

MINISTRY OF FINANCE ISSUANCE POLICY DURING 2005

In the forthcoming 2005 the Ministry of Finance will persist following a flexible and adequate policy in line with the specific necessities of the debt instruments market, as well as facing the changing market situation.

Herewith the Ministry of Finance releases only the overall framework for debt issuance in 2005, preserving at the same time the practice of announcing specific monthly calendars at least 30 days before the start of each month.

The issuance policy of the Ministry of Finance in 2005 will comply with the following basic limitations:

1. The planned deficit as per the 2005 State Budget Law
2. The necessity to support the government securities market by the supply of sufficient types of securities with a view to building a benchmark curve, and also by issuing volumes, that can ensure the normal functioning of the market.
3. The need of interference in case of deterioration of the country's external balance of payments.

The deficit envisaged under the 2005 State Budget Law amounts to 0.5% of GDP, or BGN 170.5 mln. The planned privatization proceeds standing at BGN 180 mln are sufficient to finance this deficit.

The internal debt maturing in 2005 amounts to BGN 310 000 000.

Following the Government Debt Management Strategy and continuing the established practices of the last few years the Ministry of Finance will borrow predominantly from the local market. The overall framework envisages offering for sale government securities on an auction principle with a total nominal value covering at least the maturing government securities. The plans of Ministry of Finance for 2005 envisage issues with 10-year and 5/3-year maturity, each with a nominal value of at least BGN 150 million. During 2005 the remaining volume of the 15-year euro-denominated issue will be offered for sale. With respect to the short term government securities the issuance of 3-month bonds will be continued. Dependently on the market situation and in case of need some other government securities can be issued, both in the range of up to 1 year and with a longer maturity.