

MINISTRY OF FINANCE

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**GOVERNMENT DEBT  
MANAGEMENT**

OCTOBER 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>
GGs	–	<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>

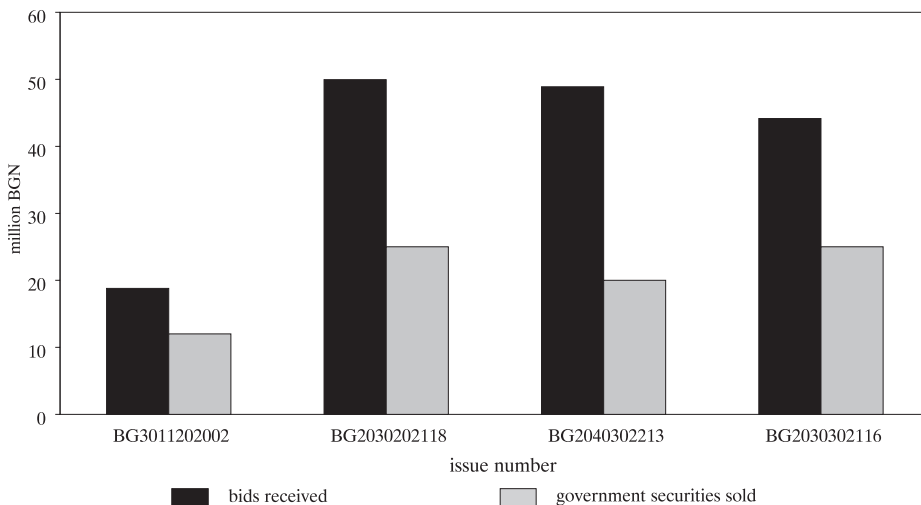
## BUDGET DEFICIT FINANCING BY GOVERNMENT SECURITIES ISSUES

In October the Ministry of Finance issued through auctions organized by the BNB four government securities issues under Regulation No. 5, including one discount treasury bills issue (No. BG3011202002), one medium-term (three-year) tap treasury bonds issue (No. BG2030302116) and two long-term tap treasury bonds issues (Nos. BG2030202118 and BG2040302213). The three-year, five-year and seven-year treasury bonds issues (issued in July 2002) were opened again in October.

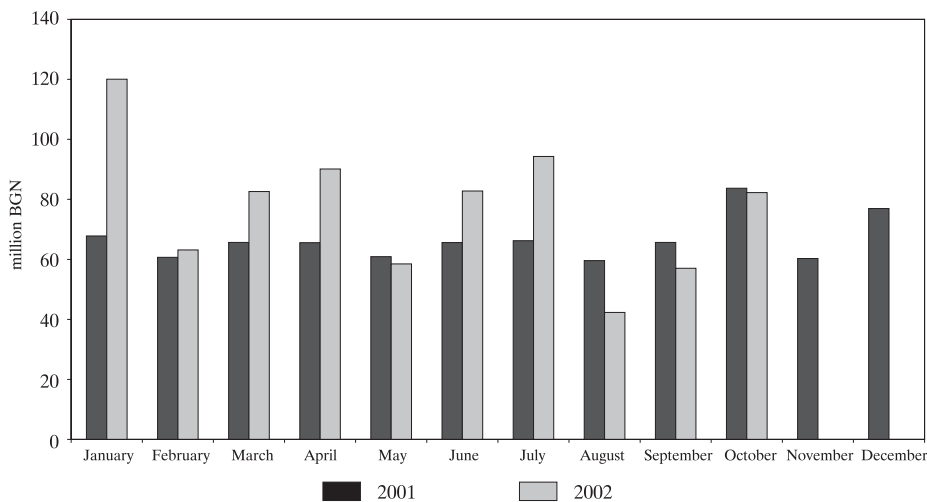
At the auctions primary dealers' bids totaled BGN 161,785.3 thousand: BGN 18,805 thousand for three-month government securities, BGN 44,150 thousand for three-year, BGN 49,950 thousand for five-year and BGN 48,880.3 thousand for seven-year government securities (Chart 1). Approved bids totaled BGN 82,000 thousand nominal value, including three-month of BGN 12,000 thousand, three-year of BGN 25,000 thousand, five-year of BGN 25,000 thousand and seven-year of BGN 20,000 thousand (Charts 2 and 3). Coverage coefficient of the issues approved for sale in October accounted for 1.97: 1.57 on three-month, 1.77 on three-year, 2.00 on five-year and 2.44 on seven-year government securities (Chart 4). Government securities issued in October decreased by BGN 1.45 million on a year earlier basis (Chart 2).

Chart 1

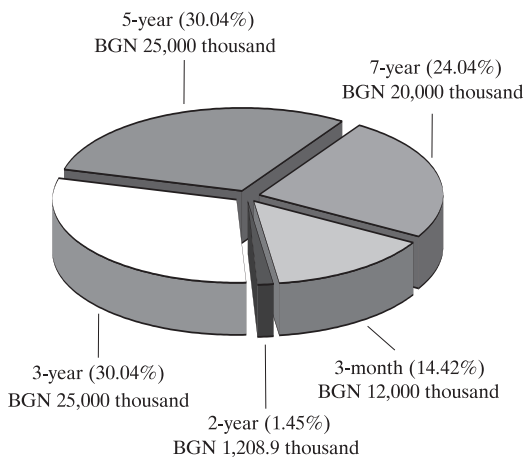
### Government Securities Issue in October



### Sales of Government Securities Issues

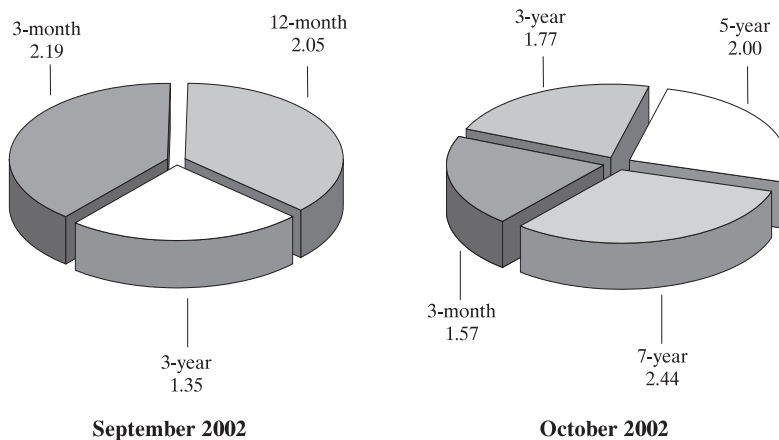


### Structure and Volume of Government Securities Issued for Budget Deficit Financing in October



**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 indicated a slight decrease in October. The yield on government securities with other terms also decreased slightly compared with the previous months. The yield on three-year government securities decreased from 6.32% to 6.24%, or by 0.08 percentage points. The yield on five-year government securities was 6.79%, while the yield on seven-year government securities accounted for 7.63% (Charts 5, 6 and 8).

One 2002 treasury bills issue (BG3010802000) and one 2000 treasury bonds issue (BG2030800119) matured in October.

In the review period two issues of two-year treasury bonds earmarked for direct sale to individuals were put in circulation: issue No. 720 of 9 October 2002 and issue No. 721 of 23 October 2002. Issue No. 720 totaled BGN 562.1 thousand nominal value and issue No. 721 is still in circulation (Chart 11). Two 2000 issues, amounting to BGN 1,191.1 thousand, matured in October. During the period under review reverse repurchases accounted for BGN 103.7 thousand (Chart 12).

## Prices of Issues Sold per BGN 100 Nominal Value

### SEPTEMBER 2002

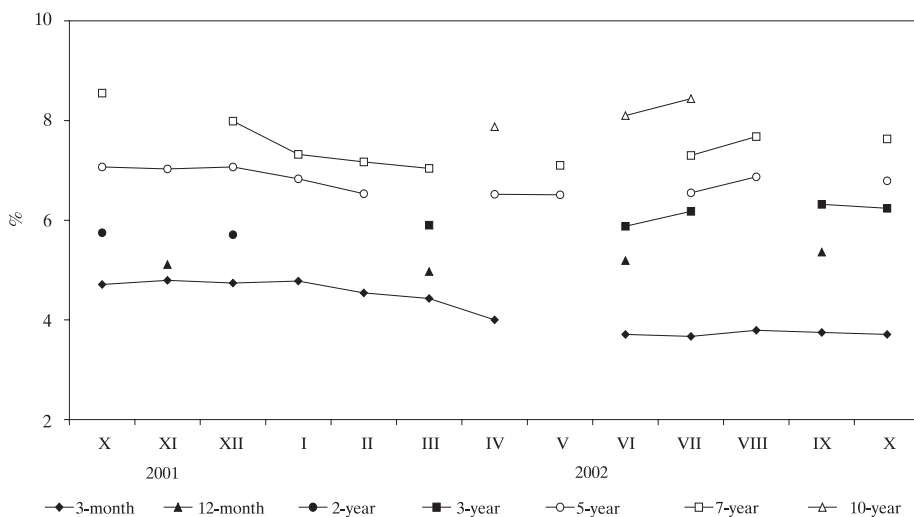
	3-month	12-month	3-year
	BG3011002006	BG3011102004	BG2030402114
Minimum	99.04	94.72	98.75
Average-weighted	99.06	94.85	99.13
Maximum	99.15	96.01	99.78

### OCTOBER 2002

	3-month	3-year	5-year	7-year
	BG3011202002	BG2030302116	BG2030202118	BG2040302213
Minimum	99.02	98.47	98.27	96.35
Average-weighted	99.06	98.67	98.78	96.63
Maximum	99.14	99.20	100.04	97.63

Chart 5

## Yield of Primary Market Government Securities

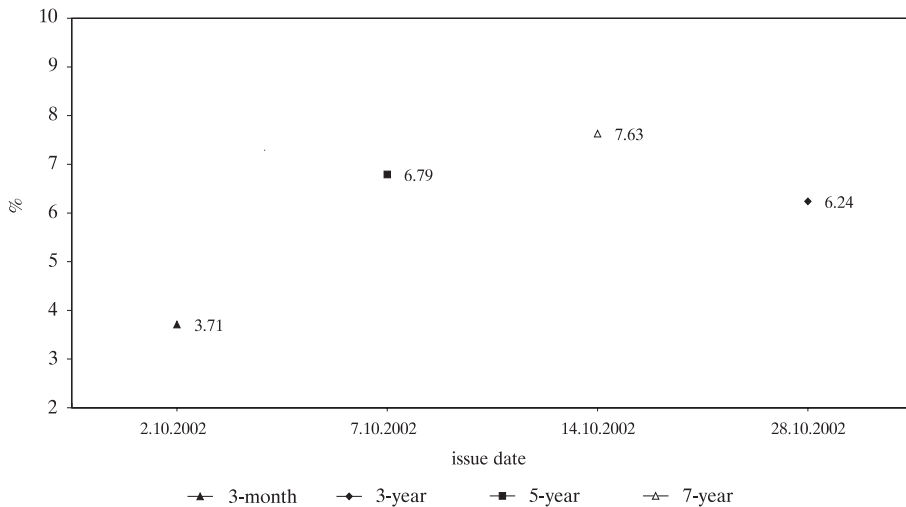


**Note:** The yield is on an effective annual basis.



Chart 6

### Dynamics of the Average Annual Yield of Primary Market Government Securities



**Note:** Three-year, five-year and seven-year tap government securities issues; the above dates indicate the auction dates.

Chart 7

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

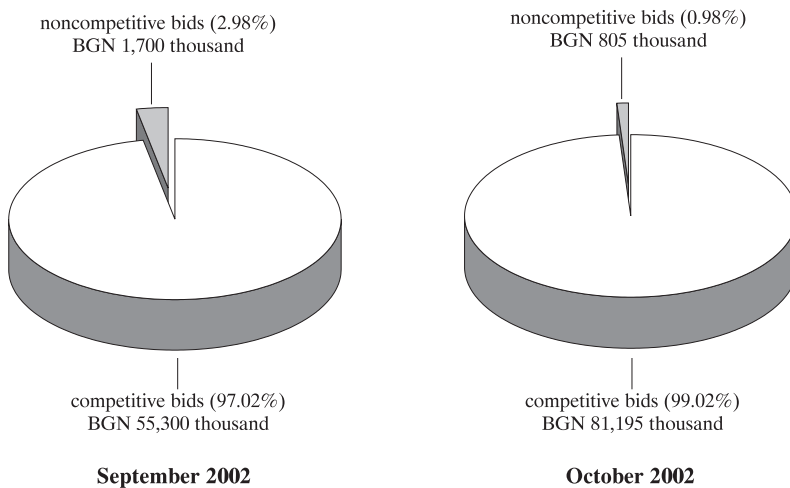
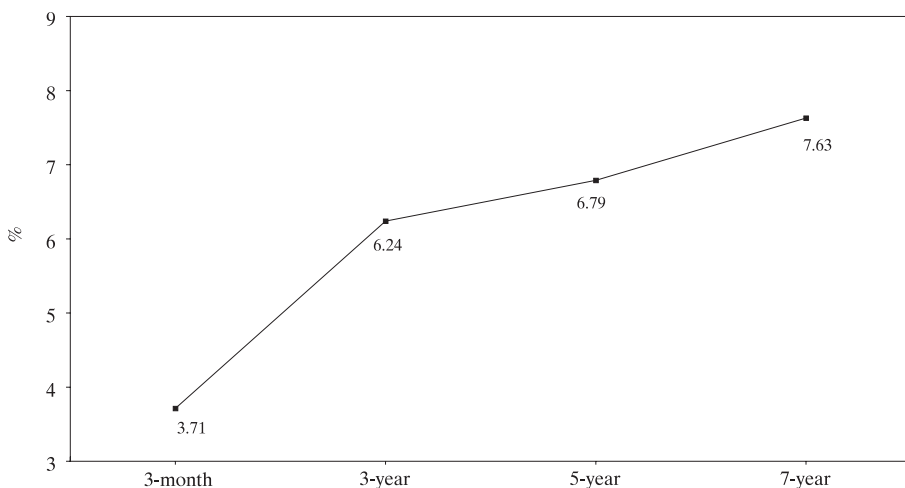


Chart 8

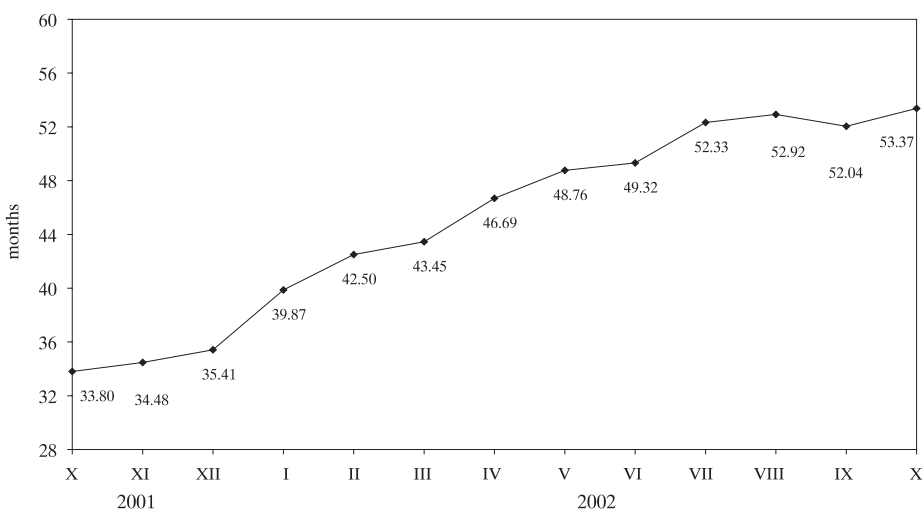
### Yield Curve of Primary Market Government Securities in October



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

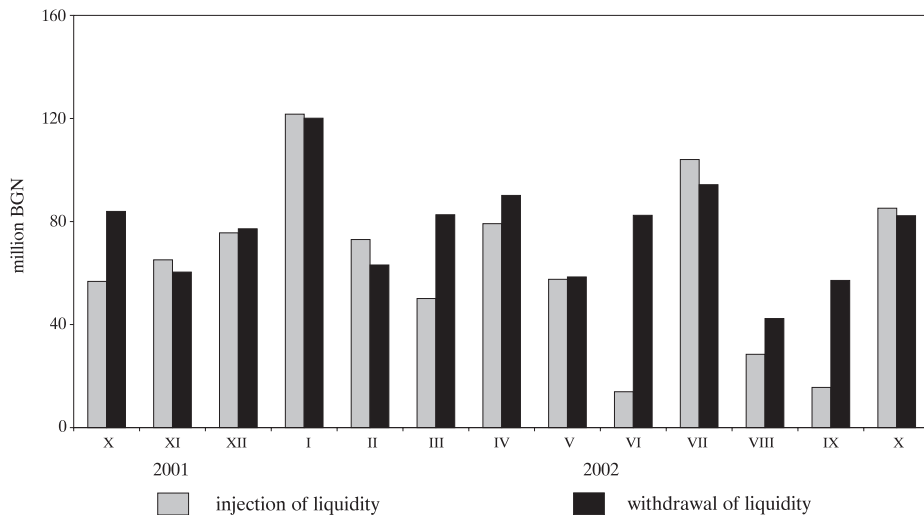
Chart 9

### Average Term of Outstanding Government Securities Issues by Month

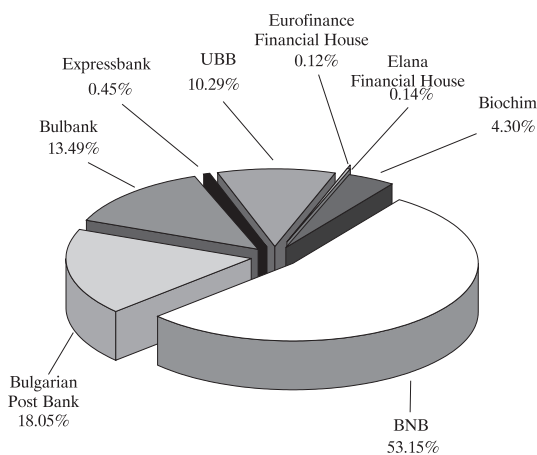


**Note:** The average term is calculated on the basis of the maturity structure of government securities issued for budget deficit financing.

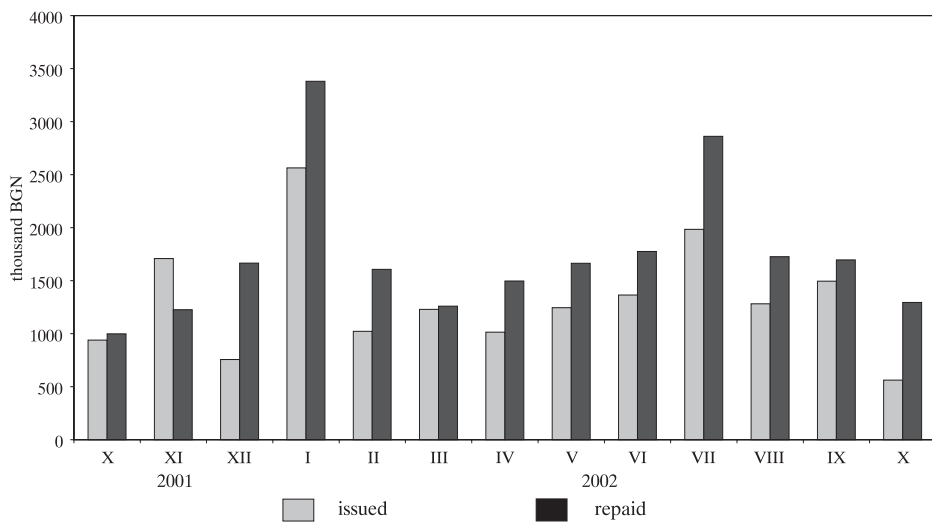
### Monthly Liquidity Regulation through Government Securities Issues and Maturities



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



### Issued and Repaid Government Securities from Target Issues



# Outstanding Government Securities

## Discount Treasury Bills

Issue No.	BG3012401009	BG3010302001	BG3010702002	BG3010902008	BG3011002006	BG3011102004	BG3011202002
Issue date	14.11.2001	27.03.2002	26.06.2002	07.08.2002	04.09.2002	25.09.2002	02.10.2002
Maturity date	14.11.2002	27.03.2003	26.06.2003	07.11.2002	04.12.2002	25.09.2003	02.01.2003
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	20 000.00	12 000.00	12 000.00	20 000.00	12 000.00
Total nominal value of the bids received (thousand BGN)	30 300.00	40 420.00	21 700.00	15 430.00	26 230.00	40 901.05	18 805.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	20 000.00	12 000.00	12 000.00	20 000.00	12 000.00
Average price of the bids approved per BGN 100 (%)	95.07	95.20	95.00	99.04	99.06	94.85	99.06
Average discount per BGN 100 (%)	4.93	4.80	5.00	0.96	0.94	5.15	0.94
Average annual yield (%)	5.11	4.97	5.19	3.79	3.75	5.36	3.71
Effective annual yield (%)	5.11	4.97	5.19	3.85	3.81	5.35	3.76
Coverage coefficient	1.52	2.02	1.09	1.29	2.19	2.05	1.57

## Treasury Bonds

Issue No.	BG2030798115	BG2030998111	BG2031198117	BG2030699115	BG2030999119	BG2030100114 <sup>1</sup>	BG2030500115 <sup>2</sup>	BG2030700111 <sup>2</sup>
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	2070.00	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	2000.00	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)

<b>Issue No.</b>	<b>BG20309001172</b>	<b>BG20310001152</b>	<b>BG2030001143</b>	<b>BG20301011122</b>	<b>BG20302011103</b>	<b>BG20303011182</b>	<b>BG20304011163</b>	<b>BG20305011132</b>
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)

<b>Issue No.</b>	<b>BG2030601111<sup>3</sup></b>	<b>BG2030701119<sup>2</sup></b>	<b>BG2040001211<sup>3</sup></b>	<b>BG2030002112<sup>1</sup></b>	<b>BG2040002219<sup>3</sup></b>	<b>BG2040102217<sup>2</sup></b>	<b>BG2030102110</b>	<b>BG2040202215<sup>1,4</sup></b>
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)

<b>Issue No.</b>	<b>BG2030202118<sup>4,8**</sup></b>	<b>BG2040302213<sup>6,8**</sup></b>	<b>BG2030302116<sup>7</sup></b>	<b>BG2030402114<sup>5</sup></b>
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)	70 000.00	55 000.00	50 000.00	25 000.00
Total nominal value of the bids received (thousand BGN)	107 130.00	102 982.80	68 350.00	33 700.00
Total nominal value of the bids approved (thousand BGN)	64 750.00	55 000.00	41 900.00	25 000.00
Average price of the bids approved per BGN 100 (%)	99.10	97.20	98.73	99.13
Interest rate	6.50	7.00	5.75	6.00
Coverage coefficient	1.53	1.87	1.37	1.35

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

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

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

<sup>4</sup> The total volume of the issue is BGN 90,000,000; the MF will sell the remaining portion on an auction principle.

<sup>5</sup> The total volume of the issue is BGN 50,000,000; the MF will sell the remaining portion on an auction principle.

<sup>6</sup> The total volume of the issue is BGN 70,000,000; the MF will sell the remaining portion on an auction principle.

<sup>7</sup> The total volume of the issue is BGN 75,000,000; the MF will sell the remaining portion on an auction principle.

<sup>8</sup> The above price is a result of the two auctions organized for sale of this issue and does not include the interest accrued as of auction dates.

\* 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 October 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
<b>Issue No.</b>	<b>BG 2000192224</b>	<b>BG 2009993226</b>	<b>BG 2009893228</b>	<b>BG 2009794228</b>	<b>BG 2009693222</b>
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)	6904.34 (BGN)	197 550.27 (USD)	785.48 (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 October 2002. 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, 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

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<b>Issue No.</b>	<b>BG2040099223</b>
Issue date	01.07.1999
Maturity date	01.01.2019
Principal (thousand EUR)	126 661.98
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.

EUR-denominated 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 October 2002.

## Pending Payments on Government Securities in December 2002

(thousand BGN)

Government securities	Monday	Tuesday	Wednesday	Thursday	Friday
	2	3	4	5	6
bills target issues CMD 3 GGS	78.2	16.9	12 000.0 936.6	33.7	17.5
	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>
bills target issues					
	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
target issues GGS				20.1 2.2	8.2
	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>
bonds target issues				69.8	
	<b>30</b>	<b>31</b>			
target issues GGS					

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

## Schedule of Government Securities Issues for December 2002

Auction date	Issue date	Maturity date	Issue term	Scheduled volume (BGN)	Total volume (BGN)
02.12.2002	04.12.2002	04.03.2003	3-month	12 000 000	
09.12.2002*	11.09.2002	11.09.2005	3-year	25 000 000	50 000 000
23.12.2002	23.12.2002	23.12.2003	12-month	20 000 000	
<b>TOTAL, incl.:</b>				<b>57 000 000</b>	
bills				32 000 000	
bonds				25 000 000	

\* Tap issue.

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

By end-October 2002 domestic debt totaled BGN 2,041,916.4 thousand and domestic government debt accounted for BGN 2,039,275.3 thousand. Share of the debt on government securities issued for budget deficit financing was 67.1% and that of government securities issued for structural reform, 32.8%. Domestic government guaranteed debt comprised 0.1% (Chart 13).

By end-October government securities issued for budget deficit financing accounted for BGN 1,369,331.9 thousand. Issued government securities totaled BGN 82,250.5 thousand, including BGN 1,208.9 thousand sold directly to physical persons. Newly issued bonds amounted to BGN 80,575.9 thousand. Securities repaid in October accounted for BGN 61,888.9 thousand, including short-term treasury bills of BGN 11,888.9 thousand. As a result of effected operations, the share of three-year government securities in the maturity structure of government securities issued for budget deficit financing increased by 1.6 percentage points to 18.7%, the share of five-year bonds increased by 1.4 percentage points to 32.2% and that of seven-year, by 1.2 percentage points to 18.4%. 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 669,943.4 thousand. In October payment on BGN ZUNK bonds accounted for BGN 431.5 thousand and repayments of obligations to the government on ZUNK amounted to USD 662.6 thousand.

Debt movements in October caused changes in debt forex structure (Chart 15). The share of government securities in euro and US dollars decreased to 12.2% and 19.2% respectively at the expense of government securities denominated in levs which rose to 68.6%. Debt maturity structure also changed. Short-term securities decreased to 5.4%, while medium-term securities remained almost unchanged – 45.3%. Long-term securities slightly increased reaching 49.2% (Chart 16). Government securities with fixed interest coupons comprised 67.2% and government securities with floating interest coupons – 32.9% (Chart 17).

Since early-2002 repaid interest and discounts have totaled BGN 105,018.8 thousand. Interest and discounts on government securities for budget deficit financing of BGN 76,490.8 thousand, or 72.8% of the total repaid interest and discounts, were repaid in October (Chart 19). Expenditure on two-year government bonds occupied the largest share, 34.77%, followed by five-year bonds, 32.9%.

## Domestic Debt

(thousand BGN/thousand EUR/thousand USD)

Structure	Amount as of 31 Dec. 2001	Change in 2002		Amount as of 31 Oct. 2002
		increase	decrease	
<b>I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING</b>				
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		250 764.9	181 563.1
2-year	252 608.6		250 764.9	1 843.7
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		118 043.4	500 124.5
5.1. Short-term	135 454.2		116 440.4	19 013.9
3-month	59 298.5		59 298.5	-
12-month	76 155.7		57 141.8	19 013.9
5.2. Medium-term	482 713.7		1 603.0	452 173.0
2-year	213 819.2		1 603.0	212 216.2
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		763 863.8	82 970.2	680 893.6
6.1. Short-term		175 329.4	82 662.5	92 666.9
3-month		118 321.9	82 662.5	35 659.4
12-month		57 007.5	-	57 007.5
6.2. Medium-term		284 045.0	307.7	283 737.3
2-year		13 762.7	307.7	13 455.0
3-year		116 145.7	-	116 145.7
5-year		154 136.6	-	154 136.6
6.3. Long-term		304 489.4	-	304 489.4
7-year		222 919.1	-	222 919.1
10-year		81 570.3	-	81 570.3
<b>TOTAL (I)</b>	<b>1 077 246.6</b>	<b>763 863.8</b>	<b>471 778.5</b>	<b>1 369 331.9</b>
<b>II. DEBT ON GOVERNMENT SECURITIES ISSUED FOR STRUCTURAL REFORM</b>				
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		431.5	6 904.3
denominated in USD	277 123.8		79 573.6	197 550.3

(continued)

(continued)

lev equivalent	615 009.9			391 702.7
denominated in EUR	60 606.3	69 422.7	3 367.0	126 662.0
lev equivalent	118 535.6			247 729.3
A4. Long-term government bonds issued pursuant to CM Decree No. 3 of 1994	785.5		-	785.5
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			651 506.1
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			669 943.4
GOVERNMENT DEBT, TOTAL	1 853 847.3			2 039 275.3
III. DOMESTIC GOVERNMENT GUARANTEES	6 653.3			2 641.1
DOMESTIC DEBT, TOTAL	1 860 500.6			2 041 916.4

**Notes:**

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

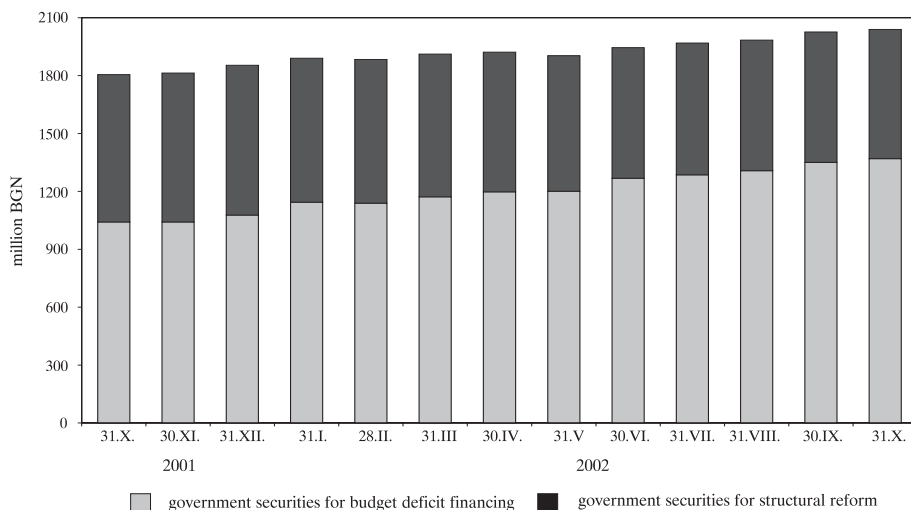
The lev equivalent of the debt denominated in foreign currency is calculated on the basis of the exchange rate of the relevant currency against the lev at the end of month:

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

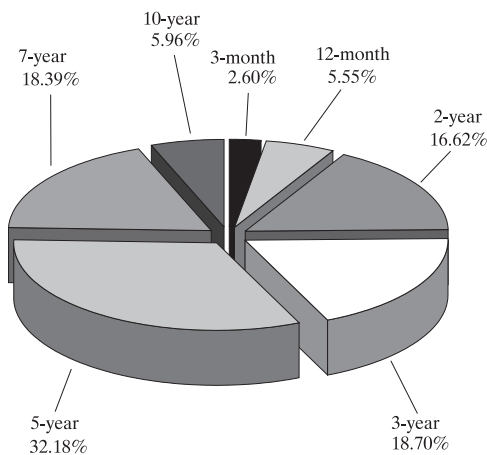
on 31 October 2002: USD 1/BGN 1.98280, EUR 1/BGN 1.95583.



### Changes in Domestic Government Debt

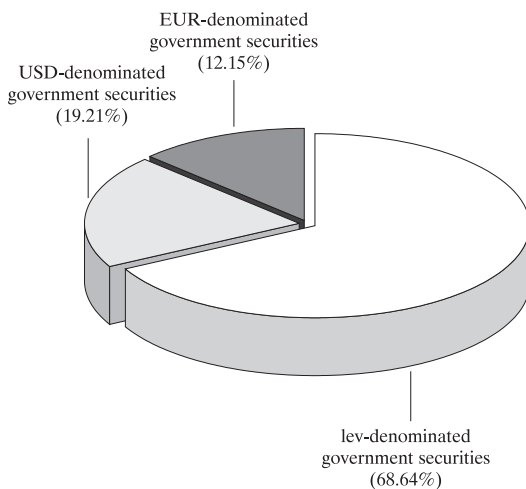


### Outstanding Government Securities Issued for Budget Deficit Financing as of 31 October

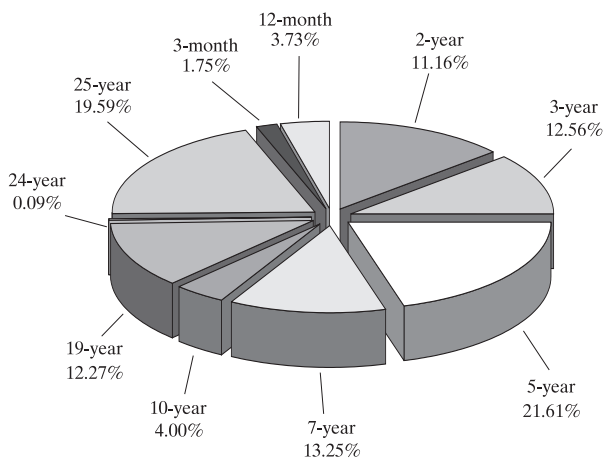


**Note:** The average-weighted maturity of government securities issued for budget deficit financing is four years and five months.

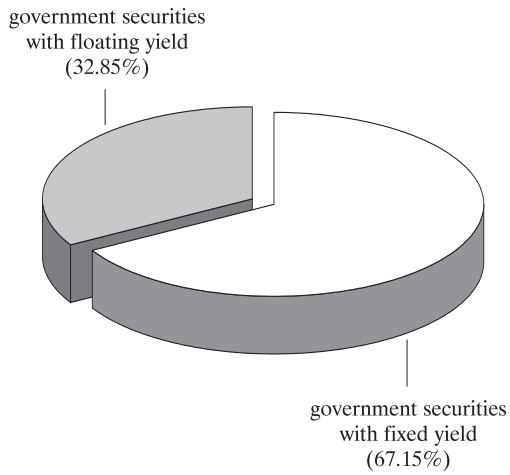
### Forex Composition of Outstanding Government Securities as of 31 October



### Maturity Structure of Outstanding Government Securities as of 31 October



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



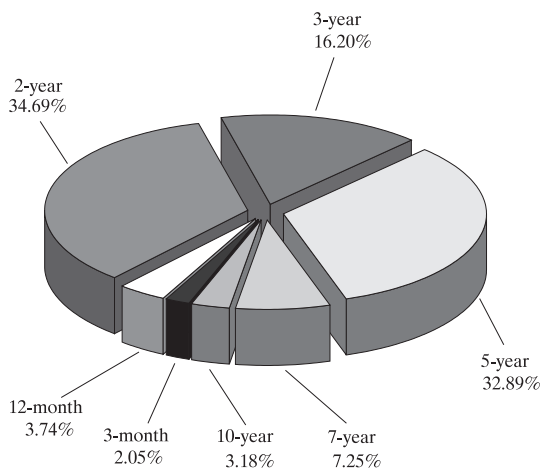
# Expenditure on Domestic Debt between 1 January and 31 October 2002

(thousand BGN)

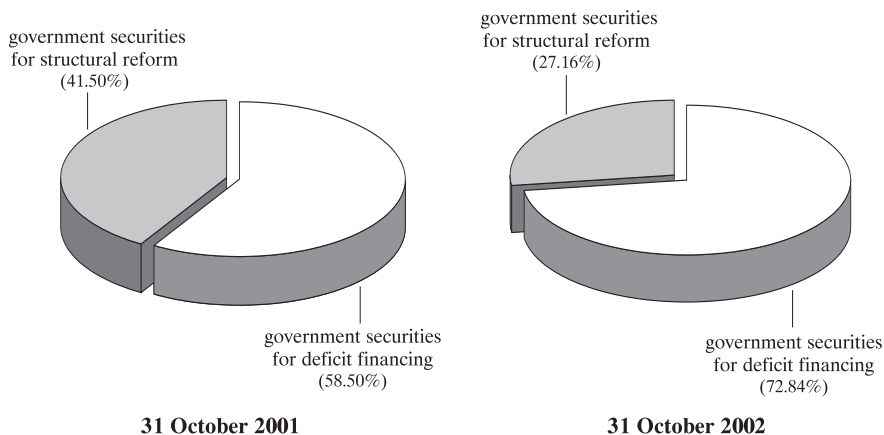
Structure	Amount of repaid interest (discount)
<b>I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING</b>	
1. Government securities issued in 1997	848.6
5-year	848.6
2. Government securities issued in 1998	229.4
5-year	229.4
3. Government securities issued in 1999	286.3
5-year	286.3
4. Government securities issued in 2000	28 225.8
2-year	13 117.3
3-year	11 518.4
5-year	3 590.1
5. Government securities issued in 2001	37 668.7
5.1. Short-term	3 559.6
3-month	701.5
12-month	2 858.2
5.2. Medium-term*	31 859.1
2-year	13 259.1
5-year	18 600.0
5.3. Long-term	2 250.0
7-year	2 250.0
6. Government securities issued in 2002	9 231.9
6.1. Short-term	867.5
3-month	867.5
6.2. Medium-term	2 636.6
2-year	160.6
3-year	875.9
5-year	1 600.2
6.3. Long-term	5 727.8
7-year	3 292.5
10-year	2 435.3
<b>TOTAL (I)</b>	<b>76 490.8</b>
<b>II. DEBT ON GOVERNMENT SECURITIES ISSUED AS A RESULT OF STRUCTURAL REFORM</b>	
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	27 121.1
lev bonds	335.5
USD-denominated (in BGN at the current exchange rate)	20 739.9
EUR-denominated (in BGN at the fixed exchange rate)	6 045.7
4. Bonds issued pursuant to CM Decree No. 89 of 1995	34.6
<b>Total (A)</b>	<b>27 389.2</b>
B. Debt on government securities issued pursuant to Articles 8 and 9 of LSPDACB of 1996	1 138.9
<b>Total (B)</b>	<b>1 138.9</b>
<b>TOTAL (II)</b>	<b>28 528.1</b>
<b>EXPENDITURE ON GOVERNMENT DEBT, TOTAL</b>	<b>105 018.8</b>
<b>III. GOVERNMENT GUARANTEED DEBT</b>	<b>0.0</b>
<b>EXPENDITURE, TOTAL</b>	<b>105 018.8</b>

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

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



### Structure of Expenditure on Domestic Debt



By end-October foreign debt totaled USD 8,384.5 million. Government debt accounted for USD 7,848.7 million and government guaranteed debt amounted to USD 535.8 million.

In October new foreign financing totaled BGN 8,766.8 thousand, including BGN 6,796.5 thousand receipts on government credits and the remaining portion of BGN 1,970.3 thousand on government guaranteed loans. Payments on the debt totaled BGN 40,115 thousand, of which BGN 36,481.7 thousand principal repayments and BGN 3,633.3 thousand interest. Repayments were mainly made to the IMF (BGN 25,322.6 thousand) and on government guaranteed loans (BGN 11,159.1 thousand). Interest was repaid mainly on government guaranteed loans (BGN 3,136.2 thousand).

Since early-2002 received loans have totaled BGN 490,212.1 thousand, of which BGN 154,228.1 thousand receipts from tranches on government guaranteed loans. Payments on the debt have amounted to BGN 1,671,007.4 thousand, including BGN 1,089,743.2 thousand principal repayments. The largest amounts were repaid on the IMF loans (BGN 389,333.6 thousand), the Paris Club loans (BGN 280,618.6 thousand), Brady bonds (BGN 168,899.1 thousand) and government guaranteed loans (BGN 158,961.2 thousand). By end-October net foreign financing was negative: USD -599,531.1 thousand.

Certain changes occurred in foreign debt structure as a result of operations effected to replace Brady bonds with other global bonds. Debt denominated in other currencies reached 15.6% and debt denominated in euro and US dollars comprised 29.5% and 54.9% respectively. A change was reported in debt interest structure as well. Proportion between the debt with floating interest coupons and fixed interest coupons reached 63.4% to 36.6%. The average-weighted residual term to maturity of the foreign debt was ten years and ten 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 29.7% and of other bonds to 27.9%. The percentage share of the debt to the IMF slightly rose and reached 12.2%. Obligations to the World Bank occupied 10.2%, the Paris Club, 3.4%, and the European Union, 4.6%. The share of government guaranteed credits was 6.4%.

## Foreign Debt

(million USD)

Structure	as of 31.XII. 2001	2002			
		as of 31.III.	as of 31.VIII.	as of 30.IX.	as of 31.X.
<b>Government debt</b>	<b>8 016.8</b>	<b>7 920.9</b>	<b>8 103.2</b>	<b>7 967.3</b>	<b>7 848.7</b>
I. Bonds	4 979.3	4 961.0	5 017.8	4 937.2	4 830.1
1. Brady bonds	4 759.0	4 742.9	3 423.5	3 355.4	2 488.8
2. Other bonds	220.3	218.1	1 594.3	1 581.8	2 341.3
II. Credits	3 037.5	2 960.0	3 085.4	3 030.1	3 018.6
1. Paris Club	382.0	352.2	328.2	282.7	282.3
2. World Bank	829.4	813.9	873.3	855.4	854.2
2.1. World Bank	708.8	698.3	744.2	733.2	733.3
2.2. JBIC (JEXIM)	120.6	115.6	129.2	122.2	120.9
3. G-24	47.5	47.3	50.2	49.6	49.7
4. European Union	343.7	340.2	389.0	384.5	384.7
5. IMF	1 042.9	1 021.0	1 018.2	1 033.6	1 020.0
6. Other	120.4	119.2	136.3	134.7	134.7
7. Government investment loans	211.8	207.3	224.6	226.1	229.5
7.1. World Bank	49.4	52.0	60.7	61.5	64.6
7.2. European Investment Bank	112.3	112.6	119.9	120.7	120.8
7.3. EBRD	30.7	29.2	28.9	27.0	27.4
7.4. Other	19.3	13.5	15.1	16.8	16.8
8. Called government guarantees	59.8	58.9	65.7	63.5	63.5
8.1. World Bank	43.9	43.3	50.4	49.0	49.0
8.2. European Investment Bank	3.2	2.9	2.9	2.7	2.7
8.3. Other	12.7	12.7	12.3	11.7	11.7
<b>Government guaranteed debt</b>	<b>507.9</b>	<b>503.2</b>	<b>529.1</b>	<b>541.2</b>	<b>535.8</b>
1. World Bank	147.8	144.2	146.0	142.8	142.8
2. European Investment Bank	122.6	115.2	124.8	118.7	115.3
3. EBRD	68.9	66.7	67.0	64.9	63.3
4. Other	168.6	177.1	191.4	214.8	214.3
<b>FOREIGN DEBT, TOTAL</b>	<b>8 524.7</b>	<b>8 424.1</b>	<b>8 632.3</b>	<b>8 508.5</b>	<b>8 384.5</b>

### 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 October 2002.

## New Foreign Financing and Foreign Debt Payments as of 31 October

(thousand BGN)

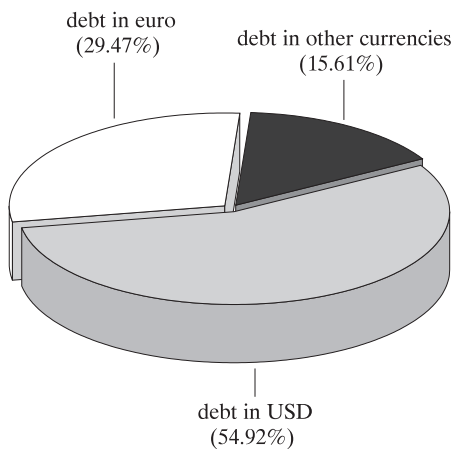
Structure	Received credits (tranches)	Payments, incl.	
		Installments	Interest
<b>Government debt</b>	335 983.9	930 782.0	539 443.9
I. Bonds	0.0	168 899.1	364 966.2
1. Brady bonds	0.0	168 899.1	342 824.3
2. Other bonds	0.0	0.0	22 141.9
II. Credits	335 983.9	761 882.9	174 477.7
1. Paris Club	0.0	280 618.6	33 065.0
2. World Bank	36 759.7	53 720.2	44 723.5
2.1. World Bank	36 759.7	37 585.4	39 476.5
2.2. JBIC (JEXIM)	0.0	16 134.8	5 247.0
3. G-24	0.0	0.0	2 610.8
4. European Union	0.0	0.0	21 545.1
5. IMF	226 643.8	389 333.6	44 682.8
6. Other	0.0	0.0	2 328.4
7. Government investment loans	60 026.7	27 428.7	21 016.0
7.1. World Bank	22 755.0	2 650.3	3 174.4
7.2. European Investment Bank	29 065.6	15 812.5	14 926.5
7.3. EBRD	1 975.1	8 965.9	2 525.9
7.4. Other	6 231.0	0.0	389.1
8. Called government guarantees	12 553.8	10 781.9	4 506.0
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	2 153.0	91.5
<b>Government guaranteed debt</b>	154 228.1	158 961.2	41 820.2
1. World Bank	1 238.3	16 199.5	11 496.6
2. European Investment Bank	3 911.7	41 761.0	14 313.4
3. EBRD	803.8	18 776.7	6 513.7
4. Other	148 274.3	82 224.0	9 496.6
<b>TOTAL</b>	490 212.1	1 089 743.2	581 264.2

**Notes:**

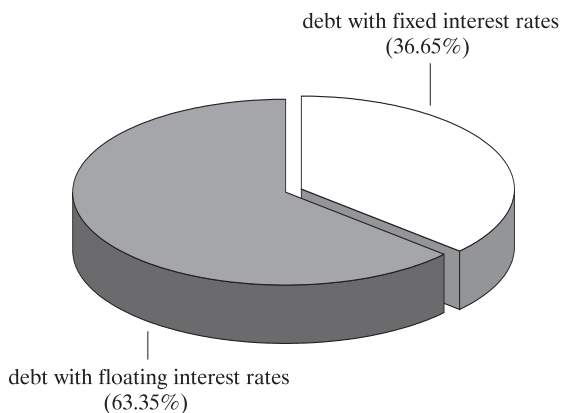
1. Values in USD of the new foreign financing and payments effected is calculated on the basis of BNB central exchange rates of the lev against respective foreign currencies valid until 4.00 p.m. on the day of corresponding payment.
2. Values in BGN of the new foreign financing and payments effected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

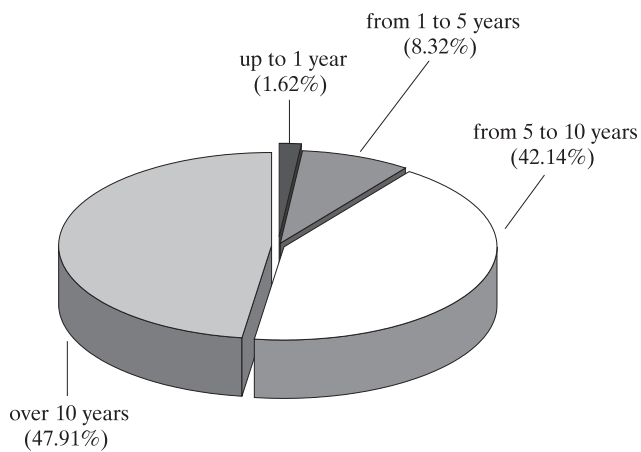


### Foreign Currency Composition of the Foreign Debt as of 31 October



### Interest Rate Structure of the Foreign Debt as of 31 October



**Residual Term to Maturity of the Foreign Debt as of 31 October**

**Note:** The average-weighted residual term to maturity of the foreign debt is 10 years and ten months.

By end-October government and government guaranteed debt totaled EUR 9,544.1 million, including domestic debt of EUR 1,044 million and foreign debt of EUR 8,500.1 million. The decrease in absolute terms was EUR 122.9 million on the previous month mainly due to the replacement of Brady bonds with new global bonds and repayments on the foreign debt (to the IMF and government guaranteed loans), and to a lesser degree due to fluctuations in the exchange rate of the US dollar against the euro.

By end-October value of the key macroeconomic indicator identifying the debt to GDP ratio was 60.6%, down 0.8% on September. The value of this indicator measured by domestic debt to GDP ratio and the foreign debt to GDP ratio accounted for 6.6% and 54.9% respectively.

Domestic debt occupied 10.9% in debt structure and foreign debt 89% (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 as a result of the replacement of Brady bonds with new global bonds. The share of the debt in US dollars stayed relatively high, decreasing from 51.6% in September to 51% at the end of October (Chart 24).

Debt to the London Club (Brady bonds) occupied the largest share in debt structure by type of creditor, 26.4%, followed by other bonds (global bonds used to replace a part of the Brady debt and eurobonds), 24.9%, domestic debt (government securities), 10.9%, and debt to the IMF, 10.8% (Chart 25). The analysis of debt structure indicated that changes were mostly attributable to the significantly decreased share of Brady bonds at the expense of other bonds. The tendency to increase the share of domestic debt issues was preserved.

By end-October debt interest structure reflected a significant decrease in the debt with floating interest, from 68.5% to 60%, over the debt with fixed interest which reached 40% (Chart 26). Improvement in this proportion was also 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 1,176.5 million, including domestic debt payments of EUR 322.2 million and foreign debt payments of EUR 854.4 million (Chart 27). In October debt payments totaled EUR 64 million with payments to the IMF and government guaranteed debts 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-October payments in US dollars (EUR 333.1 million) and in levs (EUR 322.2 million) accounted for the biggest share in the forex composition of debt payments, followed by payments in SDR (EUR 263.7 million, Chart 28).

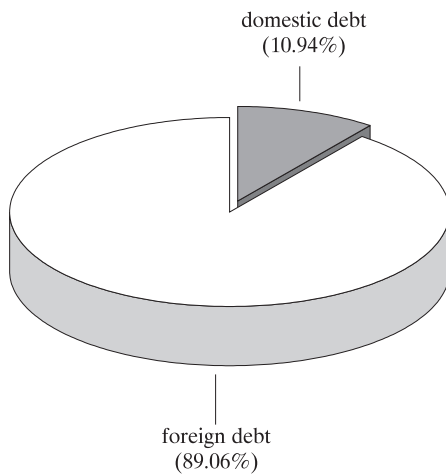
## Government and Government Guaranteed Debt

(million EUR)

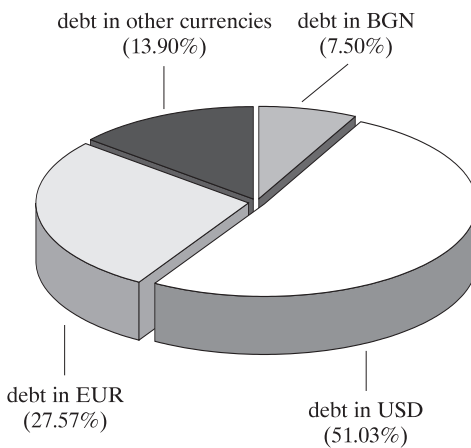
Structure	as of 31.XII. 2001	2002		
		as of 31.III.	as of 30.VI.	as of 30.IX. as of 31.X.
<b>Domestic debt</b>	<b>951.3</b>	<b>980.2</b>	<b>996.6</b>	<b>1 037.7</b>
<b>I. Government debt</b>	<b>947.9</b>	<b>977.4</b>	<b>994.6</b>	<b>1 042.7</b>
1. Government securities issued for budget deficit financing	550.8	599.2	648.6	700.1
2. Government securities issued for structural reform	397.1	378.1	346.0	345.6
II. Government guaranteed debt	3.4	2.9	2.0	1.5
<b>Foreign debt</b>	<b>9 672.9</b>	<b>9 656.3</b>	<b>8 653.9</b>	<b>8 629.3</b>
<b>I. Government debt</b>	<b>9 096.6</b>	<b>9 079.5</b>	<b>8 123.5</b>	<b>8 080.4</b>
1. Bonds	5 650.0	5 686.6	5 030.4	5 007.3
2. Credits	3 446.6	3 392.9	3 093.1	3 073.1
- Government investment loans	240.3	237.6	225.1	229.3
- Called government guarantees	67.8	67.6	65.8	64.4
II. Government guaranteed debt	576.3	576.8	530.5	548.9
<b>Debt, total</b>	<b>10 624.13</b>	<b>10 636.5</b>	<b>9 650.5</b>	<b>9 667.0</b>
<b>Debt/GDP, total (%)</b>	<b>70.2</b>	<b>67.6</b>	<b>61.3</b>	<b>61.4</b>
- Domestic debt/GDP (%)	6.3	6.2	6.3	6.6
- Foreign debt/GDP (%)	63.9	61.4	55.0	54.8

**Note:** GDP projection for 2002: BGN 30,783 million.  
GDP real for 2001: BGN 29,618.1 million.

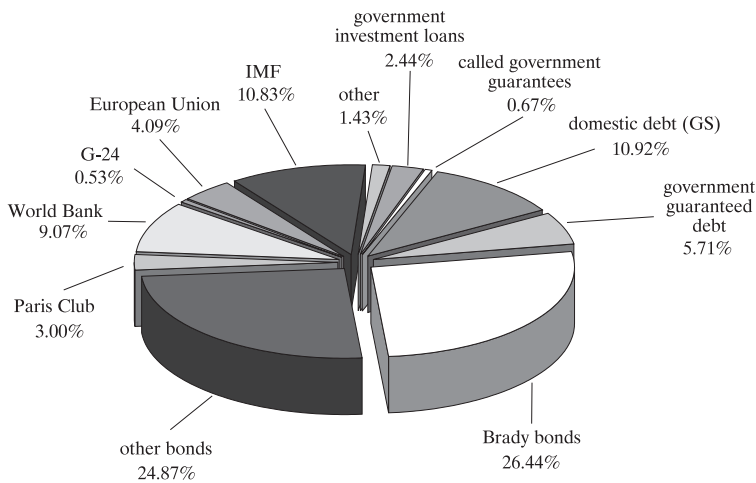
### Debt Structure as of 31 October



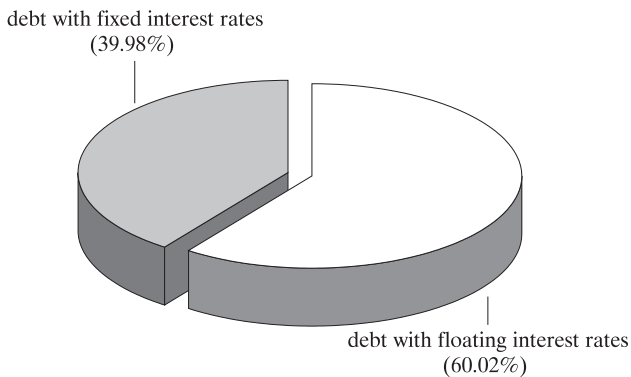
### Debt Forex Structure as of 31 October



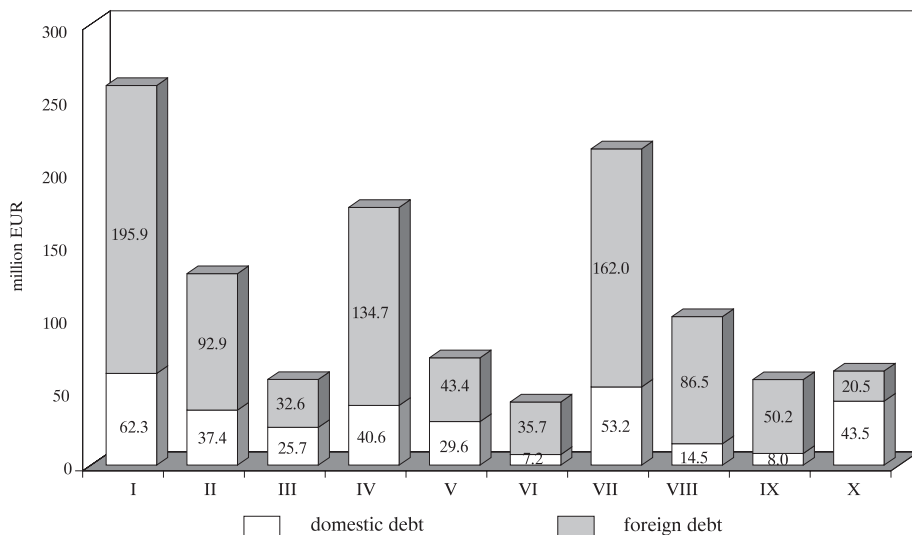
### Debt Structure by Creditor as of 31 October



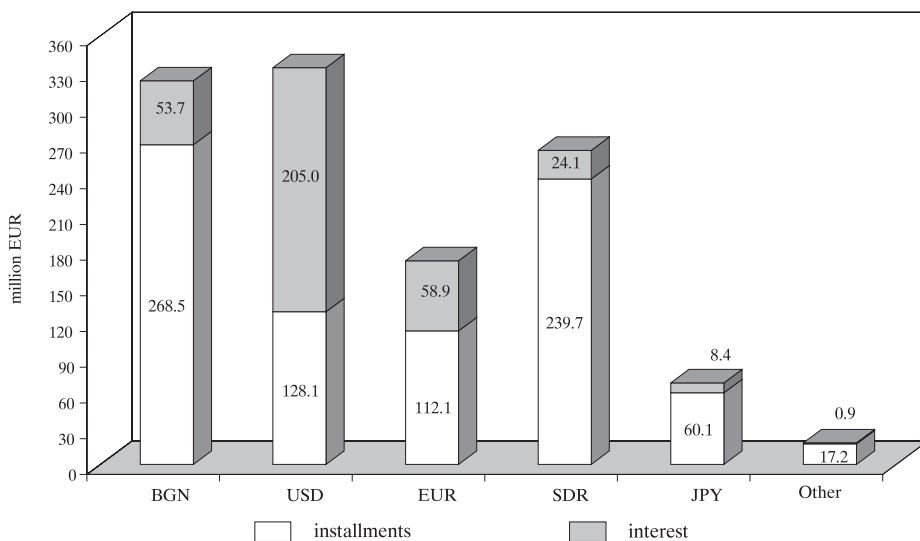
### Debt Interest Structure as of 31 October



### Government Debt Payments in 2002



### Currency Structure of Government Debt Payments as of 31 October



## Government Securities Issued in Domestic Market and Acquired by Nonresidents

(thousand BGN)

Government securities type	2002									
	31.XII. 2001	31.I.	28.II.	31.III.	30.IV.	31.V.	30.VI.	31.VII.	31.VIII.	30.IX.
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
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
- 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
- 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
<b>Total</b>	<b>97 100.4</b>	<b>93 473.5</b>	<b>93 330.0</b>	<b>87 263.0</b>	<b>86 619.0</b>	<b>85 820.4</b>	<b>84 819.04</b>	<b>78 336.0</b>	<b>78 288.1</b>	<b>78 262.5</b>

## Government Securities Issued in International Market and Acquired by Residents

(million USD)

Government securities type	2002									
	31.XII. 2001	31.I.	28.II.	31.III.	30.IV.	31.V.	30.VI.	31.VII.	31.VIII.	30.IX.
Government securities type										
Brady bonds	14.3	15.4	18.1	22.4	14.0	19.4	26.9	32.6	30.2	35.0
Eurobonds	41.2	37.9	50.8	63.3	60.1	72.0	74.2	67.6	67.9	72.4
Global bonds	-	-	-	-	135.6	156.0	188.7	186.6	173.7	164.7
- in EUR	-	-	-	-	117.9	136.0	156.3	157.2	146.8	138.6
- in USD	-	-	-	-	17.7	20.0	32.3	29.4	26.9	26.1
<b>Total</b>	<b>55.5</b>	<b>53.3</b>	<b>68.9</b>	<b>85.7</b>	<b>209.6</b>	<b>247.5</b>	<b>289.7</b>	<b>286.9</b>	<b>271.7</b>	<b>272.1</b>