



REPUBLIC OF BULGARIA

Ministry of Finance

CENTRAL GOVERNMENT DEBT AND GUARANTEES

2023



CENTRAL GOVERNMENT DEBT AND GUARANTEES

ANNUAL BULLETIN / 2023

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ISSN 2534-8892

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ABBREVIATIONS AND ACRONYMS

GDP	Gross domestic product
BNB	Bulgarian National Bank
CEDB	Council of Europe Development Bank
BSE	Bulgarian Stock Exchange
b.p.	basis point
GS	Government securities
MS	Member State
EURATOM	European Atomic Energy Community
ESROT	The electronic system for registering and servicing the trade in GS
EC	European Commission
EU	European Union
FSC	Financial Supervision Commission
IBRD	International Bank for Reconstruction and Development
ICM	International Capital Markets
MF	Ministry of Finance
NSI	National Statistical Institute
PP	Percentage points
CG	Central Government
USD	US dollar
JICA	Japan International Cooperation Agency

ANALYSIS OF THE FINANCIAL SECTOR AND IMPACT ON THE DEBT OF THE BULGARIAN ECONOMY IN 2023

BANKING SYSTEM AND NON-BANKING FINANCIAL SECTOR

Gross international foreign exchange reserves continued to ensure the stable functioning of the Currency Board. Their market value at the end of 2023 amounted to EUR 41.9 billion, thus reporting growth of 9.1% compared to the end of the previous year. The main contribution to the annual increase in the liabilities of the Issue Department came from bank reserves and banknotes and coins in circulation, while the government deposit with the BNB declined. As of 31 December, 2023, the gross international foreign reserves provided coverage of imports of goods and non-factor services for 9.3 months, and their coverage ratio to the country short-term external debt is 241.1%.¹

In 2023, the Bulgarian banking system operated in conditions of stable domestic demand, supported by employment growth and still relatively high income growth. This also determined the growing demand for loans from banks, which was positively influenced as well by the favourable financing conditions offered by liquid and well-capitalized banks in an environment of strong competition. The total capital adequacy ratio was 21.65% at the end of 2023, compared to 20.88% at the end of 2022. The liquidity coverage ratio was 246.7%, compared to 235% a year ago.²

At the end of 2023, the assets of the banking system amounted to BGN 172.1 billion, which is an increase of 10.7%, compared to a year ago. By the end of 2023, the net profit of the banking system reached its highest historical value in the amount of BGN 3.14 billion, increasing by 64.4%, compared to 2022. As a result of the increase in profit, the system reported better indicators for return on assets (ROA) and return on equity (ROE). By the end of 2023, return on assets (ROA) reached 1.98%, and return on equity (ROE) reached 17.1%, compared to 1.33% and 11.98%, respectively, reported at the end of 2022.

By the end of 2023, net assets in the amount of BGN 22.9 billion were accumulated in the supplementary pension insurance system. Compared to the end of 2022, the net assets of pension funds increased by 19.3%.³ The total number of insured persons increased by 1.6%

¹ Data on short-term external debt by residual maturity were used for the calculation.

² Calculated as the ratio of the liquidity buffer to net liquidity outflows

³ According to the Financial Supervision Commission (FSC) data, https://www.fsc.bg/wp-content/uploads/2022/05/Rezultati_2021.zip

during the period, and within the calendar year the number of newly insured persons was 135.2 thousand people.

The funds managed by insurance companies in Bulgaria reached BGN 10.8 billion at the end of 2023 and made an annual growth of 12.4% compared to the end of the previous year.⁴

The claims (receivables) of the leasing companies under financial and operating leases at the end of 2023 amounted to nearly BGN 6.1 billion and increased by 15.3% compared to the previous year.⁵ The total amount of loan claims of companies specializing in lending increased during 2023 by 25% and amounted to BGN 5.5 billion, and the assets managed by domestic and foreign investment funds at the end of the year were BGN 9.7 billion, reporting growth of 15.7%, compared to the end of 2022.⁶

The total market capitalization of the Bulgarian Stock Exchange at the end of 2023 reached BGN 15.5 billion (8.4% of GDP) or 48.6% less than at the end of 2022. The main index of the Bulgarian Stock Exchange (BSE) - SOFIX increased by 27.2% for the calendar year 2023, after its weak growth in the previous year. BGBX 40 also recorded a growth of 13.4%, while BG TR30 and BG REIT increased by 9.3% and 3.9%, respectively. The number of new issues registered for trading on the Bulgarian Stock Exchange in 2023 were 33 in total, compared to 241 in 2022. The decline may be attributed to the significant number of issues (196) registered on the multilateral trading system MTF BSE International in 2022, with only one for 2023. Despite the reported growth in the indices, the number of transactions and turnover on the regulated market of the Bulgarian Stock Exchange in 2023 reported a significant decrease compared to the previous year.

In 2023, Bulgaria maintained its investment grade rating from the three leading international rating agencies. The outlook, which indicates the expected development of the rating, was positive according to three of the agencies.

In February 2023, the international rating agency Moody's confirmed Bulgaria's long-term foreign and domestic currency credit rating of 'Baa1' with a stable outlook. The rating reflected the following key factors: 1) Moody's expectations that the energy crisis in Europe will not significantly weaken the economic and fiscal position in the country. 2) The support for Bulgarian the credit profile resulting from the prospect of euro adoption, despite the risk of a delay in adoption beyond 2024. 3) The risks to the government effectiveness and progress on key priorities resulting from the country prolonged domestic political stalemate.

⁴ According to data from 'Statistics of insurance activity' of the BNB

⁵ According to data of the BNB

⁶ According to data of the BNB

In May and October 2023, the rating agency Fitch Ratings affirmed the long-term credit rating of Bulgaria in foreign and domestic currency 'BBB' with a positive outlook. According to the latest assessment given by Fitch Ratings, the rating of Bulgaria is supported by its strong external and fiscal position relative to peers, from the EU membership and the long-term functioning of the currency board regime. On the other hand, the low share of investment as a percentage of GDP and unfavorable demographic factors drag on potential growth and public finances in the long term. The positive outlook reflects the plans for Eurozone membership, which may lead to further improvements in the external position of the country.

In November 2023, rating agency S&P Global Ratings raised the outlook on the long-term credit rating of Bulgaria in foreign currency from stable to positive, which reflected the agency's view that there is at least a one-in-three chance that Bulgaria will join the Eurozone within the next 24 months. S&P Global Ratings assesses the country fiscal performance as one of the best among CEE (Central and Eastern Europe) countries and expects that current fiscal plans will lead to deficits below 3% of GDP in the period until 2026, by keeping net government debt at up to 20% of GDP. The current account deficit is expected to remain low and overfinanced by EU funds and foreign direct investment, limiting the need for external financing and preserving the stable external position of the country. S&P Global Ratings would raise the credit rating by several notches in the next two years in case Bulgaria becomes a member of the Eurozone.

Sovereign credit rating as of 31.12.2023

Rating agency	Foreign currency rating		Local currency rating		Outlook
	Short-term	Long-term	Short-term	Long-term	
Fitch	F2	BBB	F2	BBB	Positive
Moody's		Baa1		Baa1	Stable
S&P	A-2	BBB	A-2	BBB	Positive
Scope ⁷	S-2	BBB+	S-2	BBB+	Positive

Source: MoF

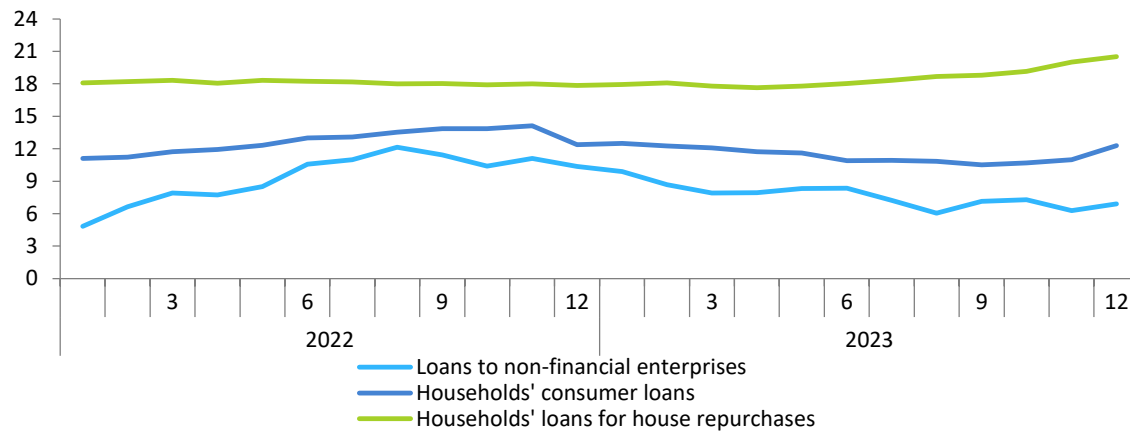
CREDIT FOR THE PRIVATE SECTOR

The reporting year 2023 was marked by strong demand for bank financing from the private sector, especially households. Both demand and supply factors contributed to this, as banks

⁷ Rating agency Scope Ratings provides unsolicited sovereign credit rating.

remained active in attracting new business in an environment of high liquidity and competition among themselves. Annual credit growth for the private sector slowed slightly in 2023 compared to the previous year, by reaching 12.2% compared to 12.7% in 2022.

Credit for the Private Sector (annual growth, %)



Source: BNB, MoF

The total accumulated amount of household credit increased by 15.9% compared to an annual growth of 14.6% in 2022. Both main segments - housing and consumer lending - contributed to the growth. In consumer loans, growth slowed down slightly to 10.5% on an annual basis until the third quarter, after which it accelerated to 12.3% by the end of December and remained relatively high. Loans for house purchase continued to show steady growth, by extending the trend of the last few years. At the end of 2023, their amount increased by 20.5% and reached BGN 19.9 billion, with a growth of 17.9% compared to a year ago.

The main factors that contribute to the strong demand for credit by households are related to labour market trends, including the continued steady growth in nominal incomes and labour shortages in certain economic activities. Higher incomes in a persistent environment of low nominal interest rates on loans for house purchase, as well as on household deposits, on the one hand contribute to increasing their creditworthiness, and maintain the purchase of real estate as the main form of savings or investment in the face of rising housing prices and rents, on the other hand.

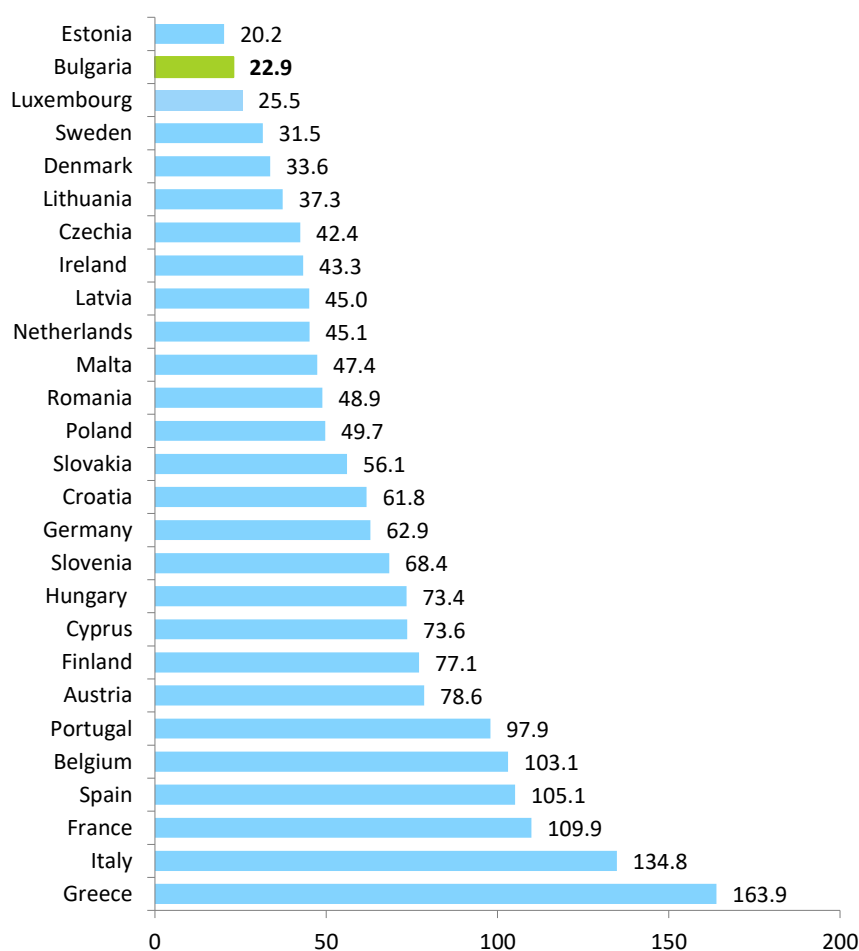
For non-financial corporations, annual growth rate declined to 7.3% from 10.4% in 2022, thus reflecting the exhaustion of the effect of accelerated growth in overdraft a year ago, weaker demand for working capital, and the depletion of inventories accumulated over the previous two years.



IMPLEMENTATION OF THE DEBT CONVERGENCE CRITERION OF THE REPUBLIC OF BULGARIA

Based on the latest published by Eurostat⁸ on the deficit/surplus and debt of the Republic of Bulgaria, the General Government debt amounted to BGN 42.4 billion (22.9% of GDP) at the end of 2023 compared to BGN 37.9 billion at the end of 2022 (22.5% of GDP).

General Government Debt/GDP of EU Member States at the end of 2023, %



Source: Eurostat

⁸ The data were published by Eurostat on October 22, 2024.

Comparing the indicators of the EU-27 member states, the Republic of Bulgaria takes the second place after Estonia (20.2%), as the General Government debt-to-GDP ratio remains significantly below the average levels both for EU-27 countries - 80.8% and in the Euro area - 87.4%, and significantly below the upper threshold of the Maastricht convergence criterion of 60%. At the end of 2023, thirteen Member States exceeded the reference value of 60% of GDP, with the highest ratio in the EU registered for Greece (163.9%), Italy (134.8%) and France (109.9%).

In 2023, the component with the most significant influence in the composition of the General Government sector debt⁹ continues to be the debt of the Central Government subsector (with a share of about 96%), as the main contribution to this had the government debt. The impact on the General Government debt of the other two subsectors – Local Government and Social Security Funds is minimal.



⁹ The General Government sector debt consists of the debt of the Central Government subsector (a predominant part of it is occupied by government debt), the Local Government subsector and the Social Security Funds subsector, subject to the principle of consolidation (elimination of those liabilities, whose corresponding financial assets are owned by institutional units from the General Government sector).

CENTRAL GOVERNMENT DEBT

The nominal amount of the Central Government debt¹⁰ amounted to BGN 41,387.9 million at the end of 2023, of which BGN 30,581.0 million is external debt and BGN 10,806.9 million domestic debt. Compared to the end of 2022, the debt increased by BGN 4,612.0 million, as the main contribution to the formed nominal increase of the debt was the new external financing received during the year, exceeding the amount of the repayments. The Central Government debt-to-GDP ratio for 2023 is 22.3%.

The most significant contribution to the dynamics of the Central Government debt, with a share of 98% belongs to Government debt assumed under the Government Debt Act.

Central Government Debt

(BGN, million)

Structure	2019	2020	2021	2022	2023
Domestic CG debt	5 790.1	5 960.6	8 925.1	11 125.2	10 806.9
I. GS issued on the domestic market (Bonds for financing the budget)	5 414.0	5 566.7	8 510.1	10 746.0	10 409.1
II. Loans	376.1	393.9	415.0	379.2	397.8
1. Government loans	143.2	56.8	18.4	22.9	13.4
2. Domestic loans of units within CG subsector	232.8	337.1	396.6	356.3	384.3
External CG debt	17 635.5	22 890.2	23 607.1	25 969.0	30 581.0
I. Bonds issued on ICM	12 897.7	17 712.3	17 674.2	19 588.6	24 803.1
II. Loans	4 737.8	5 178.0	5 932.8	6 380.4	5 777.9
1. Government loans	1 880.2	2 522.2	3 380.7	4 137.6	4 004.1
1.1 IBRD /World Bank/	458.3	363.0	276.2	207.3	147.8
1.2 European Union (including EC and EIB)	1 236.1	1 787.6	2 742.7	3 578.2	3 514.0
1.3 CEB	185.8	371.6	361.8	352.0	342.3
2. Transferable loans "Schuldschein"	567.2	507.5	507.5	507.5	305.1
3. Government investment loans	1 115.3	961.0	822.2	688.9	568.5
4. External loans of the units within CG subsector	1 175.2	1 187.2	1 222.4	1 046.4	900.2
Total Central Government debt	23 425.6	28 850.8	32 532.2	37 094.2	41 387.9

¹⁰ The Central Government Debt is the Central Government sub-sector debt pursuant to Council Regulation (EC) No. 479/2009 as of 25 May 2009 on the application of the Protocol on the Excessive Deficit Procedure annexed to the Treaty establishing the European Community. The list of units, other than government bodies and institutions, included in the sub-sector Central Government, according to the European System of National and Regional Accounts in the Community (ESA 2010) and the Eurostat (EC) Government Debt and Deficit manual, can be found [here](#)

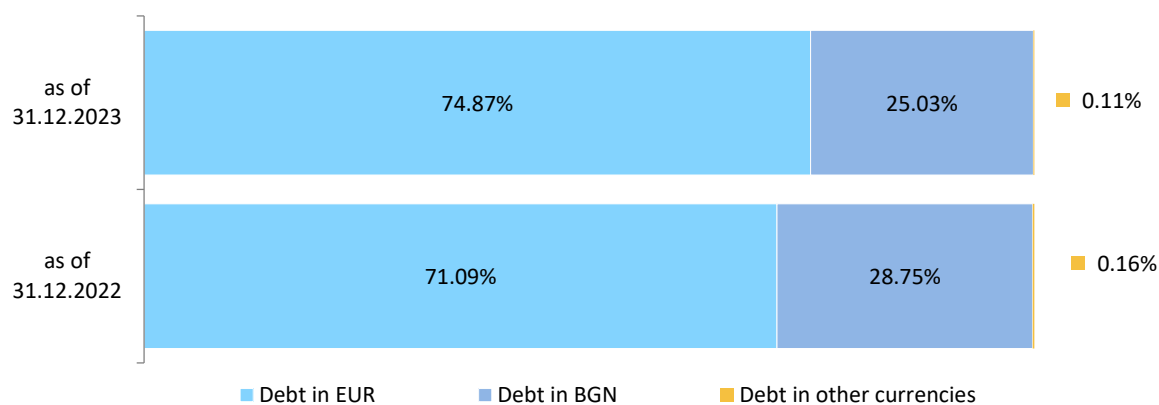
Structure	2019	2020	2021	2022	2023
GDP	119 906.5	121 088.4	139 602.0	168 360.0	185 232.5
Total Central Government debt /GDP, (%)	19.5	23.8	23.3	22.0	22.3

Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. The data correspond to the information published by Eurostat on the debt and deficit of the General Government on 22.10.2024; 5. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

Source: MoF

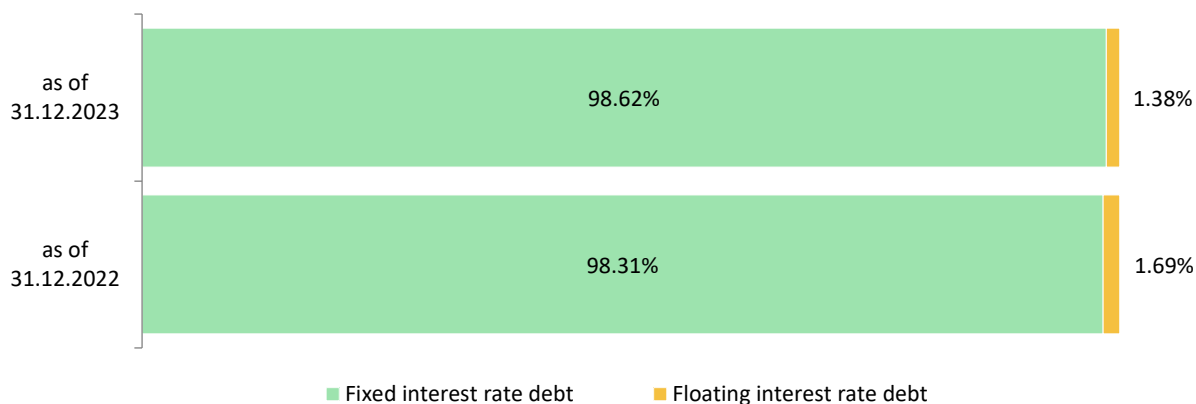
The dominant share in the currency structure of the Central Government debt is the debt in EUR with 74.9%, followed by debt in BGN – 25.0% and that in other currencies (Japanese Yen) – 0.1%.

Central Government Debt Currency Structure



Source: MoF

Central Government Debt Interest Rate Structure

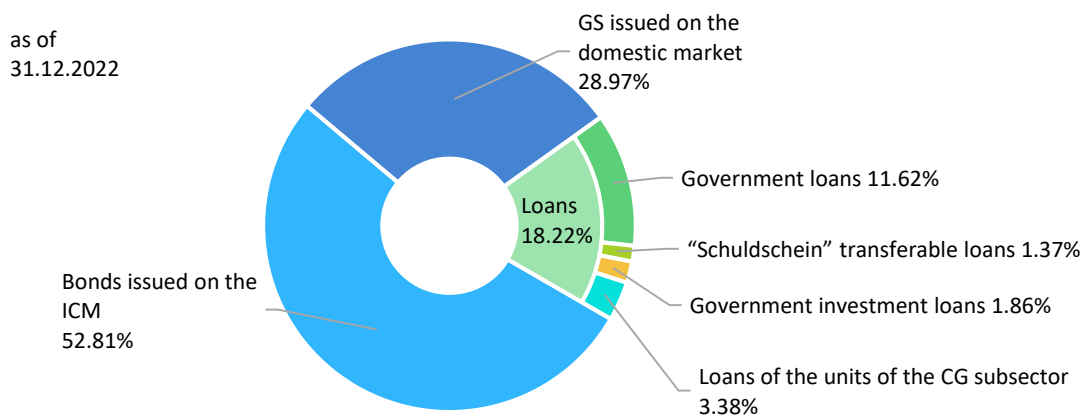
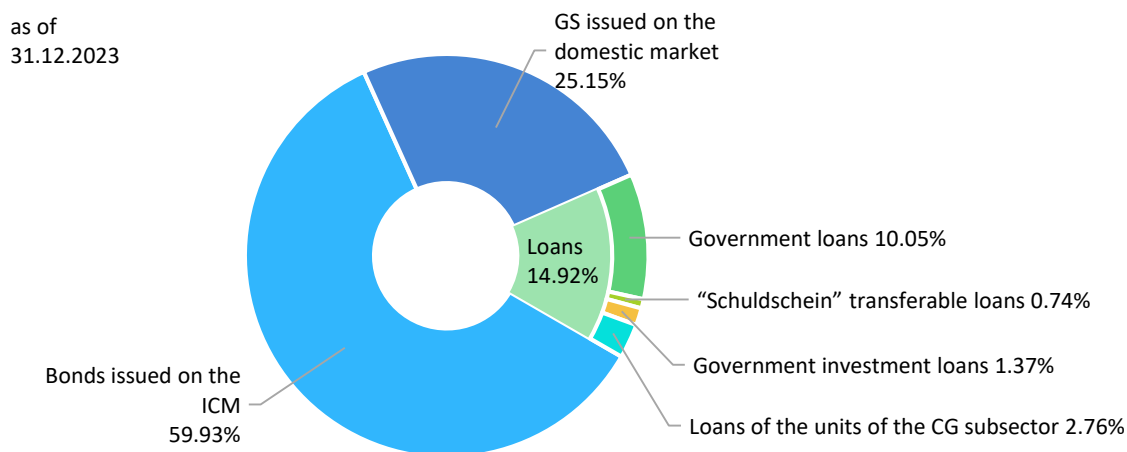


Source: MoF

In the interest rate structure, there is a dominant position of the fixed interest rate debt - 98.6%, and 1.4% with a floating interest rate.

In the Central Government debt structure by instruments at the end of 2023, the largest share is held by bonds issued on International capital markets with 59.9%, followed by government securities issued on the domestic market with 25.2%, and loans with 14.9%.

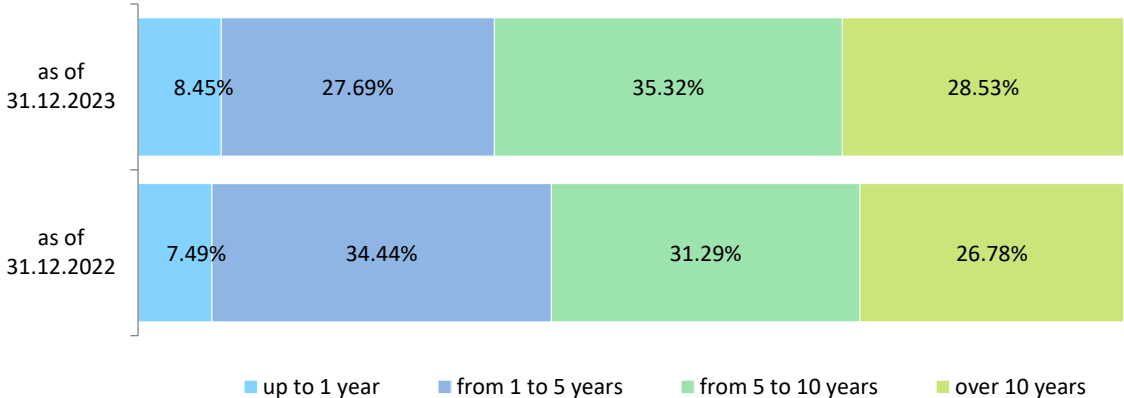
Central Government Debt Structure by instruments



Source: MoF

In the residual maturity structure, 8.5% represents debt payments up to 1 year, 27.7% - from 1 to 5 years, 35.3% - from 5 to 10 years, and 28.5% - over 10 years.

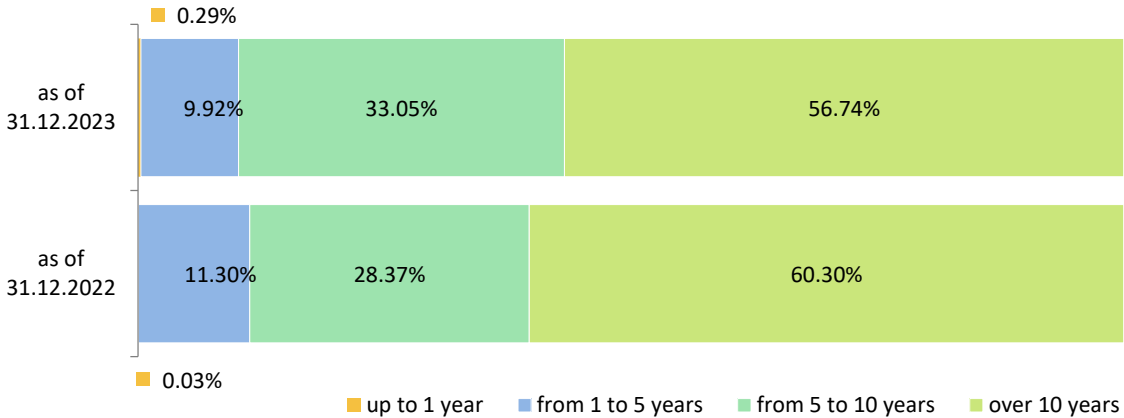
Residual maturity of Outstanding Central Government Debt



Source: MoF

In the maturity structure of the debt by original maturity, the largest share is held by debt instruments with a maturity of more than 10 years – 56.7%, followed by those with a term of 5 to 10 years – 33.1% and from 1 to 5 years – 9.9%. A minimum share of 0.3% is held by debt up to 1 year.

Original maturity of the Central Government Debt Outstanding



Source: MoF

New financing and payments made under the Central Government Debt in 2023

(BGN, million)

Structure	Received tranches/issued government securities (by principal)*	Payments made*, incl.:	
		Repayments	Interest, discounts, premiums
Domestic CG debt	213.6	532.1	128.5
I. GS issued on the domestic market (Bonds for financing the budget)	0.0	336.9	114.6
II. Loans	213.6	195.2	13.9
1. Government loans	7.0	16.4	0.6
2. Domestic loans of units within CG sub-sector	206.7	178.8	13.3
External CG debt	7 201.3	2 698.3	674.5
I. Bonds issued on ICM	7 168.1	2 068.2	551.3
II. Loans	33.2	630.1	123.2
1. Government loans	0.0	133.5	66.4
1.1 IBRD /World Bank/	0.0	59.5	6.2
1.2 European Union (including EC and EIB)	0.0	64.2	58.3
1.3 CEB	0.0	9.8	1.8
2. Transferable loans "Schuldschein"	0.0	202.4	22.3
3. Government investment loans	0.0	114.8	19.9
4. External loans of the units within CG subsector	33.2	179.4	14.6
Total for the Central Government debt	7 415.0	3 230.4	802.9

*The data is consolidated within the Central Government.

Source: MoF

CENTRAL GOVERNMENT DOMESTIC DEBT

The nominal amount of the Central Government domestic debt amounted to BGN 10,806.9 million at the end of 2023, as marked decrease in the amount of BGN 318.3 million compared to the previous year.

The Central Government domestic debt-to-GDP ratio decreased to 5.8% from 6.6% at the end of 2022.

Domestic debt of the CG sub-sector

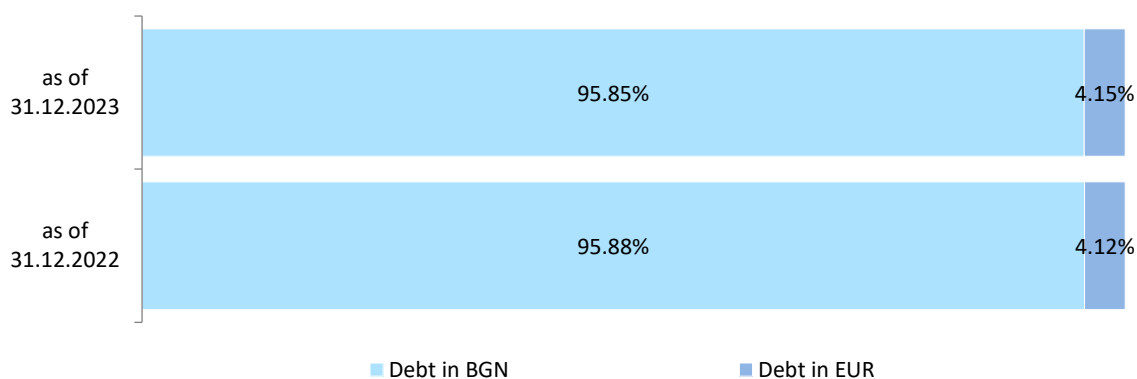
(BGN, million)

Structure	2022	2023
Domestic debt of the CG subsector	11 125.2	10 806.9
I. GS issued on the domestic market (Bonds for financing the budget)	10 746.0	10 409.1
II. Loans	379.2	397.8
1. Government loans	22.9	13.4
2. Domestic loans of units within CG subsector	356.3	384.3
GDP	168 360.0	185 232.5
Central Government Domestic debt /GDP, (%)	6.6	5.8

Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

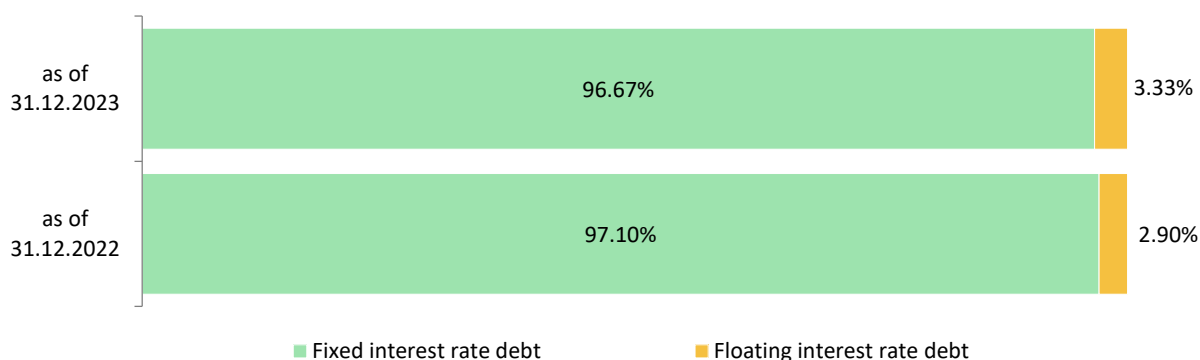
Source: MoF

Central Government Domestic Debt Currency Structure



Source: MoF

Central Government Domestic Debt Interest Rate Structure



Source: MoF

CENTRAL GOVERNMENT EXTERNAL DEBT

The nominal amount of the Central Government external debt amounted to BGN 30,581.0 million at the end of 2023, as increased by BGN 4,612.0 million compared to 2022.

The Central Government domestic debt-to-GDP ratio increased to 16.5% from 15.4% at the end of 2022.

Central Government External debt

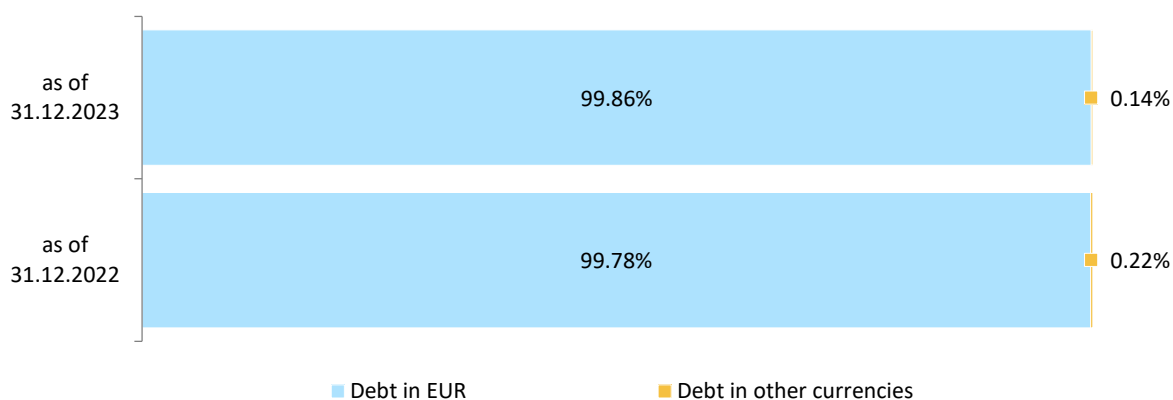
(BGN, million)

Structure	2022	2023
External debt of the CG subsector	25 969.0	30 581.0
I. Bonds issued on ICM	19 588.6	24 803.1
II. Loans	6 380.4	5 777.9
1. Government loans	4 137.6	4 004.1
1.1 IBRD /World Bank/	207.3	147.8
1.2 European Union (including EC and EIB)	3 578.2	3 514.0
1.3 CEB	352.0	342.3
2. Transferable loans "Schuldschein"	507.5	305.1
3. Government investment loans	688.9	568.5
4. External loans of units within CG subsector	1 046.4	900.2
GDP	168 360.0	185 232.5
Central Government External debt/GDP, (%)	15.4	16.5

Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

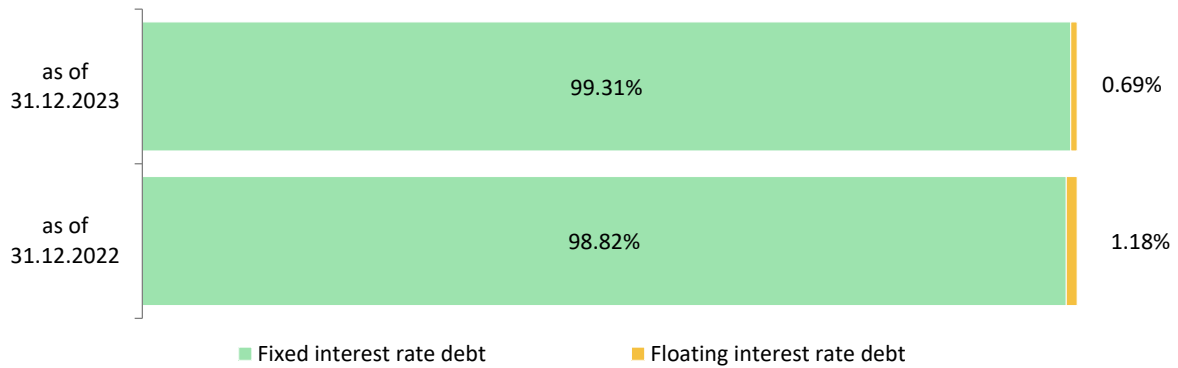
Source: MoF

Central Government External Debt Currency Structure



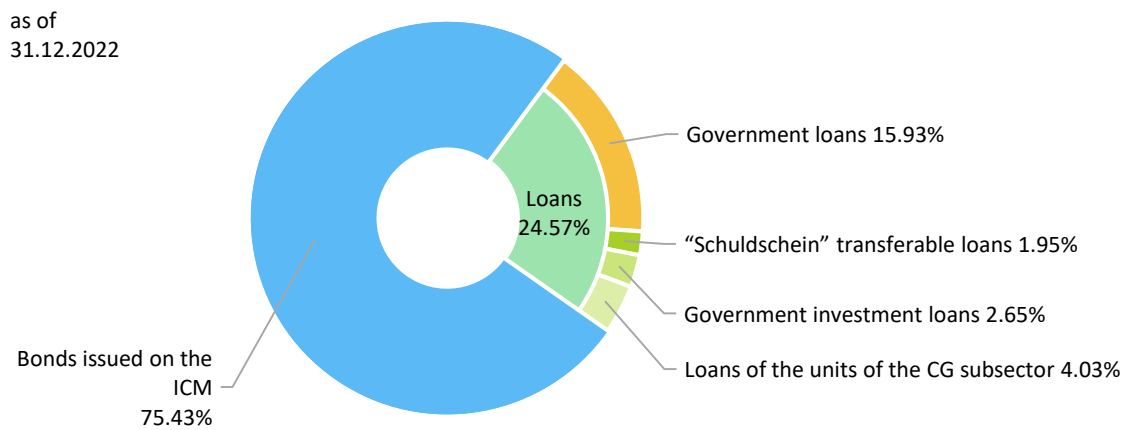
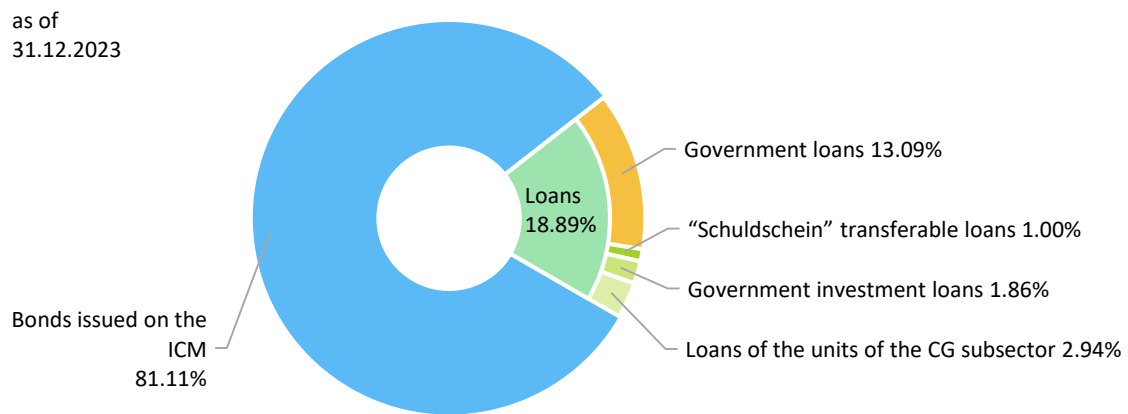
Source: MoF

Central Government External Debt Interest Rate Structure



Source: MoF

Structure of Central Government External Debt by Instruments



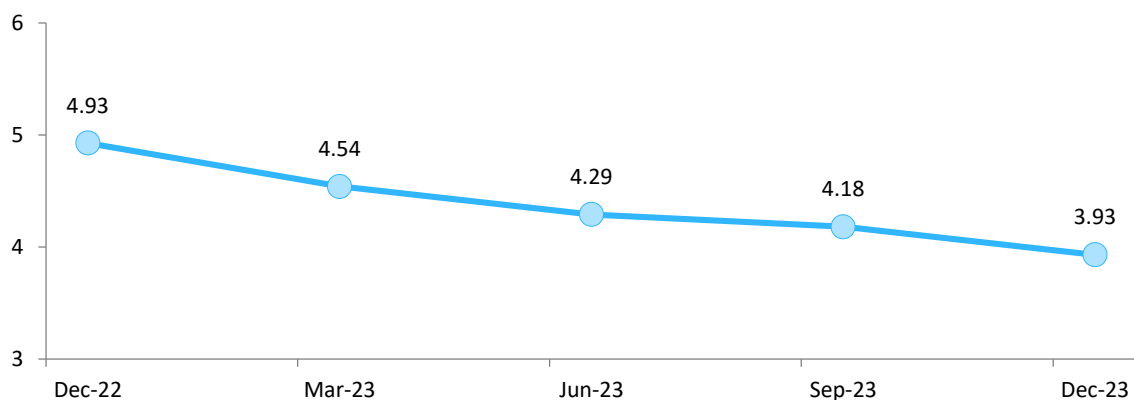
Source: MoF

DEBT SOURCES OF FINANCING

GOVERNMENT SECURITIES ISSUES ON THE DOMESTIC MARKET

In 2023, no auctions for government securities on the domestic market were held.

Residual maturity in years of outstanding issues, in years



Source: MoF

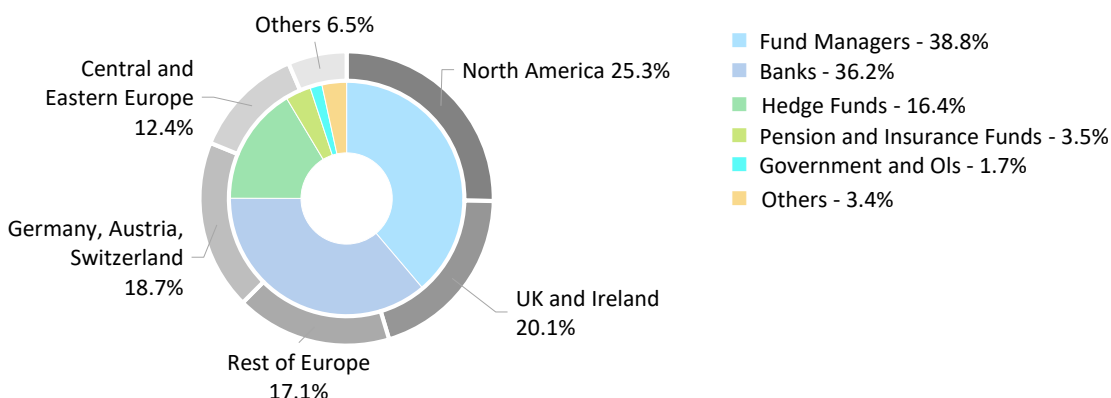
ISSUES ON INTERNATIONAL CAPITAL MARKETS

In 2023, the Republic of Bulgaria carried out two transactions on the international capital markets (ICM) within the framework of the Global Medium-Term Debt Issuance Programme. In January, the country issued 10-year bonds in the 144A / "Regulation S" format with a nominal value of EUR 1.5 billion. This approach aimed to expand the investor base with participants from overseas. Another transaction followed, and it was completed in November. At that time, a double tranche was placed in the "Regulation S" format in EUR, consisting of 7.5-year bonds with a volume of EUR 1.3 billion and 12.5-year bonds with a volume of EUR 1.0 billion. The ten-year bonds were sold at a price of EUR 97.815 per EUR 100 of nominal value, an interest coupon of 4.500% and a spread of 215 b.p. above the average price of interest rate swaps (yield 4.780%). The 7.5-year bonds formed a price of EUR 98.175 per EUR 100 nominal, an interest coupon of 4.375% and 150 b.p. above the average price of interest rate swaps (yield 4.673%), and the 12.5-year bonds were acquired by investors at a price of EUR 97.719 per EUR 100 nominal, an interest coupon of 4.875% and 185 b.p. above the average price of interest rate swaps (yield 5.130%). The proposed issues caused increasing in interest among investors. This is confirmed by the successful improvement of the initial price levels by 35 b.p. for the 10-year bonds, implemented in two

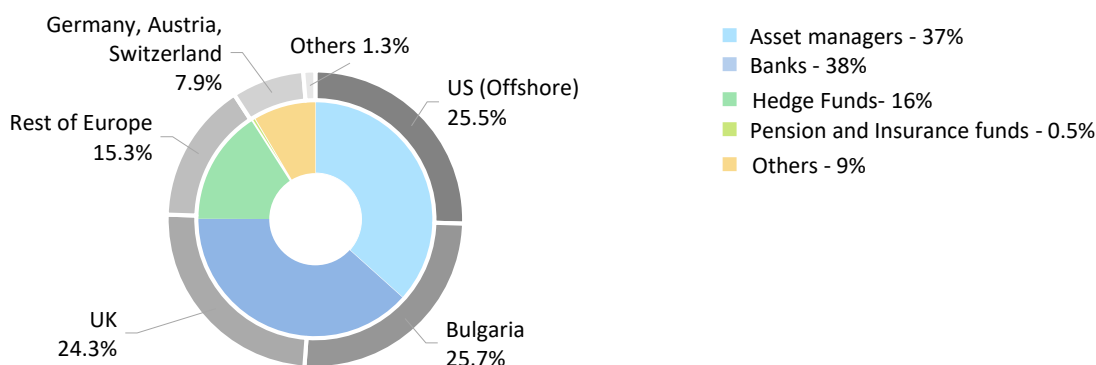
steps, and also for the 7.5-year and 12.5-year bonds by 30 b.p. and 25 b.p., respectively. The ratio of orders received to issued volumes (the so-called coverage ratio) also indicates the enormous interest. Final orders for the 10-year bonds reached EUR 6.6 billion, representing an oversubscription of more than 4.4 times, EUR 4.0 billion for the 7.5-year bonds (3.1 coverage ratio) and EUR 2.0 billion for the 12.5-year bonds (2.0 coverage ratio). Demand was registered from all over Europe and the US, with fund managers and banks prevailing in both transactions, and in the 12.5-year tranche, pension funds were also active buyers. Bulgarian investors acquired 10% of the volume of 10-year bonds, 23% of the volume of 7.5-year bonds and 16% of the volume of 12.5-year bonds.

Distribution of the REQUESTED volumes by investor type and by geography

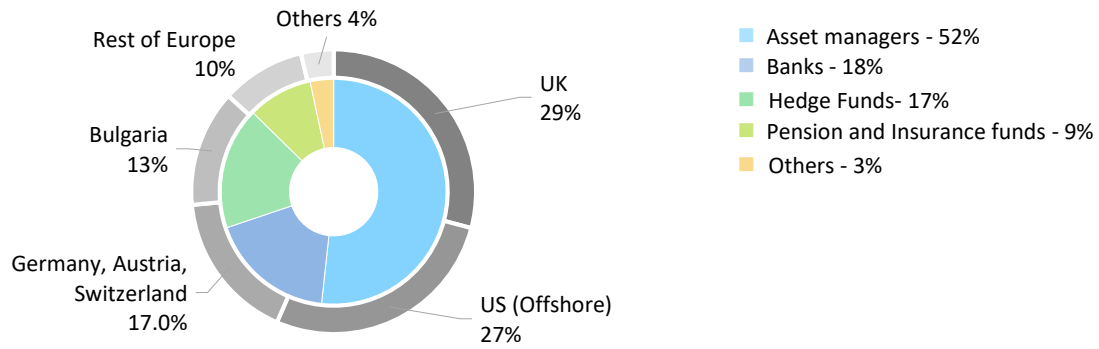
10-year bonds



7.5-year bonds



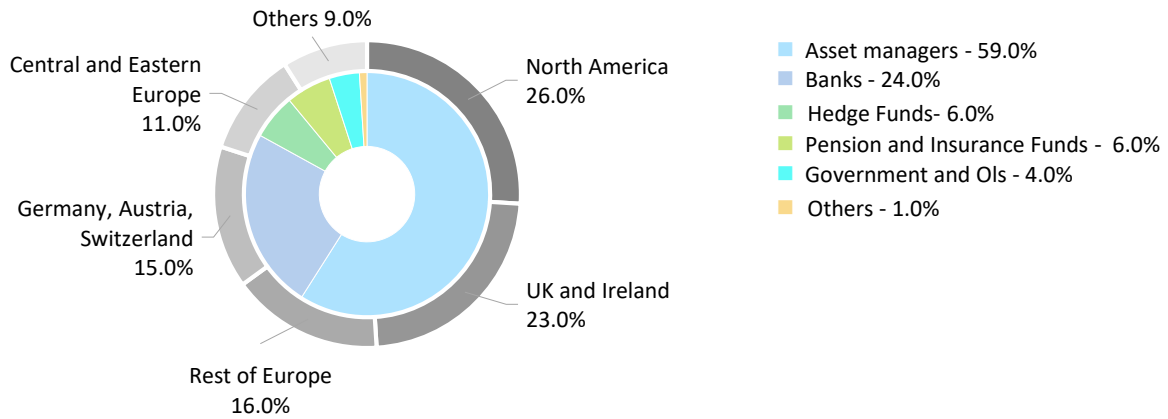
12.5-year bonds



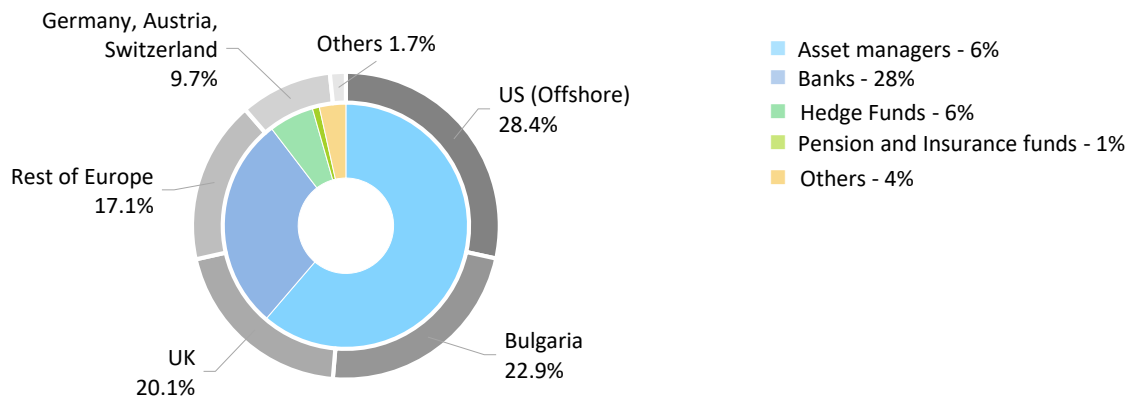
Source: MoF

Distribution of the ACQUIRED volumes by investor type and by geography

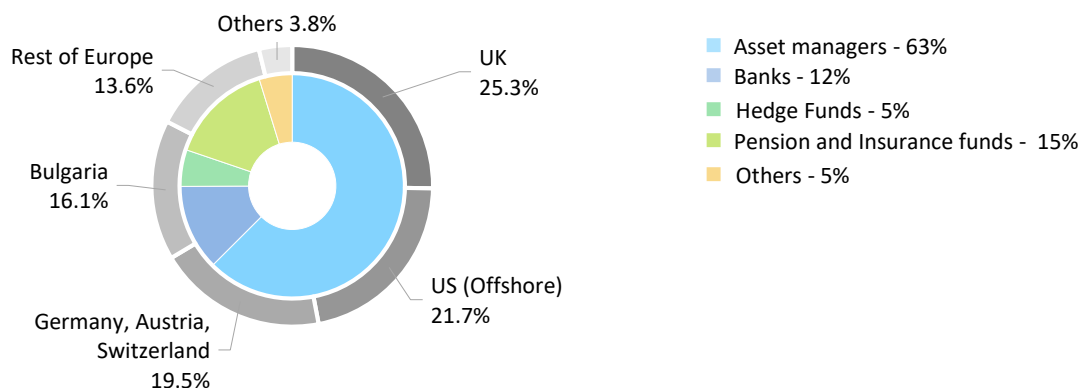
10-year bonds



7.5-year bonds



12.5-year bonds



Source: MoF

The January transaction was the second one using the 144A format after that executed in 2002, which gives access to a wider range of investors by geography. The transaction attracted the largest volume of orders for a single tranche to date, thereby increasing the liquidity of Bulgarian debt. Investor confidence in Bulgarian sovereign debt was a prerequisite for the results achieved in the second successful issuance of the ICP during the year. The favorable conditions for the issuance of Eurobonds are the result of long-standing efforts to maintain strict fiscal discipline and the extremely low level of government debt.

DISTRIBUTION OF THE INVESTOR BASE ON THE DOMESTIC GOVERNMENT SECURITIES MARKET IN 2023

In 2023, no auctions for the sale of government securities on the domestic market were held.

SECONDARY MARKET OF GOVERNMENT SECURITIES

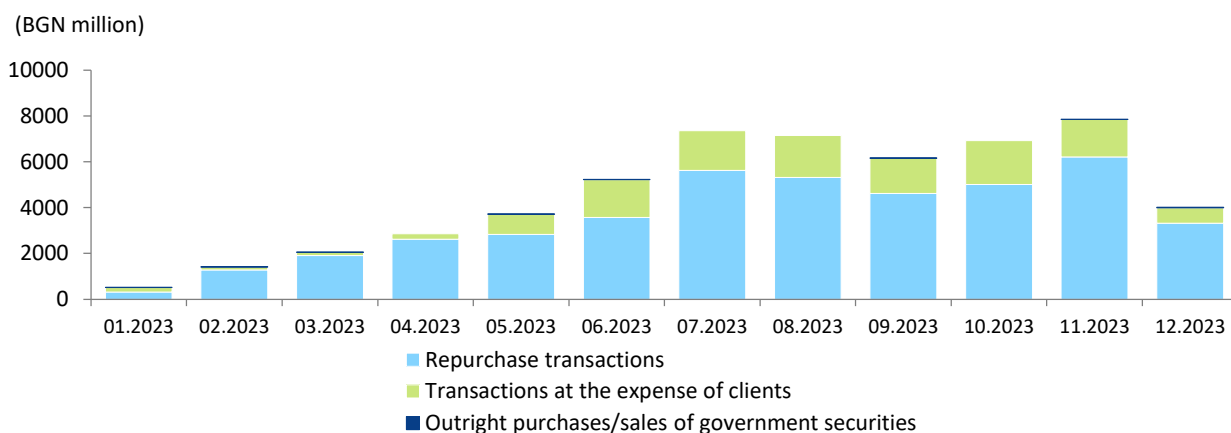
In 2023, the total volume of registered transactions and operations with government securities in the system for registration and settlement of government securities at the BNB (BNBGSSS)¹¹ amounted to BGN 80,797.5 million, compared to BGN 14,137.7 million for 2022, which was an increase of 471.5% compared to the previous period. The volume of repo transactions increased by 746.6% compared to 2022, as their share in the total volume of transactions registered in BNBGSSS was the highest – 52.8%. Repo transactions concluded for a period of one day (43.4%), mainly in BGN issues of government securities, remained the most preferred by the banks, with the aim of ensuring daily liquidity. During the

¹¹ BNBGSSS includes Electronic System for Registration and Servicing of Trade in Government Securities (ESROT) and System for Settlement of Government Securities (SSGS).

year, the registered transactions for the purchase and sale of government securities had a volume of BGN 277.9 million, which was 61.1% less than the previous year, BGN 64.9 million of them were between banks - participants in ESROT. The volume of transactions between ESROT participants and clients was BGN 11,847.1 million, and that one between clients of the participants was BGN 460.2 million. Operations on blocking and unblocking of government securities issued on the domestic market in connection with established special pledges on government securities in compliance with the Special Pledges Act and for securing available cash on accounts of budgetary organizations in banks, pursuant to the Public Finance Act, were in total amount of BGN 25,578.9 million, as their share in the total volume of registered transactions and operations was 31.7%.

During the year, the yield on the long-term benchmark issue with a maturity of 10 years and 6 months ranged from 1.85% to 4.21%, with a change in its value compared to 2022 (from 0.57% to 1.85%). In general, trading was dynamic, with peaks in traded volumes during July, August, and November. Government securities were traded in all maturities, as the most liquid were government security issues denominated in BGN, with a remaining term to maturity of 2 to 3 years. This was a result from the weaker supply of long-term government securities by institutional investors on the secondary market, such as pension funds and insurance companies, which held the purchased government securities in their portfolios without offering them for further trading. The trend observed in recent years the volume of the secondary government securities market to exceed many times that registered on the regulated market organized by the Bulgarian Stock Exchange AD, was kept in 2023.

Volume of types of transactions with tradable government securities

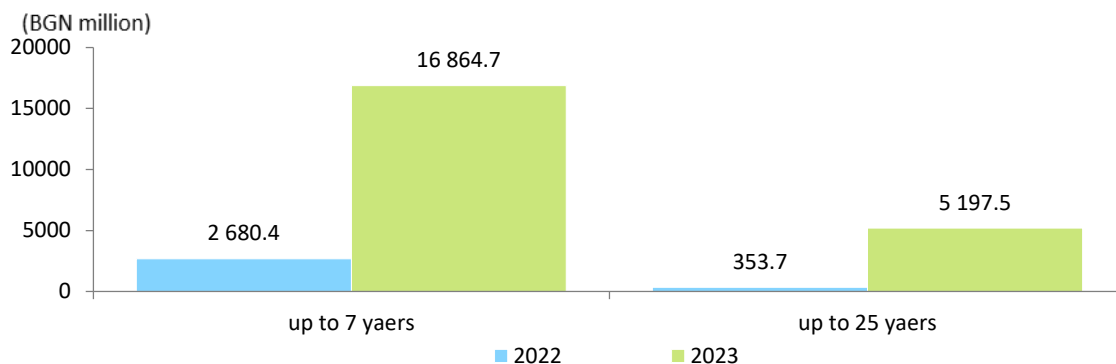


Notes: 1. The volume of transactions also includes reverse repo transactions concluded during the period; 2. The BGN equivalent of transactions with government securities denominated in foreign currency is calculated at the exchange rate determined by the BNB on the day of the transaction.

Source: BNB

ESROT participants had not any difficulties and provided the necessary government securities and cash (in BGN and EUR) in a timely manner to carry out the settlement of government securities transactions with delivery versus payment (DvP), as the average settlement ratio¹² was 100%.

Structure of transactions on the interbank market by maturity of government securities



Notes: 1. The BGN equivalent of transactions with government securities denominated in foreign currency is calculated at the exchange rate determined by the BNB on the day of the transaction; 2. The volume of repo transactions does not include reverse repo transactions.

Source: BNB

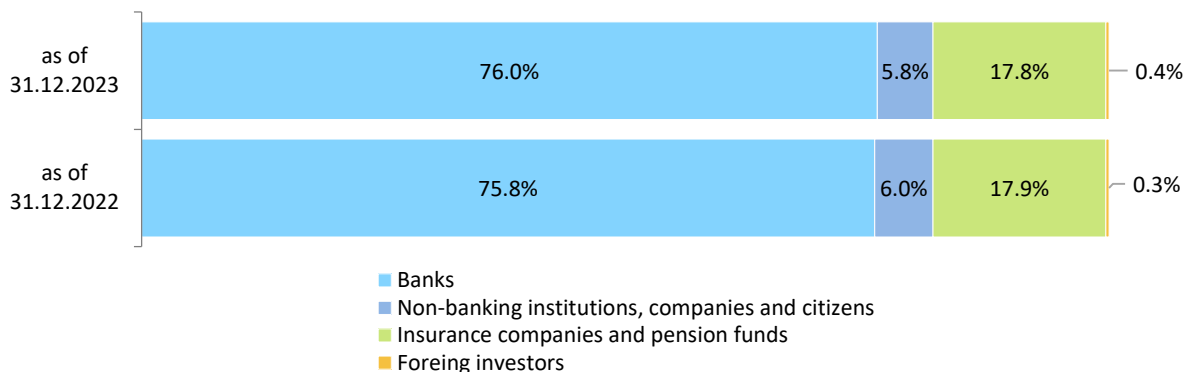
By September 11 2023, BNB GSSS, as an ancillary system in the national system component TARGET2-BNB, registered transactions with long-term government securities, denominated and payable in EUR, with a total amount of EUR 274.6 million (BGN 537 million), as the payments were made both using bank accounts in TARGET2-BNB and using bank accounts in other national system components of TARGET2.

On September 11 2023, following official approval by the Governing Council of the ECB, the BNB, as the owner and operator of the Depository for Government Securities at the BNB (DGS), successfully joined the Eurosystem securities settlement platform TARGET2-Securities (T2S). The migration to T2S was the result of the joint collaboration between the BNB and the Eurosystem, initiated in 2021, and was in compliance with the implementation of the commitments as per the National Euro Changeover Plan of the Republic of Bulgaria. The participation of Bulgarian government securities in T2S will contribute to better accessibility of Bulgarian government securities denominated in EUR by investors from the European Union and at the same time is an important step towards the EUR adoption in Bulgaria.

¹² The settlement ratio is the ratio between the number of transactions for which settlement was carried out on the specified date to the total number of transactions for the reporting period for which registration and settlement in the system should have been carried out.

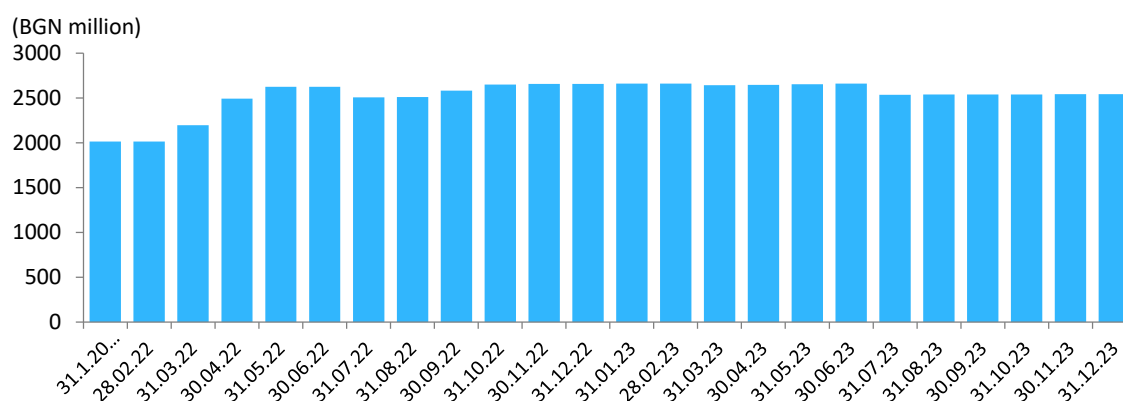
By the end of 2023, T2S settled DvP transactions in government securities in the amount of EUR 140.4 million (BGN 274.6 million) and FoP transactions in the amount of EUR 14 million (BGN 27.4 million).

Holders of government securities issued to finance the budget deficit



Source: BNB

Investments of non-bank financial institutions, companies and citizens in government securities issued to finance the budget deficit



Notes: 1. The BGN equivalent of government securities denominated in foreign currency is calculated according to the exchange rate determined by the BNB, valid for the last working day of the relevant period; 2. Data on investments in government securities includes local non-bank financial institutions, companies and citizens, and insurance companies and pension funds.

Source: BNB

At the end of 2023, compared to the same period of 2022, there was a change in investments in government debt instruments issued to finance the budget deficit, among the different categories of holders. The largest share of these government securities continues to be held by banks (76.0%), followed by insurance companies and pension funds (17.8%), local non-bank financial institutions, companies and individuals (5.8%) and foreign investors (0.4%), which experienced a slight increase.

HOLDERS OF BULGARIAN BONDS ISSUED ON THE ICM

As of December 31 2023, on the ICM there have been 11 (eleven) issues of government securities in circulation, denominated in EUR.¹³

Bulgarian Eurobonds issued on international markets, held by residents – banking institutions and other sectors – by Maturity date (BGN million)

Interest rate, ISIN, Year of issuing, Maturity date	2022	2023			
		Q1	Q2	Q3	Q4
1.875%, XS1382693452, 2016, 2023	1 647.57	-	-	-	-
Owned by the banking sector	1 288.01	-	-	-	-
Owned by other sectors	359.56	-	-	-	-
2.950%, XS1083844503, 2014, 2024	1 755.89	1 808.61	1 798.89	1 793.54	1 813.76
Owned by the banking sector	1 356.23	1 390.58	1 385.69	1 401.33	1 433.80
Owned by other sectors	399.65	418.04	413.19	392.18	379.96
2.625%, XS1208855889, 2015, 2027	1 176.69	1 195.66	1 166.05	1 150.01	1 145.16
Owned by the banking sector	781.61	813.29	813.29	807.62	866.22
Owned by other sectors	395.08	382.35	352.73	342.37	278.92
3.000%, XS1382696398, 2016, 2028	805.88	796.63	795.42	793.70	830.50
Owned by the banking sector	614.68	596.10	596.10	587.30	627.92
Owned by other sectors	191.20	200.53	199.30	206.40	202.58
4.125%, XS2536817211, 2022, 2029	1 072.07	1 131.86	1 229.28	1 368.79	1 505.32
Owned by the banking sector	698.23	743.80	802.71	912.57	1 032.85
Owned by other sectors	373.84	388.08	426.57	456.22	472.47
0.375%, XS2234571425, 2020, 2030	1 260.73	1 258.05	1 257.87	1 300.02	1 301.45
Owned by the banking sector	1 122.94	1 122.94	1 122.94	1 164.01	1 164.01
Owned by other sectors	137.79	135.11	134.93	136.01	137.46
4.375%, XS2716887760, 2023, 2031	-	-	-	-	920.77
Owned by the banking sector	-	-	-	-	746.60
Owned by other sectors	-	-	-	-	174.17
4.500%, XS2579483822/XS2579483319, 2023, 2033	-	519.70	667.37	1001.89	1 121.69

¹³ Page 41, table *Bonds issued on the ICM in circulation as of 31.12.2023*.

Interest rate, ISIN, Year of issuing, Maturity date	2022	2023			
		Q1	Q2	Q3	Q4
Owned by the banking sector	-	361.14	440.36	725.53	809.64
Owned by other sectors	-	158.56	227.01	276.34	312.05
4.625%, XS2536817484, 2022, 2034	425.45	487.74	577.91	617.22	625.55
Owned by the banking sector	280.66	332.00	414.54	426.06	410.63
Owned by other sectors	144.79	155.74	163.39	191.14	214.93
3.125%, XS1208856341, 2015, 2035	384.87	383.09	381.21	379.02	371.12
Owned by the banking sector	151.44	150.66	150.66	151.58	150.66
Owned by other sectors	233.43	232.41	230.53	227.44	220.46
4.875%, XS2716887844, 2023, 2036	-	-	-	-	415.07
Owned by the banking sector	-	-	-	-	146.88
Owned by other sectors	-	-	-	-	268.18
1.375%, XS2234571771, 2020, 2050	49.54	49.54	49.54	49.54	49.91
Owned by the banking sector	25.43	25.43	25.43	25.43	25.43
Owned by other sectors	24.12	24.12	24.12	24.12	24.49
Total	8 578.68	7 630.89	7 923.52	8 453.68	10 100.30

Note: Due to rounding some total sums in the table do not comply with their constituents.

Source: BNB, MoF

By the end of 2023, a significant increase was reported compared to the end of the previous year, 2022 - from BGN 8,578.68 million to BGN 10,100.30 million in the volumes of Bulgarian securities issued on the ICM held by residents. Against the background of the issuance activity in 2023 and taking into consideration the maturing 7-year bond, the percentage share in the portfolios of local holders decreased - from 43.27% to 40.37% of the outstanding debt, while the nominal value of the outstanding Bulgarian sovereign securities issued on the ICM increased respectively from BGN 19,826.2 million at the end of 2022 to BGN 25,020.9 million at the end of 2023. A larger local investor with a sustainable interest in the government debt issued on the ICM was the 'banks' sector, which held BGN 7,414.61 million of all bonds possessed by residents, that was 73.41% at the end of 2023, and at the end of 2022 these indicators were - BGN 6,319.23 million and a share of 73.66% in the portfolios of residents from the bank sector, respectively.

At the end of 2023, the largest amount in nominal terms held by residents was the 10-year issue with maturity in 2024 - BGN 1,813.76 million, with a growth being observed, compared to the end of the previous period (BGN 1,755.89 million for 2022), which represented 62.11% of the total issued amount of BGN 2,920.05 million. This increase in nominal value was noticed more considerably in the banking sector (from BGN 1,356.23 million to BGN 1,433.80 million), while the trend in the other sectors was of a slight decrease. As a consequence, in 2023, the share of banks in the total volume of securities held by residents increased slightly from 77.24% to 79.05% and from 46.4% to 49.1% of the entire volume of the issue.

A significant increase in the volumes held by residents was reported in the 7-year issue with maturity in 2029 in nominal terms from BGN 1,072.07 million at the end of 2022 to BGN 1,505.32 million at the end of 2023. This increase was predominantly expressed in the banking sector (from BGN 698.23 million to BGN 1,032.85 million) compared to other sectors. Thus, at the end of 2023, in percentage terms, the share of securities held by banking institutions in the total volume of securities held by residents was 68.61% and 35% of all issued securities (BGN 2,933.75 million).

10-year bonds with maturity in 2030 held by residents amounted to BGN 1,301.45 million, which marks a slight increase in nominal terms, mainly among banks. In percentage terms, the growth was from 89.07% to 89.44% of the total volume of securities held by residents and from 51.57% to 53.23% by the end of 2023 compared to the total amount of bonds issued (BGN 2,444.79 million).

A decrease in the securities held by residents compared to the total volume of the issue (BGN 1,955.83 million) was reported for the 12-year bond with maturity in 2027 in percentage terms from 60.16% to 58.55% and in absolute terms from BGN 1,176.69 million to BGN 1,145.16 million. The movement was in differing directions - the share of securities held by banks in residents' portfolios increased from 66.42% at the end of 2022 to 75.64% at the end of 2023, while that of government securities held by other sectors decreased from 33.58% to 24.36%.

As of 31.12.2023, 49.56% of the total volume (BGN 1,662.46 million) of the 12-year issue with maturity in 2028 was held by residents (a slight increase from the level of 48.48% at the end of 2022). The residents slightly increase their shares in these securities, as the 'banks' sector increased in the bonds held from BGN 614.68 million to BGN 627.92 million by the end of 2023 (in percentage terms, growth from 76.27% to 89.43% of the volume held by all local bondholders).

Compared to the end of the previous year, there was a slight decrease of the 20-year issue with maturity in 2035 in the securities held by residents, from BGN 384.87 million to BGN

371.12 million (or from 21.86% to 21.08% of the total volume of issued bonds - BGN 1,760.25 million). The total nominal value of bonds held by the banking sector amounted to BGN 150.66 million compared to BGN 151.44 million as of December 31, 2022, and of the other sectors to BGN 220.46 million compared to BGN 233.43 million at the end of the previous period. These bonds were more attractive to the 'other sectors', which purchased 59.4% of the total volume of securities held by local investors.

Domestic holders had shown the least interest in bonds with the longest maturity of 30 years with maturity in 2050, as their holdings amounted to about 1% of the total issue's volume of BGN 2,444.79 million (BGN 49.54 million at the end of 2022 and BGN 49.91 million at the end of 2023), divided between the banking sector and other domestic investors.

The 12-year bond with maturity in 2034, which during the initial offering in 2022 aroused less interest among local investors compared to the 7-year bond issued together with it, in 2023 reported significant growth in nominal and percentage terms among local investors. By the end of 2023, they held 42.60% of the total volume of the issue, compared to 29.0% at the end of 2022, with the distribution between the two sectors remaining at levels of around 66.0% for the bank sector and around 34.0% for the other sectors.

At the end of the year, the 10-year bond issued in January 2023 with a maturity in 2033 attracted the greatest interest in the local investor community with BGN 1,121.69 million held by them, which represented a share of 38.23% of the total volume of the issue (BGN 2,933.75 million). The banking sector acquired 72.18% of the securities held by residents.

In the autumn of 2023, a double Euro tranche was issued – 7.5-year and 12.5-year bonds with maturity in 2031 and 2036, respectively.

A total of 36.21% of the entire issue (BGN 2,542.58 million) of the 7.5-year bonds became the property of local investors (BGN 920.77 million), as 81.08% of those owned by residents were acquired by the 'banks' sector.

Concerning the 12.5-year book, local investors purchased 21.22% (BGN 415.07 million) of the entire volume of the issue (BGN 1,955.83 million). This appeared to be the issue with the lowest participation of residents, where the leading share was held by the 'other' sector that owned 64.61% (BGN 268.18 million) of this bond owned by the residents.

Bulgarian Eurobonds issued on international markets, held by resident pension funds, insurance companies and investment intermediaries – by Maturity date (BGN million)

Interest rate, ISIN, Year of issuing, Maturity date	2022	2023			
		Q1	Q2	Q3	Q4
1.875%, XS1382693452, 2016, 2023	180.59	-	-	-	-
Pension funds under SSC	161.24	-	-	-	-
Insurance companies under the IC	19.35	-	-	-	-
Investment intermediaries and the CIS	-	-	-	-	-
2.950%, XS1083844503, 2014, 2024	332.99	365.09	357.84	272.98	262.07
Pension funds under SSC	259.62	276.91	269.64	187.37	189.71
Insurance companies under the IC	73.37	88.18	88.20	85.22	71.97
Investment intermediaries and the CIS	-	-	-	0.39	0.39
2.625%, XS1208855889, 2015, 2027	301.42	297.84	273.25	261.25	205.52
Pension funds under SSC	211.64	209.57	184.01	162	104.15
Insurance companies under the IC	89.77	88.27	89.24	99.25	101.38
Investment intermediaries and the CIS	-	-	-	-	-
3.000%, XS1382696398, 2016, 2028	146.65	157.49	160.62	160.36	157.59
Pension funds under SSC	99.07	97.53	99.84	99.55	95.52
Insurance companies under the IC	47.58	59.96	60.78	60.81	62.07
Investment intermediaries and the CIS	-	-	-	-	-
4.125%, XS2536817211, 2022, 2029	354.33	367.03	404.11	397.67	440.99
Pension funds under SSC	354.33	367.03	403.33	397.67	439.54
Insurance companies under the IC	-	-	0.78	-	1.45
Investment intermediaries and the CIS	-	-	-	-	-
0.375%, XS2234571425, 2020, 2030	98.26	98.19	99.25	96.64	102.51
Pension funds under SSC	46.42	46.19	46.99	46.23	49.7
Insurance companies under the IC	51.66	51.81	52.07	50.23	52.81
Investment intermediaries and the CIS	0.19	0.19	0.19	0.19	-
4.375%, XS2716887760, 2023, 2031	-	-	-	-	171.48
Pension funds under SSC	-	-	-	-	171.48
Insurance companies under the IC	-	-	-	-	-
Investment intermediaries and the CIS	-	-	-	-	-
4.500%, XS2579483822/XS2579483319, 2023, 2033	-	152.74	224.17	257.5	314.64
Pension funds under SSC	-	148.86	219.06	250.85	281.04
Insurance companies under the IC	-	3.88	5.11	6.65	18.42
Investment intermediaries and the CIS	-	-	-	-	15.18
4.625%, XS2536817484, 2022, 2034	141.18	152.31	162.89	176.75	223.25

Interest rate, ISIN, Year of issuing, Maturity date	2022	2023			
		Q1	Q2	Q3	Q4
Pension funds under SSC	130.91	139.28	149.67	165.54	202.98
Insurance companies under the IC	10.27	13.03	13.22	11.22	20.27
Investment intermediaries and the CIS	-	-	-	-	-
3.125%, XS1208856341, 2015, 2035	142.59	129.31	132.36	130.39	138.83
Pension funds under SSC	5.08	4.68	4.99	4.89	5.37
Insurance companies under the IC	137.51	124.63	127.36	125.5	133.46
Investment intermediaries and the CIS	-	-	-	-	-
4.875%, XS2716887844, 2023, 2036	-	-	-	-	280.33
Pension funds under SSC	-	-	-	-	279.55
Insurance companies under the IC	-	-	-	-	0.51
Investment intermediaries and the CIS	-	-	-	-	0.28
1.375%, XS2234571771, 2020, 2050	13.51	13.49	13.25	12.49	14.54
Pension funds under SSC	13.04	12.99	12.76	12.03	14.00
Insurance companies under the IC	0.47	0.50	0.49	0.46	0.54
Investment intermediaries and the CIS	-	-	-	-	-
Total for Pension funds under SSC	1 281.35	1 303.04	1 390.29	1 326.13	1 833.04
Total for Insurance companies under the IC	429.98	430.26	437.25	439.34	462.88
Total for Investment intermediaries and the CIS	0.19	0.19	0.19	0.58	15.85
Total	1 711.52	1 733.49	1 827.73	1 766.05	2 311.77

Note: Due to rounding some total sums in the table do not comply with their constituents.

Source: FSC, MoF

At the end of 2023, Bulgarian Eurobonds held by pension funds, insurance companies and investment intermediaries amounted to the equivalent of BGN 2,311.8 million, which was an increase compared to the nominal value of BGN 1,711.5 million reported at the end of the previous period. Due to the 7-year bond maturity in 2023 and the issuance of three new bonds, in percentage terms the aggregate share of securities issued on the international financial markets owned by residents to their total volume (BGN 25,020.9 million) increased from 8.63% in 2022 to 9.24% as of 31.12.2023. A nominal increase was reported in bonds owned by pension funds - from an equivalent of BGN 1,281.4 million at the end of the previous 2022 to an equivalent of BGN 1,833.0 million at the end of 2023. Their share prevailed in the total volume of securities owned by the three types of resident institutions, and during the year it also increased in percentage terms from 74.87% to 79.29%. An increase was also reported in nominal terms in the securities held by insurance companies - from BGN 430.0 million equivalent at the end of 2022 to the equivalent of BGN 462.9 million as of 31.12.2023. However, in percentage terms, a decrease from 25.12% to 20.02% at the end

of 2023 was reported for all holders of these three types. In the reporting 2023, investment intermediaries acquired bonds in the amount of the equivalent of BGN 16.0 million at the end of the period, which was a significant increase compared to the bonds held for the equivalent of BGN 0.19 million, issued on the international capital markets at the end of the previous year 2022.

LOAN FINANCING

In 2023, funds under loans were disbursed in the total amount of BGN 246.1 million, of which BGN 212.9 million were domestic loans and BGN 33.2 million were external loans.

The disbursements under loans are obligations of the institutional units within CG subsector, including FUND FLAG EAD and state hospitals, according to the requirements of the European System of Accounts (ESA'2010) and Eurostat.



CENTRAL GOVERNMENT GUARANTEED DEBT

In nominal terms, the amount of the Central Government guaranteed debt at the end of 2023 amounted to BGN 695.3 million, making an increase of BGN 92.2 million compared to the level reported at the end of 2022, mainly due to the disbursements under the external guaranteed debt of the subsector.

In the structure of the debt, the dominant share was held by external guaranteed debt, in the amount of BGN 637.9 million (with a share of 91.7%), with a domestic debt of BGN 57.4 million (with a share of 8.3%). The Central Government guaranteed debt-to-GDP ratio for 2023 remained at the level of 0.4%.

Central Government Guaranteed Debt (BGN million)

Structure	2019	2020	2021	2022	2023
Central Government Guaranteed debt	142.1	252.4	555.0	603.1	695.3
I. CG Domestic guarantees	74.1	72.4	67.1	62.4	57.4
1. Guarantees under the Student and Doctoral Candidate Loans Act	74.1	72.4	67.1	62.4	57.4
II. CG External guarantees	68.0	180.0	487.8	540.7	637.9
1. IBRD /World Bank/	2.6	-	-	-	-
2. European Union (including EC and EIB)	4.3	146.7	470.4	528.6	534.7
3. Other (JICA, ING Bank N.V., Euratom ¹⁴)	61.1	33.3	17.4	12.1	103.2
GDP	119 906.5	121 088.4	139 602.0	168 360.0	185 232.5
CG Guaranteed debt /GDP, (%)	0.1	0.2	0.4	0.4	0.4

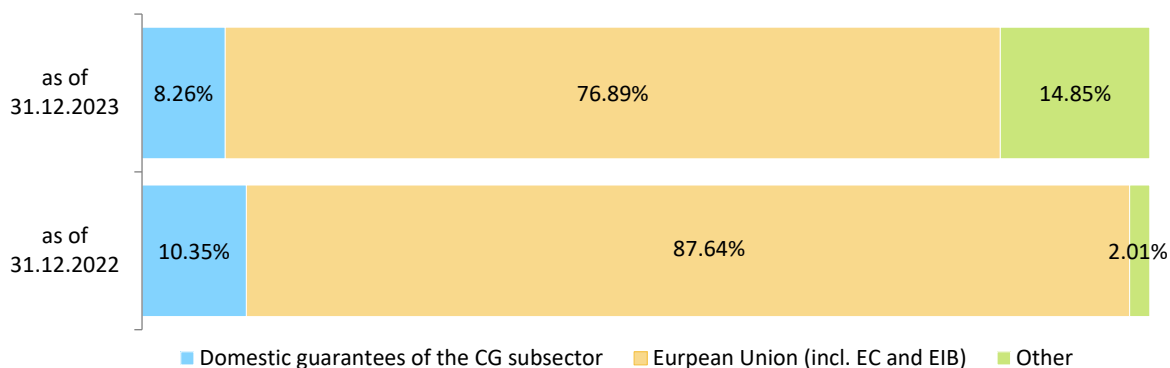
Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

Source: MoF

In the structure of the Central Government guaranteed debt by creditors at the end of 2023, a dominant share of 76.9% was occupied by the “European Union” (including EC and EIB), followed by those to “Others” (JICA, ING Bank N.V., Euratom), including the issued guarantees by JICA and ING Bank N.V. with a share of 14.9% and the issued domestic guarantees pursuant the Student and Doctoral Candidate Loans Act under the Student Loans Programme with a share of 8.3% of the total amount of Guaranteed debt of the subsector.

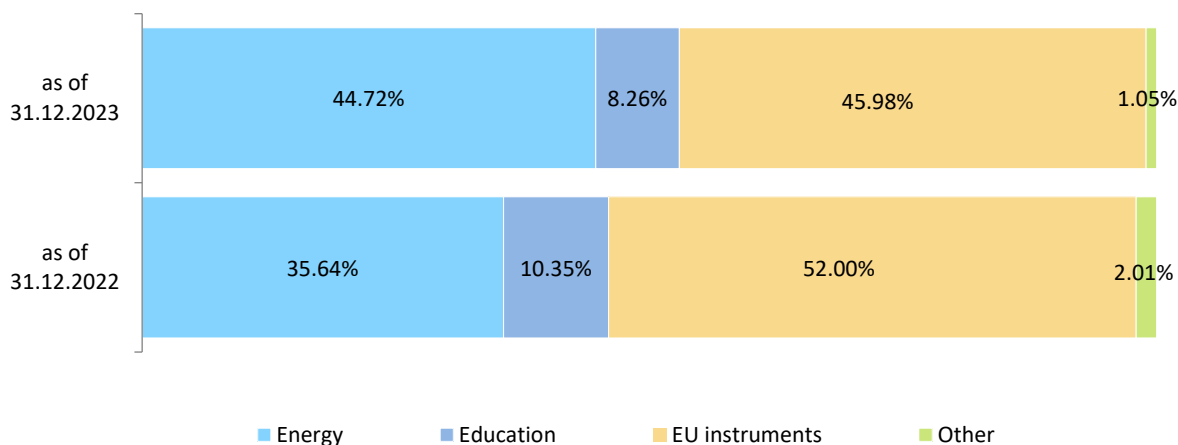
¹⁴ up to and including 2020

Structure of the Central Government Guaranteed Debt by creditors



Source: MoF

Structure of the Central Government Guaranteed Debt by sectors

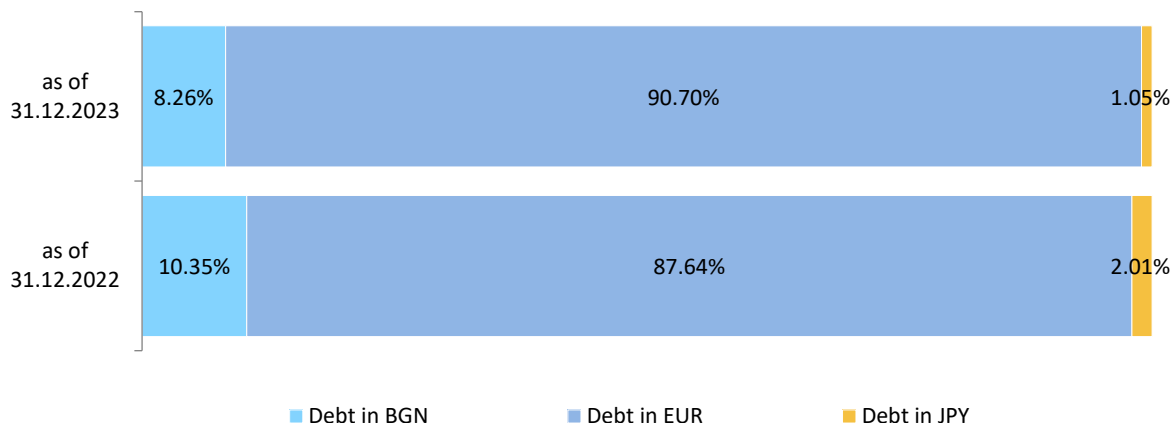


Source: MoF

As of 31 December 2023, in the structure of the Central Government guaranteed debt by sectors, the largest relative share is held by the “EU Instruments” sector - 46.0%, followed by “Energy” sector - 44.7%, the “Education” sector - 8.3%, and “Other” sector - 1.1%.

At the end of 2023, the leading position in the currency structure of the Central Government guaranteed debt is held by debt in EUR - 90.7%, followed by debt in BGN - 8.3%, and debt in JPY - 1.1%.

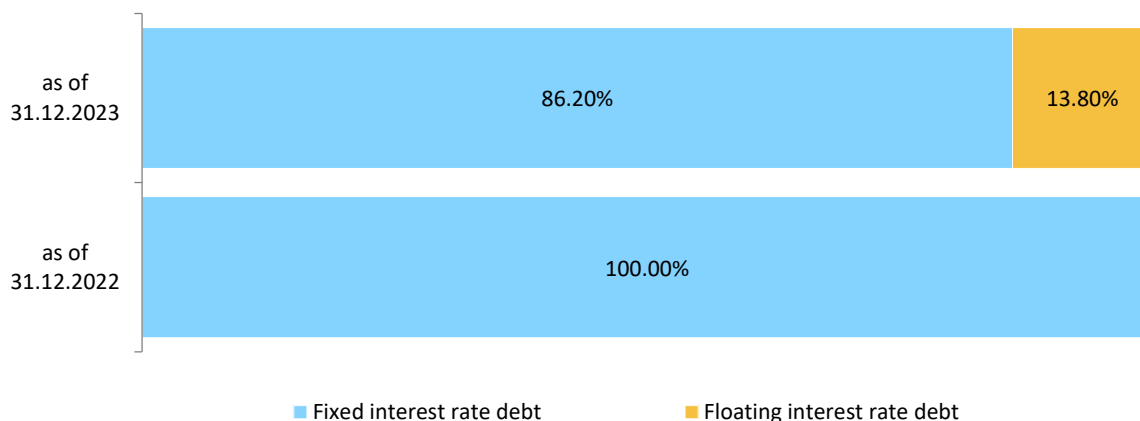
Currency structure of CG Guaranteed Debt



Source: MoF

At the end of 2023, the Central Government guaranteed debt with fixed interest rates was 86.2%, and that with floating interest rates was 13.8%.

Interest structure of CG Guaranteed Debt



Source: MoF

The financing received under the Central Government guaranteed debt for 2023 amounted to BGN 109.2 million, and the payments made for the reviewed period amounted to BGN 22.5 million, including BGN 15.8 million principal repayments and BGN 6.7 million interest payments.

During the year, the government guaranteed loan of Bulgartransgaz EAD from ING Bank N.V. was fully disbursed for financing the project of common interest for the EU 6.8.3. “Gas Reverse Interconnector Bulgaria – Serbia” amounted to BGN 96.0 million. The Guarantee

Agreement ¹⁵ between the European Commission and the Republic of Bulgaria was also ratified pursuant to Article 10 of the Decision (EU) 2022/1628 of the European Parliament and of the Council providing exceptional macro-financial assistance to Ukraine as providing for the participation of the Member States of the European Union through voluntary contributions in the form of guarantees, which constitute a backstop in support of the Union budget. Bulgarian participation amounted to BGN 32.6 million.

New financing and payments made under Central Government guaranteed debt in 2023

(BGN, million)

Structure	Received loans (tranches)	Payments made, incl.:	
		repayments (principal)	interest
I. CG Domestic guarantees	5.5	10.5	2.4
1. Guarantees under the Student and Doctoral Candidate Loans Act	5.5	10.5	2.4
II. CG External guarantees	103.7	5.3	4.4
1. IBRD /World Bank/	0.0	0.0	0.0
2. European Union (including EC and EIB)	7.7	1.6	1.8
33. Other (JICA, ING Bank N.V.)	96.0	3.6	2.6
Total CG Guaranteed debt	109.2	15.8	6.7

Notes: 1. The BGN equivalent of the received new external financing and the payments made is calculated according to BNB central exchange rate for the respective currencies to e BGN, valid until 4 p.m. on the day of the respective operation.

Source: MoF

¹⁵ State Gazette, issue 106 as of 22.12.2023.

GOVERNMENT AND GOVERNMENT GUARANTEED DEBT

GOVERNMENT DEBT

At the end of 2023, the nominal amount of government debt¹⁶ amounted to BGN 40,514.0 million, as BGN 29,898.6 million of them was external debt and BGN 10,615.4 million was domestic debt. The reported increase of BGN 4,388.3 million compared to the level registered at the end of 2022 of BGN 36,125.7 million was a result of the debt operations made. The funds received from the bonds issued on ICM during the year amounted to BGN 7,277.0 million, and the repayments made on the government debt to external and domestic creditors amounted to BGN 2,997.7 million. The government debt/GDP ratio also increased by 0.4 per cent points to 21.9%.

Within the debt structure, the relative share of domestic government debt decreased from 30.4% by the end of 2022 to 26.2% by the end of 2023, at the expense of the increase in external debt from 69.6% to 73.8% by the end of 2023. The change was due to the repayments made on domestic and external government debt and the assumption of only external government debt through issuance of bonds on ICM.

The currency structure of the government debt in 2023 reported an increase in the share of debt in EUR from 70.8% to 74.8% by the end of 2023, at the expense of a decrease in the share of debt in BGN from 29.1% to 25.1%, and in other currencies from 0.2% to 0.1%.

In the debt interest structure, the tendency for the share of debt with fixed interest rates from 99.2% at the end of 2022 to 99.5% in 2023, respectively, the decrease in debt with floating interest rates from 0.8% to 0.5%, respectively. The main contribution to the reported change was the assumption of only debt with fixed interest rate, denominated in EUR, while 11.7% of the repayments were on debt denominated in BGN and 3.1% were on debt with variable interest rates.

At the end of 2023, in the maturity structure the debt up to 1 year was 8.2% (7.7% at the end of 2022), debt from 1 to 5 years was 26.7% (32.7% at the end of 2022), debt from 5 to 10 years was 36.1% (32.1% at the end of 2022), more than 10 years – 29.0% (27.5% at the end of 2022). The average residual maturity of the government debt was 7 years and 11 months as of 31.12.2023.

¹⁶ The debt assumed under the Government Debt Act.

Structure and dynamics of Government debt

(BGN, million)

Structure	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
I. Domestic government debt	8 251.8	7 283.3	6 724.6	6 711.6	5 454.1	5 479.5	5 643.6	8 637.1	10 965.4	10 615.4
1. GS issued on the domestic market (Bonds for financing the budget)	8 091.9	7 148.7	6 622.0	6 647.7	5 421.7	5 479.5	5 643.6	8 637.1	10 965.4	10 615.4
2. GS issued for the structural reform	159.8	134.6	102.6	63.9	32.4	-	-	-	-	-
II. External government debt	13 850.6	15 430.8	19 026.5	16 822.5	16 611.6	16 543.5	21 861.1	22 580.9	25 160.3	29 898.6
1. Bonds issued on ICM	6 525.4	10 939.0	14 838.9	12 980.8	12 980.8	12 980.8	17 870.4	17 870.4	19 826.2	25 020.9
2. Paris Club	98.5	73.9	49.3	24.6	-	-	-	-	-	-
3. IBRD /World Bank/	1 091.1	1 001.0	846.7	688.3	553.5	458.3	363.0	276.2	207.3	147.8
4. European Union (including EC and EIB)	874.6	1 167.9	1 167.9	1 165.2	1 155.3	1 236.1	1 787.6	2 742.7	3 578.2	3 514.0
5. Other (CEDB, Transferable loans "Schuldschein")	3 500.9**	567.2*	567.2*	567.2*	665.0***	753.0***	879.1***	869.4***	859.6***	647.4***
6. Government investment loans	1 760.1	1 681.8	1 556.6	1 396.4	1 257.0	1 115.3	961.0	822.2	688.9	568.5
Government debt	22 102.3	22 714.1	25 751.1	23 534.1	22 065.8	22 023.0	27 504.8	31 218.0	36 125.7	40 514.0
GDP	84 147.7	89 571.4	95 349.4	102 683.0	109 781.7	119 906.5	121 088.4	139 602.0	168 360.0	185 232.5
Total government debt/GDP, (%)	26.3	25.4	27.0	22.9	20.1	18.4	22.7	22.4	21.5	21.9

* Transferable "Schuldschein" loans

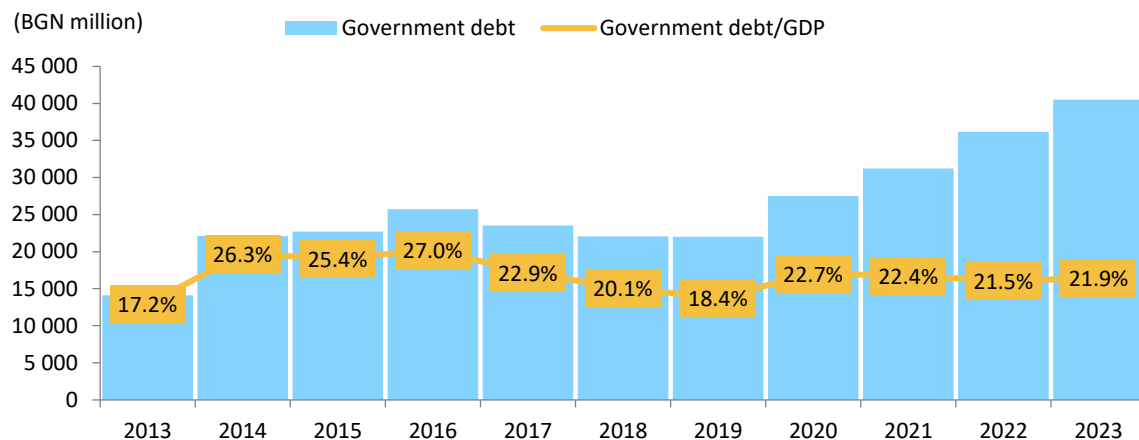
**Transferable "Schuldschein" loans and "Bridge-to-bond loan"

*** "Schuldschein" transferable loans and CEDB loan

Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

Source: MoF

Government Debt Dynamics



Source: MoF

New financing and payments made under the Government debt in 2023

(BGN, million)

Structure	Received tranches/issued government securities (principal)	Payments made, incl.:	
		Repayments (principal)	interest
Domestic Government debt	0.0	350.0	116.9
I. GS issued on the domestic market (Bonds for financing the budget)	0.0	350.0	116.9
External Government debt	7 277.0	2 647.7	665.0
I. Bonds issued on ICM	7 277.0	2 197.0	556.4
II. Loans	0.0	450.7	108.6
1. IBRD/World Bank	0.0	59.5	6.2
2. European Union (including EC and EIB)	0.0	64.2	58.3
3. Others (JICA, CEDB, KfW, Transferable loans "Shuldschein")	0.0	212.2	24.2
4. Government investment loans	0.0	114.8	19.9
Total for Government Debt	7 277.0	2 997.7	781.9

Source: MoF

Bonds, issued on the ICM, in circulation as of 31.12.2023

Eurobonds issued on ICM	with a fixed interest rate of 2.950%, maturing on 3 September 2024	GMTN Programme, with a fixed interest rate of 2.625%, maturing on 26 March 2027	GMTN Programme, with a fixed interest rate of 3.0%, maturing on 21 March 2028	GMTN Programme, with a fixed interest rate of 4.125% maturing on 23 September 2029	GMTN Programme, with a fixed interest rate of 0.375%, maturing on 23 September 2030	GMTN Programme, with a fixed interest rate of 4.375% maturing on 13 May 2031	GMTN Programme, with a fixed interest rate of 4.500% maturing on 27 January 2033	GMTN Programme, with a fixed interest rate of 4.625% maturing on 23 September 2034	GMTN Programme, with a fixed interest rate of 3.125%, maturing on 26 March 2035*	GMTN Programme, with a fixed interest rate of 4.875% maturing on 13 May 2036	GMTN Programme, with a fixed interest rate of 1.375%, maturing on 23 September 2050
ISSUER	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA	REPUBLIC OF BULGARIA
Format	Reg S	Reg S	Reg S	Reg S	Reg S	Reg S	Reg S/Rule 144A	Reg S	Reg S	Reg S	Reg S
Credit Ratings of the Issuer	Baa2(Moody's) / BBB-(S&P)/BBB-(Fitch)	Baa2(Moody's) / BB+(S&P)/BBB-(Fitch)	Baa2(Moody's) / BB+(S&P)/BBB-(Fitch)	Baa1(Moody's) BBB(S&P)/BBB(Fitch)	Baa2(Moody's) / BBB(S&P)/BBB(Fitch)	Baa1(Moody's) / BBB(S&P) / BBB(Fitch)	Baa1(Moody's) / BBB(S&P)/BBB(Fitch)	Baa1(Moody's) / BBB(S&P)/BBB(Fitch)	Baa2(Moody's) / BB+(S&P)/BBB-(Fitch)	Baa1(Moody's) / BBB(S&P)/BBB(Fitch)	Baa2(Moody's) / BBB(S&P)/BBB(Fitch)
Issue's Rating	Baa2 (Moody's) / BBB- (S&P) / BBB- (Fitch)	Baa2 (Moody's) / BB+ (S&P) / BBB- (Fitch)	Baa2(Moody's) / BB+ (S&P) / BBB- (Fitch)	Baa1 (Moody's) / BBB (Fitch)	Baa2 (Moody's) / BBB (Fitch)	Baa1 (Moody's) / BBB (Fitch)	Baa1(Moody's) / BBB (Fitch)	Baa1(Moody's) / BBB (Fitch)	Baa2 (Moody's) / BB+ (S&P) / BBB- (Fitch)	Baa1 (Moody's) / BBB (Fitch)	Baa2 (Moody's) / BBB (Fitch)
Lead Managers	Citi, HSBC, JP Morgan	Citi, HSBC (B&D), SG CIB, UniCredit	BNP Paribas, Citigroup GML, J.P. Morgan S. plc, UniCredit Bank AG	BNP Paribas, Citigroup GME AG, J.P. Morgan SE, UniCredit Bank AG	BNP Paribas, Citigroup GML, J.P. Morgan SE, UniCredit Bank AG	BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank, J.P. Morgan	BNP Paribas, Citigroup GME AG, J.P. Morgan SE, UniCredit Bank AG	BNP Paribas, Citigroup GME AG, J.P. Morgan SE, UniCredit Bank AG	Citi, HSBC (B&D), SG CIB, UniCredit/ Goldman Sachs International	BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank, J.P. Morgan	BNP Paribas, Citigroup GML, J.P. Morgan S. plc, UniCredit Bank AG
Currency Denomination	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Nominal Value	1,493,000 000	1,000,000 000	850, 000, 000	1,500,000 000	1,250,000 000	1,300,000 000	1,500,000 000	750,000,000	900,000,000*	1,000,000 000	1,250,000 000
Pricing Date	26.06.2014	19.03.2015	14.03.2016	15.09.2022	15.09.2020	06.11.2023	17.01.2023	15.09.2022	19.03.2015/ 13.11.2015	06.11.2023	15.09.2020
Settlement Date	03.07.2014	26.03.2015	21.03.2016	23.09.2022	23.09.2020	13.11.2023	27.01.2023	23.09.2022	26.03.2015/ 20.11.2015	13.11.2023	23.09.2020
Maturity	03.09.2024	26.03.2027	21.03.2028	23.09.2029	23.09.2030	13.05.2031	27.01.2033	23.09.2034	26.03.2035 r.	13.05.2036	23.09.2050
Date of Interest Payments	Payable annually on 03 September, first interest payment on 03.09.2015	Payable annually on 26 March, first interest payment on 26.03.2016	Payable annually on 21 March, first interest payment on 21.03.2017	Payable annually on 23 September, first interest payment on 23.09.2023	Payable annually on 23 September, first interest payment on 23.09.2021	Payable annually on 13 May, first interest payment on 13 May 2024 (short first coupon)	Payable annually on 27 January, first interest payment on 27.01.2024	Payable annually on 23 September, first interest payment on 23.09.2023	Payable annually on 26 March, first interest payment on 26.03.2016	Payable annually on 13 May, first interest payment on 13 May 2024 (short first coupon)	Payable annually on 23 September, first interest payment on 23.09.2021
Interest Coupon	2.950%	2.625%	3.000%	4.125%	0.375%	4.375%	4.500%	4.625%	3.125%	4.875%	1.375%
Issue Price	99.085	98.918	98.237	98.690	99.863	98.175	97.815	98.227	97.982/88.514	97.719	97.566
Yield	3.055%	2.732%	3.179%	4.346%	0.389%	4.673%	4.780%	4.823%	3.264%/3.989 %	5.130%	1.476%
Receipts	1,478,816,500	989,180,000	835,014,500	1,480,350, 000	1,248,287, 500	1,276,275, 000	1,467,225, 000	736,702,500	832,847,000/ 44,257,000	977,190,000	1,219,575, 000
Interest Rate Convention	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT	ACT/ACT
Registrar	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange	Luxembourg Stock Exchange
ISIN	XS1083844503	XS1208855889	XS1382696398	XS2536817211	XS2234571425	XS2716887760	Reg S XS2579483319 Rule 144A XS2579483822	XS2536817484	XS1208856341	XS2716887844	XS2234571771
Legislation	English	English	English	English	English	English	English	English	English	English	English
Bond Format	Registered	Registered	Registered	Registered	Registered	Registered	Registered	Registered	Registered	Registered	Registered

*The placed volumes of the issue were in the amount of EUR 850,000,000 and EUR 50,000,000.

Source: MoF

Credit rating when issuing the Bulgarian bonds on the ICM

Rating agency	Eurobonds issued on ICM with maturity:										
	2024	2027	2028	2029	2030	2031	2033	2034	2035	2036	2050
Moody's	Baa2	Baa2	Baa2	Baa1	Baa2	Baa1	Baa1	Baa1	Baa2	Baa1	Baa2
S&P	BBB-	BB+	BB+	-	-	-	-	-	BB+	-	-
Fitch	BBB-	BBB-	BBB-	BBB	BBB	BBB	BBB	BBB	BBB-	BBB	BBB

Source: MoF

Credit rating as of 31.12.2023 of the Bulgarian bonds issued to the ICM

Rating agency	Eurobonds issued on ICM with maturity:										
	2024	2027	2028	2029	2030	2031	2033	2034	2035	2036	2050
Moody's	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1
S&P	BBB	BBB	BBB	-	-	-	-	-	BBB	-	-
Fitch	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB	BBB
Scope	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+

Source: Bloomberg

Outstanding Government Securities issued on the domestic market as of 31.12.2023

Original maturity	Issue number /ISIN/	Currency	Date of issuing	Maturity date	Total nominal value of the bids approved (in thousands)	Interest rate
3.5-year	BG2030121110	BGN	17.11.2021	17.05.2025	1 800 000.00	0.00%
5-year	BG2030020114	BGN	15.01.2020	15.01.2025	600 000.00	0.01%
5-year	BG2030021112	BGN	24.02.2021	24.02.2026	1 700 000.00	0.00%
5.5-year	BG2030022219	BGN	28.09.2022	28.03.2028	330 500.00	3.20%
7.5-year	BG2040121217	BGN	24.11.2021	24.05.2029	1 000 000.00	0.25%
7.5-year	BG2040117215	BGN	27.09.2017	27.03.2025	250 000.00	0.80%
10-year	BG2040115219	BGN	22.04.2015	22.04.2025	235 000.00	2.30%
10.5-year	BG2040016219	BGN	27.01.2016	27.07.2026	802 750.00	2.25%
10.5-year	BG2040017217	BGN	25.01.2017	25.07.2027	339 500.00	1.95%
10.5-year	BG2040014214	BGN	15.01.2014	15.07.2024	380 000.00	4.00%
10.5-year	BG2040015211	BGN	14.01.2015	14.07.2025	50 000.00	3.10%
10.5-year	BG2040119211	BGN	21.06.2019	21.12.2029	1 000 000.00	0.50%
10.5-year	BG2040021219	BGN	17.02.2021	17.08.2031	1 100 000.00	0.10%
15-year	BG2040210218	EUR	29.09.2010	29.09.2025	234 105.00	5.75%
20-year	BG2040019213	BGN	21.06.2019	21.06.2039	569 780.00	1.50%

Source: MoF

GOVERNMENT GUARANTEED DEBT

At the end of 2023, the Government guaranteed debt amounted to BGN 1,583.3 million, compared to BGN 1,700.9 million at the end of 2022. The Government guaranteed debt-to-GDP ratio was 0.9% compared to 1.0% at the end of 2022.

The decrease in the amount of government guaranteed debt compared to its level at the end of the previous year was due to the repayments made in a larger amount than the disbursed funds under the issued government guaranteed loans/guarantee instruments.

In the structure of Government guaranteed debt, external debt held the principal share of it - 96.4% (96.3% at the end of 2022), and the share of domestic government guarantees was 3.6% (3.7% at the end of 2022). The debt with fixed interest rate decreased to 93.9% (99.0% at the end of 2022), while debt with floating interest rate increased up to 6.1% (1.0% at the end of 2022), mainly due to the disbursements of funds with floating interest rates. The share of debt denominated in EUR increased to 91.7% (90.8% at the end of 2022), while the share of debt in BGN and debt in other currencies decreased to 3.6% (3.7% at the end of 2022) and 4.7% (5.6% at the end of 2022), respectively.

Structure and dynamics of Government guaranteed debt

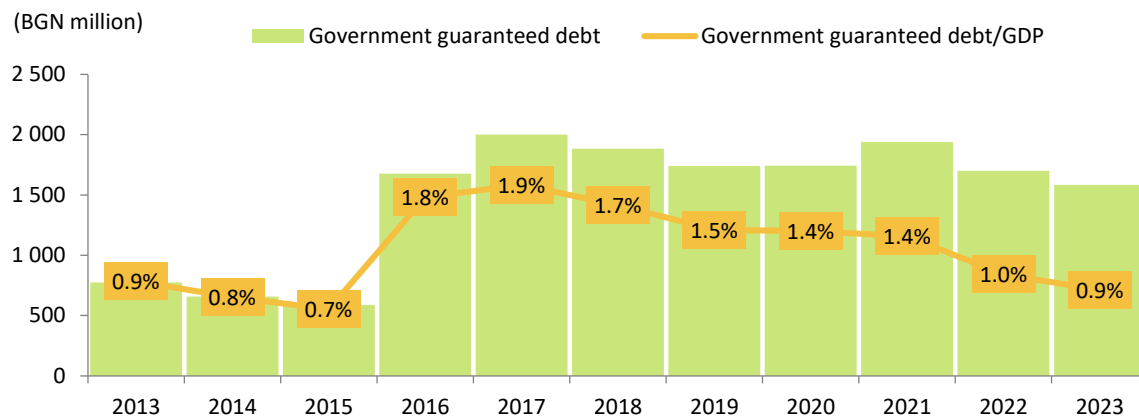
(BGN, million)

Structure	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
I. Domestic government guaranteed debt	49.0	60.8	69.1	73.9	75.2	74.1	72.4	67.1	62.4	57.4
1. Guarantees under the Student and Doctoral Candidate Loans Act	49.0	60.8	69.1	73.9	75.2	74.1	72.4	67.1	62.4	57.4
II. External government guaranteed debt	607.1	528.4	1 607.8	1 928.2	1 808.6	1 667.3	1 670.9	1 871.8	1 638.5	1 525.9
1. IBRD /World Bank/	35.6	23.8	507.6	560.6	594.6	589.4	586.7	586.7	557.4	528.1
2. European Union (including EC and EIB)	1.6	2.0	2.7	3.1	3.6	4.3	146.7	470.4	528.6	534.7
3. EBRD	7.5	1.8	586.7	586.7	586.7	586.7	586.7	586.7	440.1	293.4
4. Other (JICA, CEDB, KfW)	562.4	500.9	510.8	777.7	623.6	486.9	350.7	227.9	112.4	169.8
Government guaranteed debt	656.1	589.3	1677.0	2002.0	1 883.8	1 741.4	1 743.2	1 938.9	1 700.9	1 583.3
GDP	84 147.7	89 571.4	95 349.4	102 683.0	109 781.7	119 906.5	121 088.4	139 602.0	168 360.0	185 232.5
Government guaranteed debt/GDP, (%)	0.8	0.7	1.8	1.9	1.7	1.5	1.4	1.4	1.0	0.9

Notes: 1. Debt at nominal value; 2. The conversion of the debt in BGN is based on the central exchange rate of the BNB for the respective foreign currencies at the end of the respective periods; 3. GDP data is from the National Statistical Institute; 4. Due to rounding some aggregate entries do not fully comply with their constituent numbers.

Source: MoF

Dynamics of Government guaranteed debt



Source: MoF

New financing and payments made under the Government guaranteed debt in 2023

(BGN, million)

Structure	Loans received (principal)	Payments made, incl.:	
		repayments	interest
Domestic government guaranteed debt	5.5	10.5	2.4
1. Guarantees under the Student and Doctoral Candidate Loans Act	5.5	10.5	2.4
External Government guaranteed debt	103.7	207.1	20.7
1. IBRD /World Bank/	0	29.3	8.5
2. European Union (including EC and EIB)	7.7	1.6	4.1
3. EBRD	0.0	146.7	5.6
4. Other (JICA, ING Bank N.V., CEDB, KfW)	96.0	29.4	2.5
Total for Government guaranteed debt	109.2	217.6	23.1

Source: MoF

DEVELOPMENT OF THE GOVERNMENT SECURITIES MARKET

With respect to the development of the sovereign debt market in the Republic of Bulgaria, specific steps were taken at a national level with a view to encourage the integration of global investors into the domestic (local) market through regulatory and infrastructure changes. The provided measures are also in line with the upcoming accession of the Republic of Bulgaria to the Eurozone, taking into account the purpose of the Capital Markets Union for integration in order to achieve more complete single European capital market at the European Union level.

Following the accession on September 11, 2023 of the Depository for Government Securities at the BNB and Central Depository AD to the Eurosystem securities settlement platform TARGET2-Securities (T2S), amendments and supplements to the Ordinance № 5 of 4 October 2007 on the Terms and Procedure for Acquisition, Registration, Redemption and Trade in Government Securities, as well as the amendments and supplements to the Ordinance No. 31 of the Bulgarian National Bank on the settlement of government securities, entered into force.

In addition, in connection with the powers of the Minister of Finance in its capacity as a competent authority within the meaning of Article 32, paragraph 1 of the Regulation (EU) No 236/2012 of the European Parliament and of the Council as of 14 March 2012 on short sells and certain aspects of credit default swaps pursuant to Article 17a, paragraph 1 of the Government Debt Act (GDA), amendments and supplements were made to the GDA, the Financial Supervision Commission Act and the Markets in Financial Instruments Act. The changes aim to ensure the possibility of signing an agreement between the Ministry of Finance and the Financial Supervision Commission (FSC) (the Agreement) for the exchange of information between both institutions, which entered into effect in March 2023.

The Agreement provides an opportunity to optimize the process of ensuring the implementation of the powers of the Minister of Finance under Article 17a of the Securities Market Act by providing information from the FSC on concluded transactions with government securities. Additionally, awareness and interaction between both institutions in the field of the functioning of the government securities market and their derivatives improved.



ISSN 2534-8892

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Government Debt Directorate
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