



REPUBLIC OF BULGARIA
MINISTRY OF FINANCE

MINISTRY OF FINANCE ISSUANCE POLICY DURING 2009

The issuance Policy of the Ministry of Finance during 2009 will mainly be in compliance with:

- macroeconomic environment and economic development in the country - a main goal of the issuance policy is to provide a timely, reliable and effective budget financing in accordance with the ongoing fiscal policy. In that respect the main factors which will be expected to have a great influence over the issuance policy during 2009 are to achieve budget surplus, to decrease external trade and current account deficit, as well as to reduce gross external debt on one side, and to create conditions for maintaining a relatively high GDP growth, foreign investment and capital inflows and high level of fiscal reserves as a buffer on the other side.

- development of the domestic and global financial system - the level of impact of the global financial crisis on the domestic financial system will be a determining factor for issuance policy planning and implementation. The level of liquidity in the banking system, interest rates trends and further development of financial markets will be among the main factors in that respect.

- assistance for ensuring financial markets' stability in the country - creating conditions for an active participation by the state as an issuer in the domestic debt market is a significant goal of the issuing policy in 2009 as well. That is aimed to maintain the benchmark yield curve and to provide a liquid and transparent market of government bonds and bills for ensuring the stability of financial markets in the country, especially in the interbank money market, repo market and debt market.

Taking into consideration a possible impact of the global financial crisis on the Bulgarian economy and financial sector, the Ministry of Finance intends to continue issuing securities in the domestic market as a priority in its policy, while maintaining a supply of already wellknown and established on the market 3, 5 and 10 years treasury bond issues with volumes up to 250-350 million each one as well as 3-month treasury bill issues, with volumes of a total amount up to 40-50 million. The issues offered will be with fixed coupons and denominated in national currency /Bulgarian lev/. A placement of new 10-years government bond issues in

volume providing the necessary liquidity what would meet the requirements for determining long-term interest rates for the convergence purposes will be a main priority to the issuer.

Taking into account the dynamic financial situation, both on local and global scale, it is of great importance to the Ministry of Finance to carry out a flexible, adaptable and adequate to financial situation issuance policy. The Ministry of Finance reserves its right to modify its pre-announced issuance policy and government securities issuance calendars if it is needed.