67.0	67.6	66.7	68.0	65.8	66.7	65.0	64.4	64.3	63.2	61.7
II. Government guaranteed debt	576.3	588.3	575.6	576.8	560.3	544.7	530.5	539.7	554.2	552.4	548.9	540.9	526.4
Debt, total	10 624.1	10 753.9	10 697.2	10 636.5	10 256.6	9 981.8	9 650.5	9 723.0	9 703.6	9 670.5	9 549.2	9 527.6	9 295.4
Debt/GDP, total (%)	70.2	64.7	64.4	64.1	61.8	60.1	58.1	58.6	58.5	58.3	57.5	57.4	56.0
- Domestic debt/GDP (%)	6.3	5.8	5.8	5.9	5.9	5.9	6.0	6.1	6.1	6.3	6.3	6.4	6.5
- Foreign debt/GDP (%)	63.9	58.8	58.6	58.2	55.9	54.3	52.1	52.5	52.3	52.0	51.2	51.0	49.5

Note: GDP projection for 2002: BGN 32,466 million.
GDP real for 2001: BGN 29,618.1 million.

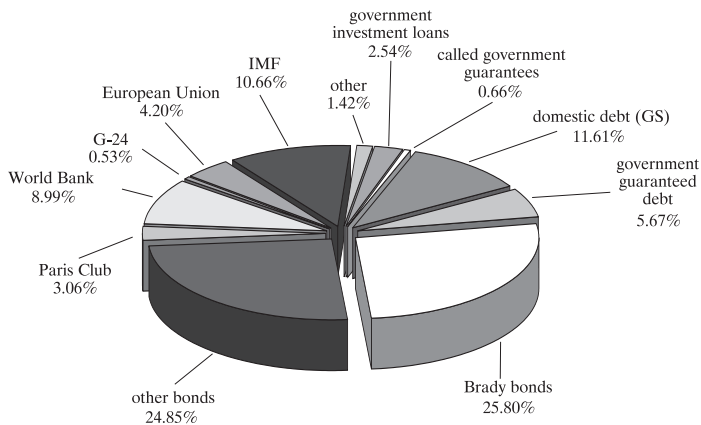
Debt Structure as of 31 December



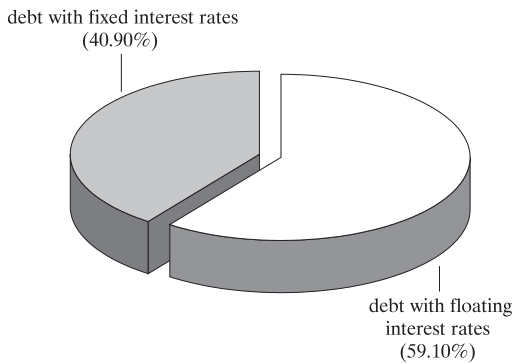
Debt Forex Structure as of 31 December



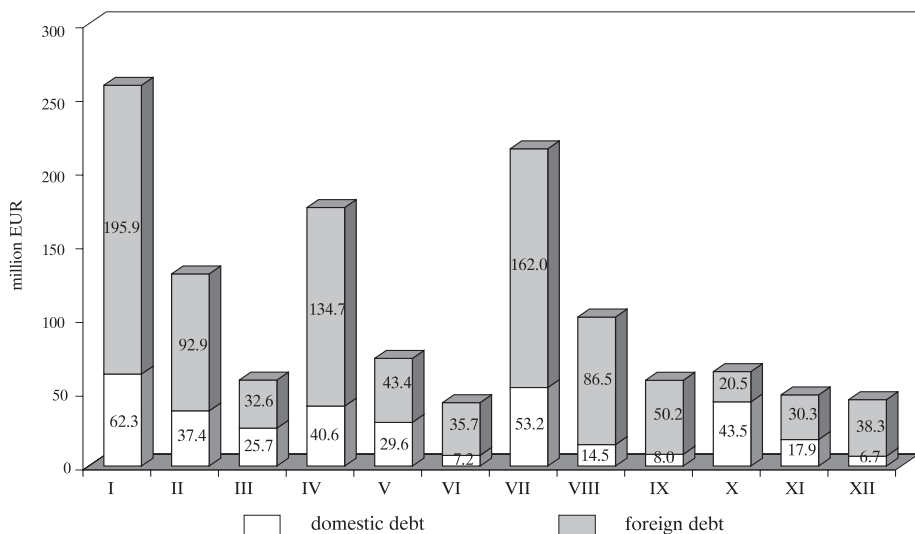
Debt Structure by Creditor as of 31 December



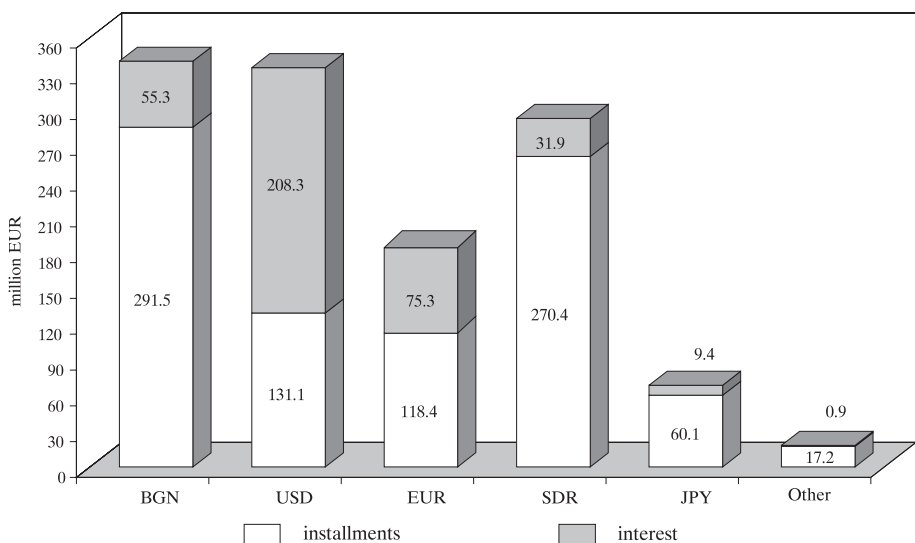
Debt Interest Structure as of 31 December



Government Debt Payments in 2002



Currency Structure of Government Debt Payments as of 31 December



Government Securities Issued in Domestic Market and Acquired by Nonresidents

Government securities type	2002											
	31.XII. 2001 r.	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	0.1	0.1	0.1	0.1
Government securities issued for structural reform	97 100.3	93 473.4	93 329.9	87 262.9	86 618.9	85 820.3	84 818.9	78 335.9	78 288.0	78 262.4	78 258.6	78 199.3
- in USD	91 850.9	88 515.6	88 372.2	20 424.8	19 780.8	18 982.2	15 902.5	9 419.5	9 371.6	9 345.9	9 342.1	9 282.8
- in EUR	5 249.4	4 957.8	4 957.8	66 838.1	66 838.1	66 838.1	68 916.5	68 916.5	68 916.5	68 916.5	68 916.5	68 916.5
Total	97 100.4	93 473.5	93 330.0	87 263.0	86 619.0	85 820.4	84 819.04	78 336.0	78 288.1	78 262.5	78 258.7	78 199.4

(thousand BGN)

Government Securities Issued in International Market and Acquired by Residents

Government securities type	2002											
	31.XII. 2001 r.	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	14.3	15.4	18.1	22.4	14.0	19.4	26.9	32.6	30.2	35.0	69.4	69.9
Brady bonds	41.2	37.9	50.8	63.3	60.1	72.0	74.2	67.6	67.9	72.4	74.4	70.1
Eurobonds	-	-	-	-	135.6	156.0	188.7	186.6	173.7	164.7	188.4	173.9
Global bonds	-	-	-	-	117.9	136.0	156.3	157.2	146.8	138.6	145.8	127.5
- in EUR	-	-	-	-	17.7	20.0	32.3	29.4	26.9	26.1	42.5	46.4
- in USD	-	-	-	-	-	-	-	-	-	-	-	-
Total	55.5	53.3	68.9	85.7	209.6	247.5	289.7	286.9	271.7	272.1	332.1	313.9

(million USD)