



MAY

**Secondary
Market of
Government
Securities**

2001

Abbreviations

BGN – The Abbreviation of the Redenominated Bulgarian Lev
BIR – Base Interest Rate
BNB – Bulgarian National Bank
BSE – Bulgarian Stock Exchange
CGB – Central Government Budget
CM – Council of Ministers
CMD – Council of Ministers Decree
DISCs – Discount Bonds
FLIRBs – Front-loaded Interest Reduction Bonds
GS – Government Securities
IABs – Interest Arrears Bonds
LRP – Law on Registered Pledges
LSPDACB – Law on State Protection of Deposits and Accounts with Commercial Banks in Respect Whereof the BNB Has Petitioned the Institution of Bankruptcy Proceedings
MF – Ministry of Finance
OTC Market – Over-the-counter Market
SBL – State Budget Law
SII – State Insurance Institute
ZUNK – Bulgarian Abbreviation of the Law on Settlement of Nonperforming Credits Negotiated prior to 31 December 1990 (LSNC)

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As of December 1999 you can find a daily bulletin containing information on government securities primary and secondary markets on BNB Internet website: www.bnb.bg.

For additional information on the bulletin subscription and use please call on telephone (+359 2) 9145 1304.

As of January 2000 information on BNB activity as a government fiscal agent and official state depository is included in BNB Internet website under the heading of Fiscal Services containing the following major sections:

- establishment and maintenance of an electronic system for registration and trade in book-entry government securities;
- automated system for registration, service and management of foreign debt;
- information service of cash reporting of consolidated state budget and fiscal reserves.

As of March 2000 Rules of BNB Activity on Recording Circumstances Related to a Pledge in Book-entry Government Securities under Article 18, Para. 3 of the Law on Registered Pledges and the Attachments to them can be found on BNB Internet website under the heading of Fiscal Services.

For additional information on the Rules please call on telephones: (+359 2) 987 14 11 or 9145 1486.

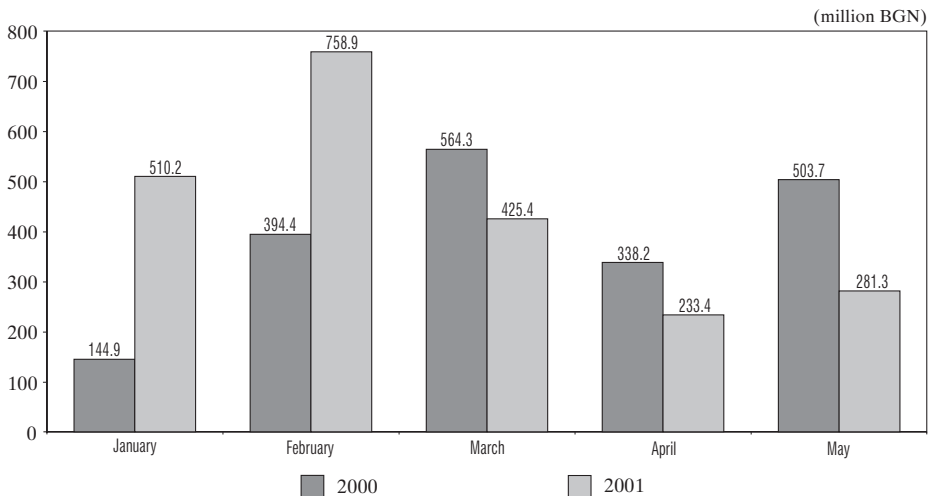
Interbank Market of Government Securities Issued under Regulation No. 5

In May 2001 financial institutions concluded 290 transactions in government securities (including the number and volume of reverse repurchase agreements) issued for budget deficit financing, totaling BGN 281,244.3 thousand nominal value, a decrease of BGN 222,451.1 thousand, or 44.16% compared with the same period of the previous year (Chart 1).

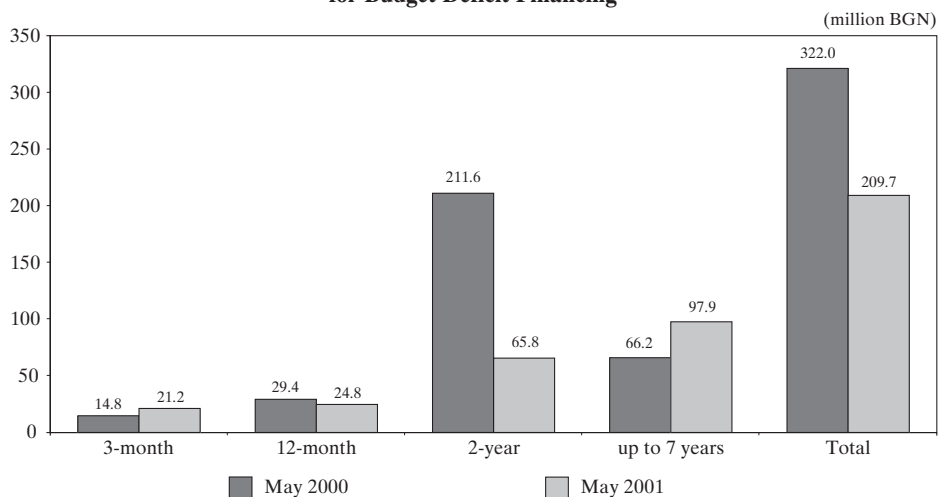
The total volume of secondary market transactions in government securities issued under Regulation No. 5 (reverse repo agreements volume excluded) amounted to BGN 209,642.3 thousand, a decrease of 34.86% on May 2000. Structurally, government securities transactions included three-month treasury bills of BGN 21,165.9 thousand, twelve-month of BGN 24,818 thousand, two-year of BGN 65,784.8 thousand and up to seven years of BGN 97,873.7 thousand. This suggests that long-term treasury bonds were most preferred (Chart 2).

Chart 1

Volume of Transactions in Government Securities Issued for Budget Deficit Financing



Structure of Transactions in Government Securities Issued for Budget Deficit Financing



Over the review period the volume of transactions concluded on behalf of clients (under Article 20) totaled BGN 6,701.7 thousand, a decrease of 39.3% on April. Transactions registered under Article 21 totaled BGN 354.08 thousand, a decrease of 83.9% on April. The volume of transactions concluded between primary and nonprimary dealers under Article 14 dropped, totaling BGN 54,813.9 thousand (30.8%), including bids of BGN 6,000 thousand approved at government securities auctions on behalf of nonprimary dealers.

Interbank Market of Government Securities Issued as a Result of Structural Reform

In May financial institutions concluded 39 transactions in USD-denomi-

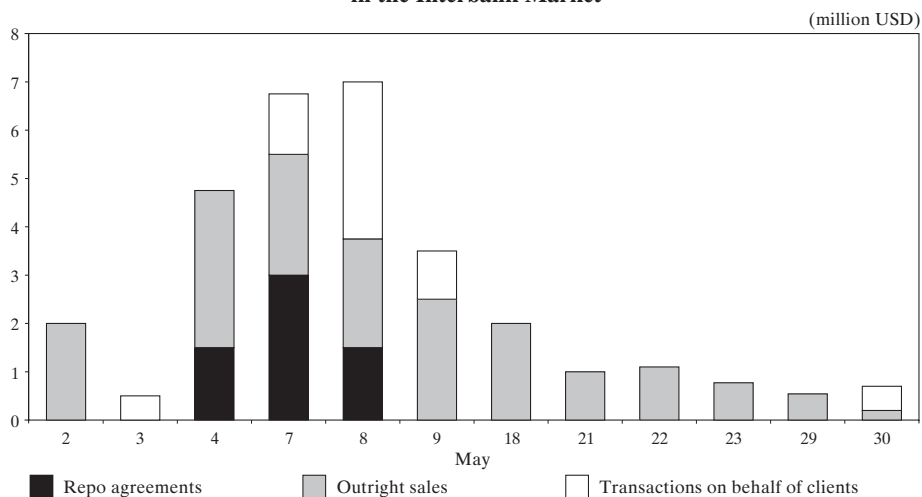
nated government securities issued as a result of structural reform, totaling USD 30.6 million nominal value. Twenty-eight outright transactions of USD 18.1 million, four repo agreements of USD 6 million, and seven transactions on behalf of clients of USD 6.5 million (under Articles 14, 20 and 21) were concluded.

Three transactions in EUR-denominated government securities of EUR 1.16 million were concluded. Six transactions in lev-denominated government securities issued for structural reform, totaling BGN 3.9 million, were concluded.

Pursuant to Article 14, para. 6 of Regulation No. 5 31 transactions of USD 16.8 million were concluded.

In May the volume of transactions concluded in ZUNK bonds denomi-

Volume of Transactions in USD-denominated Government Securities in the Interbank Market



nated in foreign currency decreased by 34.63% on April. The market share of outright transactions was the largest: an increase of USD 4.8 million (36.1%) on April. In May the average daily volume of traded bonds was USD 2.6 million. Prices at which forex ZUNK bonds were traded in the interbank market rose, reaching USD 75 per USD 100 nominal value by end-May. The average-weighted price was USD 73.17 per USD 100 nominal value.

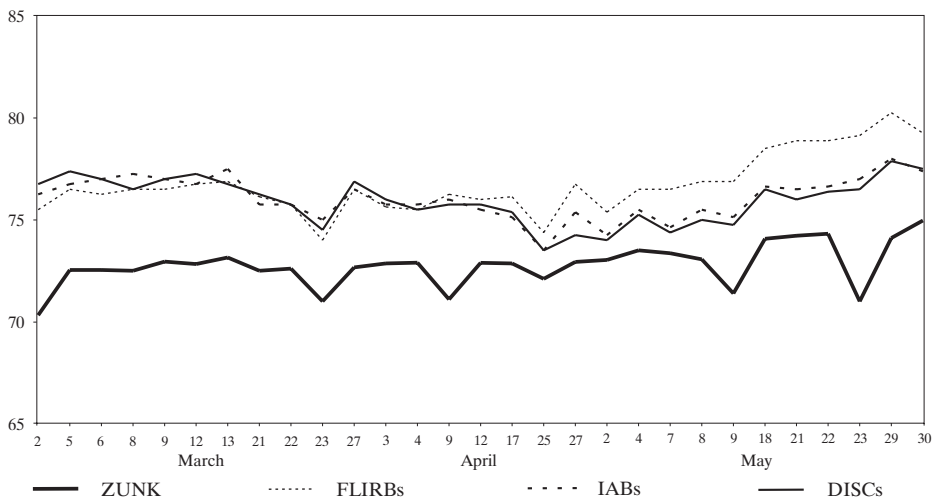
Government Securities Repo Agreements in the Interbank Market

In May the volume of repo agreements traded in the secondary interbank market was uneven (Chart 5). It hit highs on 4 and 9 May, coupled with in-

creased interbank deposit volumes on these dates.

In May the yield on repo agreements was almost constant. Their average term (in days) fell dramatically compared with the previous month. The yield on repo agreements in government securities with one-day and seven-day terms was 0.30% and 0.32% respectively, equaling the yield on interbank deposits with the same terms. The yield on repo agreements with up to three-day and up to one-month terms (0.30% and 0.39% respectively) was higher than the yield on interbank deposits with the same terms. Only the yield on repo agreements with up to one-month term was higher than the average-weighted base interest rate (Chart 6).

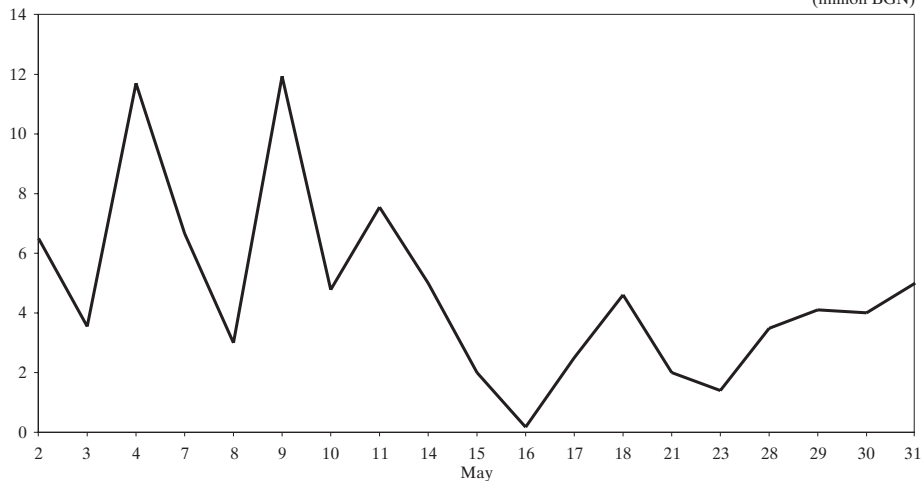
Price Movements of USD-denominated Government Securities (Issued under ZUNK) in the Interbank Market and Bulgarian Brady Bonds*



* Reuters offer quotations for Brady bonds.

Volume of Repo Agreements in the Secondary Interbank Market

(million BGN)



**Prices of Transactions in USD-denominated Government Securities
Issued under Article 5 of ZUNK**

(USD)

Date May	Price		
	Minimum	Maximum	Average-weighted
2	68.09	73.39	73.03
3	-	-	-
4	73.40	73.55	73.50
7	73.36	73.36	73.36
8	68.04	74.00	73.06
9	67.99	73.67	71.39
10	-	-	-
11	-	-	-
14	-	-	-
15	-	-	-
16	-	-	-
17	-	-	-
18	73.91	74.11	74.07
19	-	-	-
21	74.22	74.22	74.22
22	74.24	74.39	74.32
23	71.00	71.00	71.00
28	-	-	-
29	71.11	74.37	74.11
30	74.97	75.65	75.00
31	-	-	-
Monthly	67.99	75.65	73.17

Note: Information is based on outright transactions registered by the BNB (with and without flows on settlement accounts), as well as transactions in government securities registered during the current month for participation in privatization.

Quotations of Bulgarian Brady Bonds*

(USD)

Date May	DISCs		FLIRBs		IABs	
	Offer	Bid	Offer	Bid	Offer	Bid
1	74.00	73.00	76.00	75.25	74.50	73.50
2	74.00	73.50	75.38	75.25	74.25	73.25
3	73.75	73.13	75.88	75.38	74.50	73.50
4	75.25	74.00	76.50	76.00	75.50	74.50
7	74.38	74.00	76.50	75.75	74.63	73.63
8	75.00	74.00	76.88	76.00	75.50	74.50
9	74.75	74.00	76.88	76.38	75.13	74.13
10	75.13	74.25	77.75	76.75	75.50	74.50
11	75.75	74.50	78.00	76.75	75.75	74.75
14	75.25	74.25	77.75	76.75	75.25	74.25
15	75.88	74.13	77.50	76.50	75.00	74.00
16	76.50	74.88	78.00	77.25	75.88	74.88
17	76.00	75.50	77.88	77.38	76.50	75.50
18	76.50	76.00	78.50	77.50	76.63	75.63
21	76.00	75.50	78.88	77.50	76.50	75.50
22	76.38	75.75	78.88	78.13	76.63	75.63
23	76.50	76.13	79.13	78.25	77.00	76.13
24	78.00	76.88	79.25	78.63	77.63	76.75
25	78.00	76.75	80.50	79.25	77.75	76.75
29	77.88	77.00	80.25	79.25	78.00	77.00
30	77.50	76.50	79.25	78.75	77.38	76.38
31	77.00	76.00	79.00	78.25	77.13	76.13

* Reuters quotations.

Volume and Structure of Government Securities Transactions in the Secondary Interbank Market in May

1. Volume of transactions in government securities denominated in levs (million BGN nominal value)	209.64
- repo agreements*	83.96
- outright sales	125.68
- privatization transactions	-
2. Volume of transactions in government securities denominated in US dollars and euro (million BGN nominal value)	46.86
- repo agreements*	6.57
- outright sales	40.27
- privatization transactions	0.02
3. Number of secondary interbank market transactions	245
- repo agreements**	73
- outright sales	171
- privatization transactions	1
4. Average term of secondary interbank market repo agreements (days)	7.00
5. Average monthly yield (simple interest) on secondary interbank market repo agreements depending on the term (%)	
1 day	0.30
from 2 to 3 days	0.30
from 4 to 7 days	0.32
up to 1 month	0.39

* Volume of reverse repo agreements excluded.

** Number of reverse repo agreements excluded.

Chart 6

Yield on Repo Agreements in Government Securities and Interest Rate on Interbank Deposits on a Monthly Basis (May)

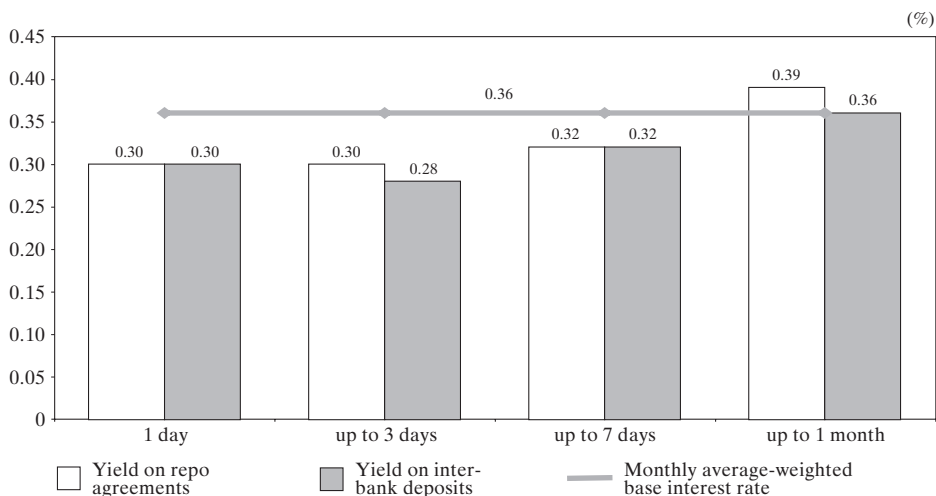


Chart 7

Structure of Secondary Interbank Market Transactions in Lev-denominated Government Securities in May

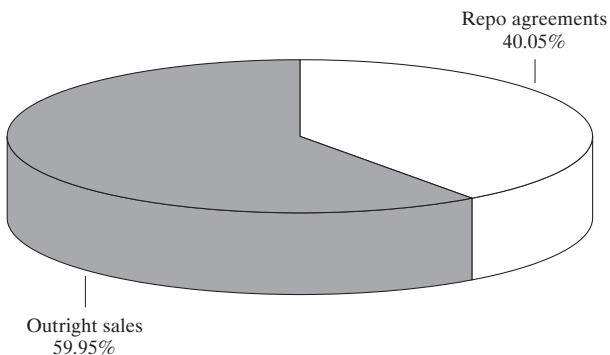
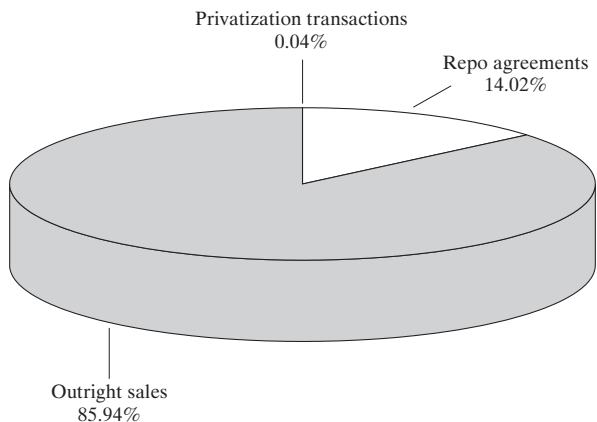


Chart 8

Structure of Secondary Interbank Market Transactions in Government Securities Denominated in US Dollars and Euro in May



Volume and Yield on Deposits in the Interbank Market and Repo Agreements in Government Securities

	1 day		from 2 to 3 days		from 4 to 7 days		from 8 to 30 days		over 30 days		Total
	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume
02.05.2001											
Deposits	49 750	1.95			7 535	3.79	2 000	4.50	3 000	4.85	62 285
Repo agreements	4 500	1.83			1 000	4.06	1 000	4.56			6 500
03.05.2001											
Deposits	46 800	1.42			7 000	3.70	1 070	4.50	2 000	5.28	56 870
Repo agreements	1 000	1.42			750	3.85			1 800	4.56	3 550
04.05.2001											
Deposits			44 106	3.66	17 170	4.08			1 000	4.80	62 276
Repo agreements			11 305	3.45	176	3.55	220	4.36			11 701
07.05.2001											
Deposits	41 300	3.50	2 000	3.70	4 400	4.09			3 580	4.41	51 280
Repo agreements	6 282	3.35							380	4.61	6 662
08.05.2001											
Deposits	45 870	3.44			400	4.20					46 270
Repo agreements	3 000	3.35									3 000
09.05.2001											
Deposits	53 700	4.20			8 600	3.92	4 860	4.05	3 000	4.60	70 160
Repo agreements	8 750	2.95	3 010	3.03	175	3.45					11 935
10.05.2001											
Deposits	48 890	3.05			923	4.10	2 000	4.15	2 500	4.50	54 313
Repo agreements	3 750	3.11			1 029	3.55					4 779
11.05.2001											
Deposits			63 050	3.13	4 200	3.88			2 000	4.95	69 250
Repo agreements			7 550	3.09							7 550
14.05.2001											
Deposits	62 200	3.17			13 880	4.01					76 080
Repo agreements	2 000	3.04	3 000	3.04							5 000
15.05.2001											
Deposits	59 050	3.03	2 750	3.44	1 150	4.17	2 200	4.00	1 000	4.70	66 150
Repo agreements	2 000	3.24									2 000
16.05.2001											
Deposits	76 300	3.32			5 800	4.07	1 090	4.50			83 190
Repo agreements					175	3.85					175
17.05.2001											
Deposits	65 500	3.69	1 270	3.49	1 511	4.14	8 500	4.29	1 000	4.50	77 781
Repo agreements							2 500	1.88			2 500
18.05.2001											
Deposits	54 200	3.31	11 100	3.38	250	4.00	8 350	4.33			73 900
Repo agreements							2 205	4.63	2 400	4.69	4 605
19.05.2001											
Deposits			72 400	3.38			1 000	4.40			73 400
Repo agreements											-
21.05.2001											
Deposits	65 600	3.10	2 500	2.97	3 530	3.91	543	4.00	8 500	3.41	80 673
Repo agreements			2 002	2.94							2 002

(continued)

(continued)

	1 day		from 2 to 3 days		from 4 to 7 days		from 8 to 30 days		over 30 days		Total
	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume	Yield	Volume
22.05.2001											
Deposits	73 500	2.98			4 500	3.46	868	4.35	2 000	3.00	80 868
Repo agreements											-
23.05.2001											
Deposits					80 373	3.34	250	4.50	1 500	4.53	82 123
Repo agreements							400	4.66	1 000	4.77	1 400
28.05.2001											
Deposits	63 183	3.50	500	4.20	21 500	4.13	1 810	4.78	3 880	5.00	90 873
Repo agreements	3 000	3.60	200	3.90			283	4.87			3 483
29.05.2001											
Deposits	53 760	4.24	250	7.50	14 500	4.63	2 955	4.95	3 500	4.98	74 965
Repo agreements	2 106	5.95					2 000	4.77			4 106
30.05.2001											
Deposits	76 250	7.42			2 355	4.66			500	3.00	79 105
Repo agreements	2 606	6.58					1 400	4.39			4 006
31.05.2001											
Deposits	67 671	4.29			6 830	4.21			5 000	5.23	79 501
Repo agreements	5 000	5.51									5 000
Monthly, total											
Deposits	1 003 524		199 926		206 407		37 496		43 960		1 491 313
Repo agreements	43 994		27 067		3 305		10 008		5 580		89 954

Notes: 1. Volumes of transactions and deposits in thousand BGN.

2. Volumes of repo agreements include agreements concluded during the current day.

3. Yield is calculated on an annual basis.

4. Lev equivalent of the transactions in USD-denominated government securities based on BNB exchange rate of the US dollar on the day of transaction.

Outright Sales in the Secondary Interbank Market of Government Securities in May

Date	Issue		Nominal value	Currency	Price 100/1000
	No.	Year			
2	102	2001	452 300	BGN	99.89
	109	2001	238 095	BGN	98.91
	109	2001	663 095	BGN	98.93
	109	2001	500 000	BGN	98.96
	309	2000	750 000	BGN	105.21
	309	2000	185 000	BGN	107.14
	309	2000	500 000	BGN	107.81
3	109	2001	385 000	BGN	98.95
	306	2000	600 000	BGN	104.47
4	108	2001	1 400 000	BGN	99.09
	109	2001	1 095 000	BGN	98.89
	325	1999	477 000	BGN	104.86
	309	2000	299 000	BGN	107.11
	301	2001	2 000 000	BGN	100.00
7	305	2000	500 000	BGN	105.52
	310	2000	500 000	BGN	104.32
	309	1999	50 000	BGN	107.17
	309	2000	500 000	BGN	107.99
8	97	1994	1 000 000	USD	73.38
	326	1999	750 000	BGN	105.70
	306	2000	500 000	BGN	104.50
	310	2000	510 571	BGN	103.19
9	97	1994	1 000 000	USD	73.67
	107	2001	600 000	BGN	99.38
	108	2001	500 000	BGN	99.26
	153	2000	1 000 000	BGN	97.61
	110	2001	1 100 000	BGN	95.30
	110	2001	1 000 000	BGN	95.33
	302	2000	500 000	BGN	103.23
	310	2000	1 000 000	BGN	103.72
	303	2001	1 000 000	BGN	103.29
	10	305	2000	1 000 000	BGN
11	104	2001	150 180	BGN	99.88
	301	2001	2 000 000	BGN	100.07
	303	2001	1 000 000	BGN	104.27
14	309	2000	500 000	BGN	108.64
	309	2000	500 000	BGN	108.81
	301	2001	80 000	BGN	110.74
15	-	-	-	-	-
16	111	2001	1 175 863	BGN	98.91
	110	2001	1 100 000	BGN	95.40
17	109	2001	250 000	BGN	99.13
	347	1997	2 000 000	BGN	103.00
	309	2000	1 500 000	BGN	108.64
18	97	1994	1 400 000	USD	74.11
	300	2001	2 000 000	BGN	100.00
	309	2000	500 000	BGN	108.85
	303	2001	500 000	BGN	105.03

(continued)

(continued)

Date	Issue		Nominal value	Currency	Price 100/1000
	No.	Year			
19	-	-	-	-	-
21	301	2001	500 000	BGN	111.30
22	97	1994	600 000	USD	74.39
	300	2001	2 052 000	BGN	104.04
23	325	1999	175 000	BGN	102.86
	301	2000	400 000	BGN	106.42
	301	2000	150 000	BGN	108.38
	303	2001	300 000	BGN	105.64
	303	2001	200 000	BGN	104.97
	303	2001	250 000	BGN	105.23
	303	2001	350 000	BGN	105.26
	303	2001	250 000	BGN	105.13
	303	2001	500 000	BGN	105.24
28	316	1999	1 000 000	BGN	103.40
	317	1999	2 000 000	BGN	102.70
	309	2000	1 000 000	BGN	107.39
	301	2001	1 000 000	BGN	99.40
	301	2001	80 000	BGN	110.92
29	153	2000	1 500 000	BGN	96.60
	303	2001	1 500 000	BGN	105.42
30	97	1994	8 800	USD	75.65
	109	2001	38 376	BGN	99.02
	110	2001	1 100 000	BGN	95.56
	325	1999	320 000	BGN	103.13
	310	2000	1 000 000	BGN	103.96
	310	2000	400 000	BGN	103.90
	309	2000	299 000	BGN	110.37
	303	2001	1 000 000	BGN	103.53
31	107	2001	600 000	BGN	99.56
	307	2000	900 000	BGN	104.58

Note: Information based on outright transactions (with a flow on settlement accounts) registered by the BNB.

Volume of Government Securities Transactions in the Secondary Market and Securities Transactions in the Bulgarian Stock Exchange and OTC Market

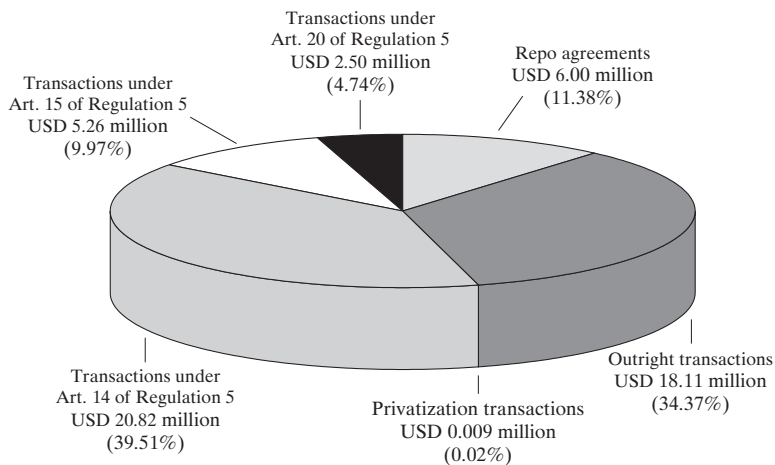
(BGN)

Date May	Repo agreements	Outright sales	Regulation No. 5				Privatization transactions	Transactions in GS, total	Transactions in securities		
			Article 14	Article 15	Article 20	Article 21			BSE	OTC market	Total
2	7 500 000.00	11 455 478.13	4 611 874.20	36 328 687.00	-	-	-	59 896 039.33	100 920.84	-	100 920.84
3	11 250 000.00	2 462 000.00	8 971 381.72	4 454 014.58	1 097 915.00	-	-	28 235 311.30	66 982.00	-	66 982.00
4	12 701 230.00	12 410 665.00	1 631 217.04	4 055 613.40	-	-	-	30 798 725.44	65 306.02	-	65 306.02
7	20 016 152.00	9 019 925.00	680 000.00	4 764 073.00	3 094 462.50	-	-	37 574 612.50	194 540.55	-	194 540.55
8	10 039 320.00	6 694 497.00	12 725 306.00	4 891 907.50	1 644 660.00	-	-	35 995 690.50	1 156 864.70	-	1 156 864.70
9	18 111 000.00	20 849 939.00	10 777 297.80	31 929 669.00	-	-	-	81 667 905.80	1 240 742.50	2 809.80	1 243 552.30
10	13 529 000.00	1 400 000.00	5 379 769.00	12 804 181.00	100 000.00	-	-	33 212 950.00	16 336.05	-	16 336.05
11	14 310 000.00	4 447 440.00	1 916 112.56	4 543 633.95	-	-	-	25 217 186.51	26 909.84	26 200.00	53 109.84
14	13 579 000.00	15 653 764.00	1 940 000.00	5 203 934.00	-	-	-	36 376 698.00	655 057.95	-	655 057.95
15	4 400 000.00	-	1 385 993.25	3 819 925.00	-	-	-	9 605 918.25	100 949.75	-	100 949.75
16	5 750 000.00	9 111 726.00	2 959 938.00	28 494 151.98	1 272 375.00	-	-	47 588 190.98	19 652.93	-	19 652.93
17	4 500 000.00	3 892 360.00	1 964 893.00	2 741 108.00	-	-	-	13 098 361.00	18 446.52	-	18 446.52
18	6 780 830.00	7 479 060.69	1 969 375.00	4 953 966.26	-	-	-	21 183 231.95	187 597.94	-	187 597.94
19	-	-	1 671 270.00	1 729 650.00	-	-	-	3 400 920.00	21 248.02	-	21 248.02
21	2 002 000.00	5 318 360.00	5 399 630.00	1 883 372.83	-	-	-	14 603 362.83	20 150.60	-	20 150.60
22	-	8 819 268.45	3 734 670.75	11 153 664.64	1 000 000.00	-	-	24 707 603.84	23 947.67	-	23 947.67
23	4 577 000.00	5 655 009.20	5 655 431.20	23 144 099.00	319 731.40	204 082.00	-	39 555 352.80	1 835 973.80	-	1 835 973.80
28	5 663 000.00	5 080 000.00	11 582 561.50	7 608 040.55	922 448.00	-	-	30 856 050.05	7 528.42	-	7 528.42
29	9 606 000.00	5 737 203.78	3 486 817.12	1 532 345.95	-	-	-	20 362 366.85	315 324.10	-	315 324.10
30	6 312 000.00	8 809 030.00	9 896 805.25	12 514 789.06	2 254 082.00	150 000.00	20 125.51	39 956 831.82	1 496 144.14	-	1 496 144.14
31	7 606 000.00	1 500 000.00	2 902 783.60	507 894.00	-	-	-	12 516 677.60	19 909.84	-	19 909.84
TOTAL	178 232 532.00	145 795 726.26	101 243 126.99	209 058 720.69	11 705 673.90	354 082.00	20 125.51	646 409 987.35	7 590 534.18	29 009.80	7 619 543.98
Average volume of government securities transactions*								32 320 499.37			

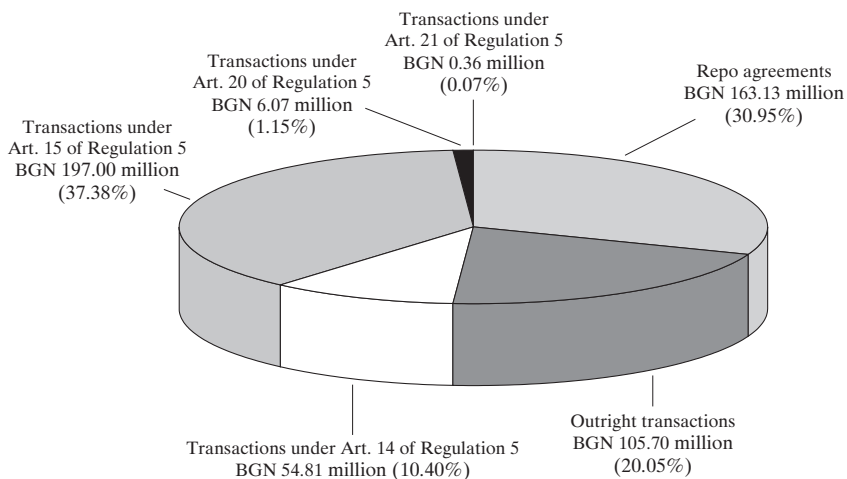
*** Volume calculated on the basis of 20 operating primary dealers.**

- Notes:**
1. The amount of approved competitive and noncompetitive bids on behalf of companies and individuals of BGN 6,745,253 is included.
 2. The amount of approved bids for participation in government securities auctions on behalf of nonprimary dealers of BGN 600,000 is included.
 3. The volume of repo agreements includes reverse repo agreements and repo agreements concluded during the current day.
 4. Transfer transactions of government securities to the MF account used as legal tender in privatization are considered to be privatization transactions.
 5. Transactions in USD-denominated government securities are in levs at the US dollar exchange rate quoted by the BNB on the day of transaction.
 6. Banking Department data on the volume of transactions (at market value) in the Bulgarian Stock Exchange and OTC market.

Volume of May Secondary Market Transactions in USD-denominated Government Securities Issued for Structural Reform



Volume of May Secondary Market Transactions in Government Securities Issued for Budget Deficit Financing





INVESTMENTS OF NONBANK FINANCIAL INSTITUTIONS, COMPANIES AND INDIVIDUALS IN GOVERNMENT SECURITIES

Sales of Government Securities Issued under Regulation No. 5 of the MF and BNB, Including Target Issues

The volume of government securities issued for budget deficit financing and sold to nonbank financial institutions, companies and individuals decreased during the period under review. As of 31 May 2001 they accounted for BGN 199,754 thousand (Chart 11), a decrease of BGN 8,319 thousand, or 3.99% on the previous month. Sales of target government securities earmarked for

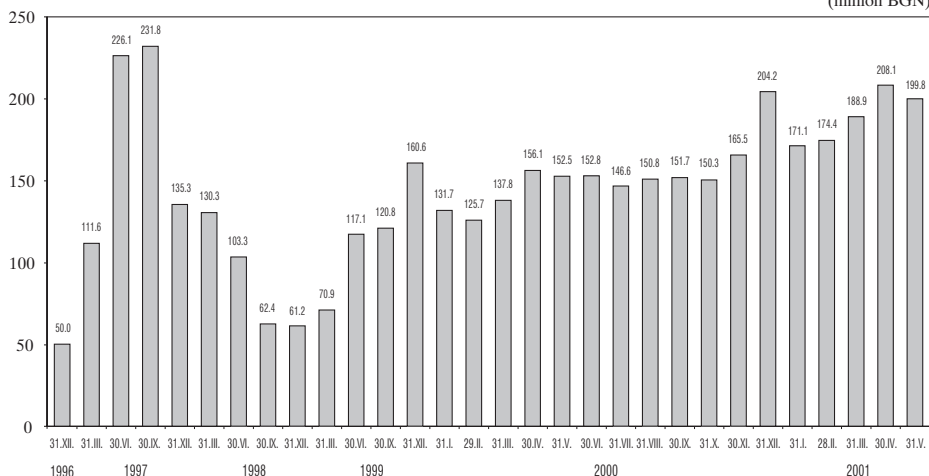
physical persons accounted for BGN 32,851 thousand (Chart 12), an increase of BGN 262 thousand, or 0.80% on April.

In May sales of government securities issued under Regulation No. 5 included three-month treasury bills of BGN 3,601.7 thousand, twelve-month treasury bills of BGN 2,090.1 thousand, and five-year treasury bonds of BGN 10,712 thousand. Five-year treasury bonds occupied the largest share in total government securities sales in May: 65.30%.

Chart 11

Investments of Nonbank Financial Institutions, Companies and Individuals in Government Securities Issued under Regulation No. 5

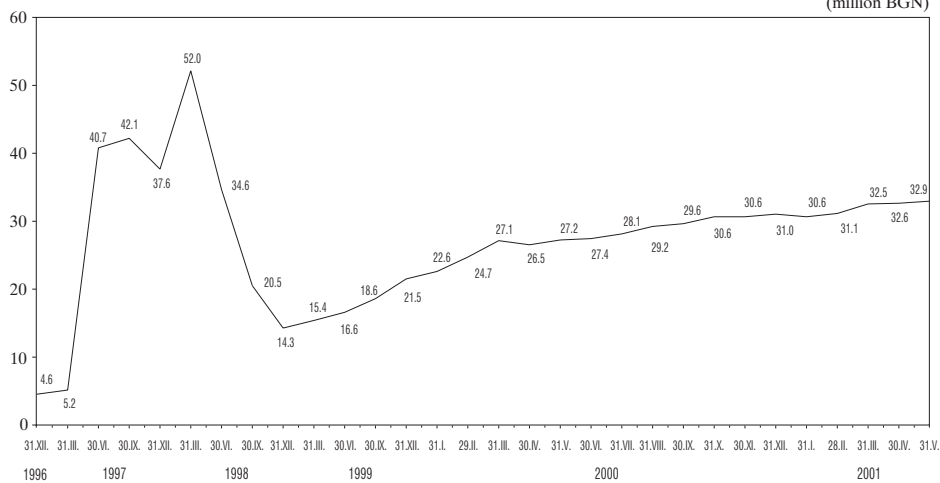
(million BGN)



Note: Preliminary data for May 2001.

Investments in Target Government Securities Earmarked for Individuals

(million BGN)



Note: Preliminary data for May 2001.

Target Issues of Government Securities Earmarked for Physical Persons

Between 25 April and 22 May 2001¹ the Ministry of Finance offered for sale two issues of savings bonds earmarked for direct sale to physical persons under the following conditions:

- Two-year savings government treasury bonds with fixed annual yield in the form of semiannual interest payment, effective as of the issue date. The last interest payment is effected at maturity to

¹ The period under review starts from the issue date and finishes at the end of issue periods, since data is obtained and registered after the sale of a particular issue has been finished. Therefore, this period does not correspond to the calendar month and includes two issue periods or four weeks.

gether with the nominal value of government securities. The annual interest rates of the four interest coupons are 6%, 7%, 8%, and 9% respectively. Reverse repurchases of these bonds start six months after their issue at prices set by the issuer. Reverse repurchase price of two-year savings government securities issues is set by accruing the previous coupon annual rate of interest to the nominal value for the period since the latest interest payment.

The total amount of target government securities sales registered in May was BGN 892.6 thousand nominal value, including BGN 335.6 thousand sold by the BNB (Chart 13). The share of target government securities sold by the BNB decreased as a result of discontinued (since 1 March 2001) government securi-

ties sales at the BNB regional cash centers (branches): Varna, Pleven, Plovdiv, Ruse, and Haskovo. The change reflected BNB branch network reorganization.

Services to individuals were restored on 12 March 2001 at the branches of United Bulgarian Bank, which took over sales of target government securities to individuals, name registration of certificate holders and their subsequent service.

Investments in Government Securities Issued for Structural Reform

The volume of government securities acquired by individuals, companies and nonbank financial institutions and issued

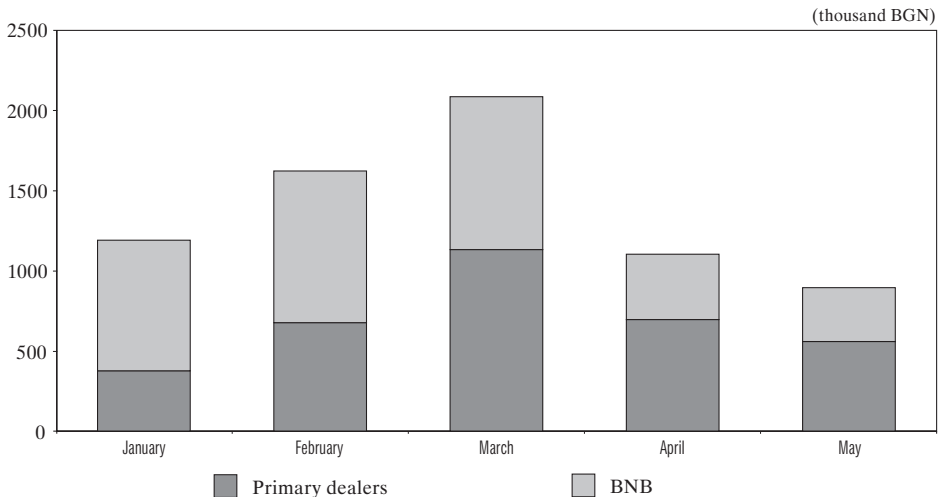
for structural reform increased in May. As of 31 May 2001 total sales of government securities accounted for BGN 385,048.6 thousand (including sales to foreign investors), an increase of BGN 28,525.3 thousand, or 8% on April (Chart 15).

The bulk of government securities issued for structural reform was sold by commercial banks (82.97%) and other financial institutions (17.03%).

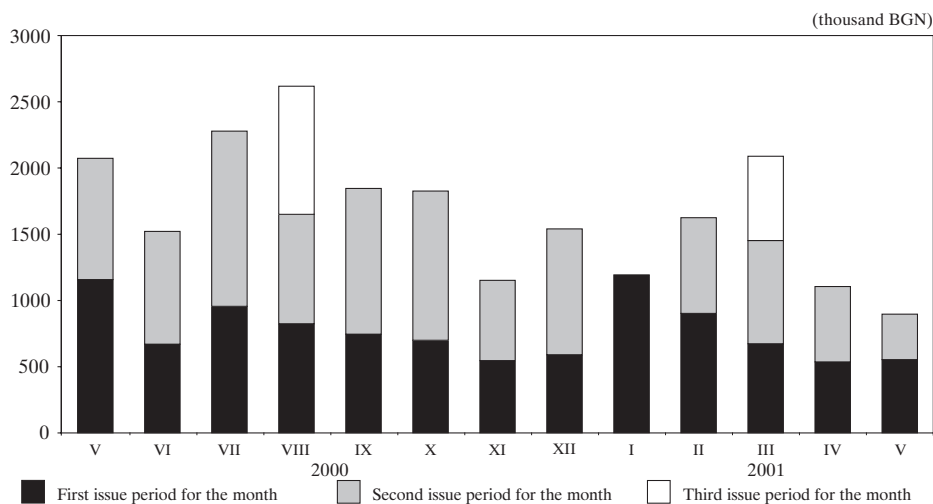
Lev-denominated government securities held by individuals, companies and nonbank financial institutions totaled BGN 7,260.17 thousand, while USD-denominated government securities issued under ZUNK accounted for BGN 335,454.95 thousand (USD 145.45 million), and EUR-denominated govern-

Chart 13

Share of Government Securities (Earmarked for Physical Persons) Sold by the BNB in May in Total Volume of Target Government Securities Issued



Volume of Target Government Securities Sales to Physical Persons



ment securities issued for structural reform amounted to BGN 42,327.52 thousand (EUR 21.64 million).

Foreign Investments in Government Securities

The volume of government securities held by foreign investors rose in May. As of 31 May foreign investments in government securities totaled BGN 190,380.5 thousand (Chart 16), an increase of BGN 10,193.60 thousand (5.66%) on April.

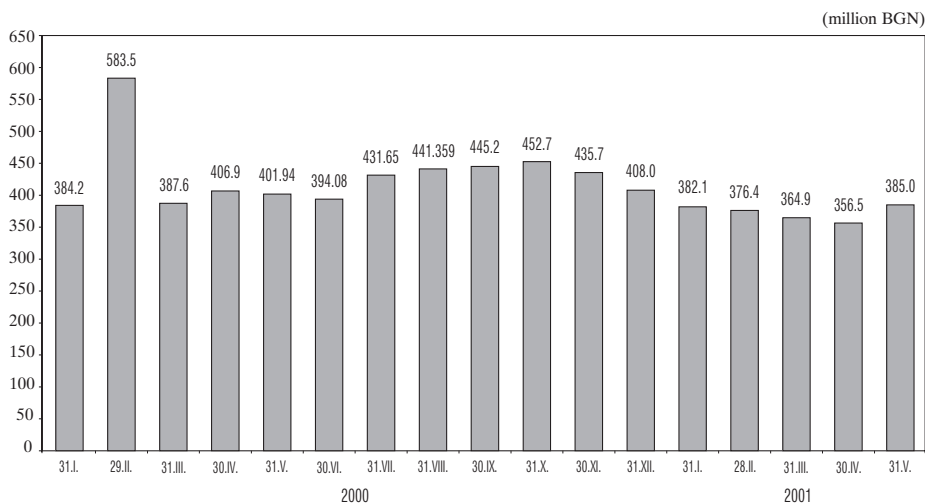
Sales of government securities issued under Regulation No. 5 for budget deficit financing accounted for BGN 438 thousand. By end-May the volume of tar-

get government securities (earmarked for direct sale to physical persons) totaled BGN 0.9 thousand.

As of 31 May 2001 USD-denominated long-term government bonds held by foreign investors remained unchanged from their April level: USD 80.38 million (BGN 185.40 million lev equivalent, Chart 17), increasing by BGN 11.16 million (6.40%) in lev terms. The relative share of these government securities in foreign investors' portfolios stayed high: 96.88% (Chart 18).

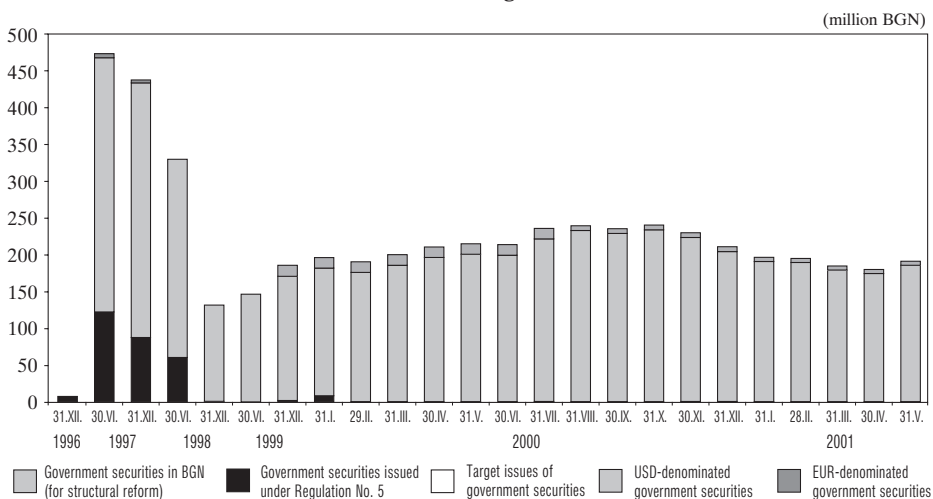
In May the volume of EUR-denominated government securities held by foreign investors remained unchanged, accounting for EUR 2.83 million (2.89%) as of 31 May 2001.

Investments of Nonbank Financial Institutions, Companies and Individuals in Government Securities Issued for Structural Reform



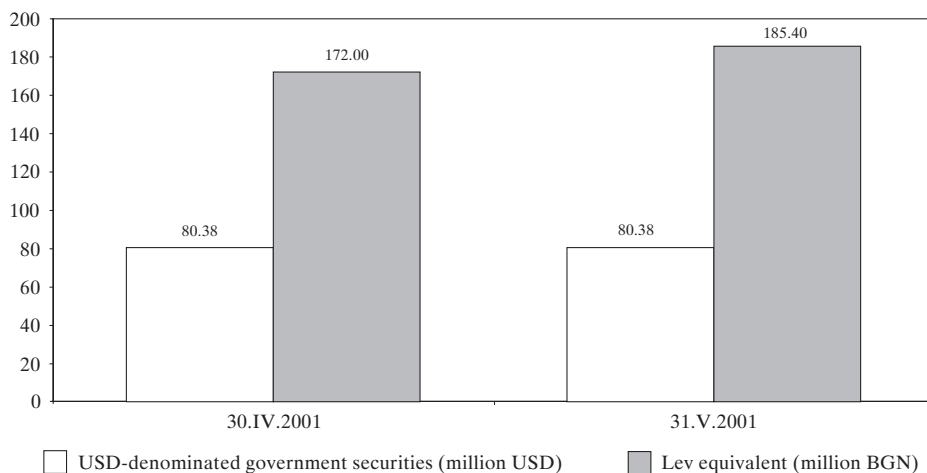
- Notes:**
1. The lev equivalent of government securities denominated in foreign currency is based on BNB exchange rate at the end of month.
 2. From January 2000 EUR-denominated government securities from issue No. 400 of 1999 are included.
 3. Preliminary data for May 2001.

Government Securities in Foreign Investors' Portfolios



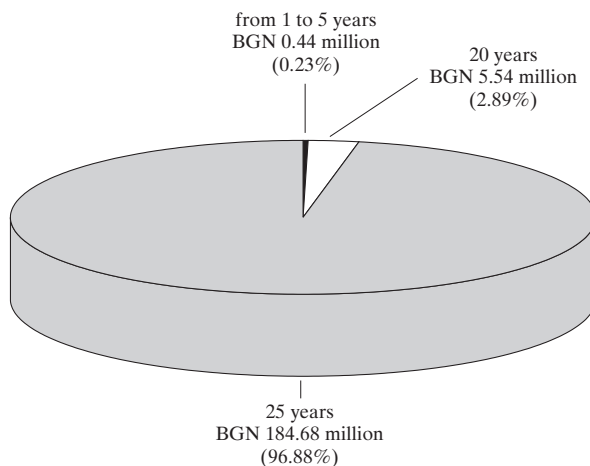
Note: Preliminary data for May 2001.

USD-denominated Government Securities Held by Foreign Investors



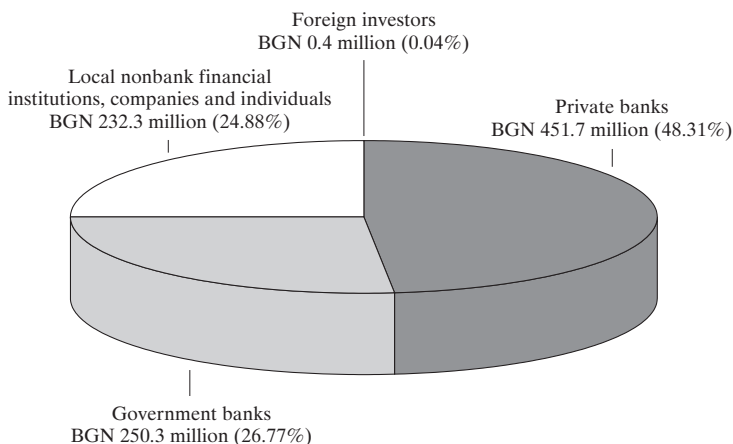
- Notes:**
1. The lev equivalent of USD-denominated government securities is based on BNB exchange rate at the end of month.
 2. Preliminary data for May 2001.

Volume and Maturity Structure of Government Securities Held by Foreign Investors as of 31 May



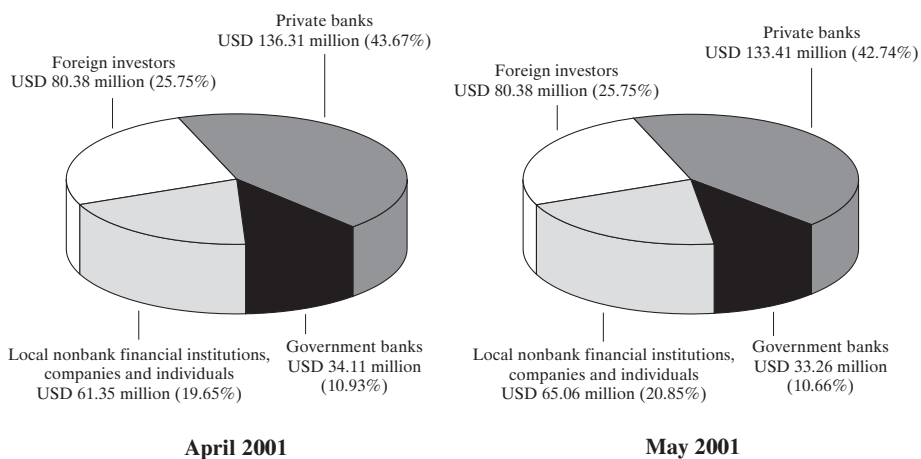
Note: Preliminary data.

Holders of Government Securities Issued under Regulation No. 5 as of 31 May



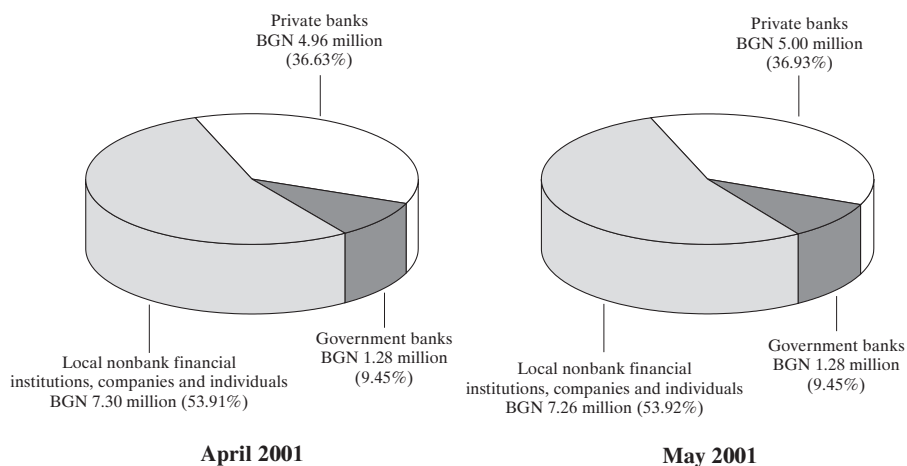
Notes: 1. Including frozen government securities by financial institutions.
 2. Including target issues earmarked for individuals.
 3. Preliminary data.

Holders of USD-denominated Government Securities Issued under ZUNK



Notes: 1. Including frozen government securities by financial institutions.
 2. Preliminary data for May 2001.

Holders of Lev-denominated Government Securities Issued for Structural Reform



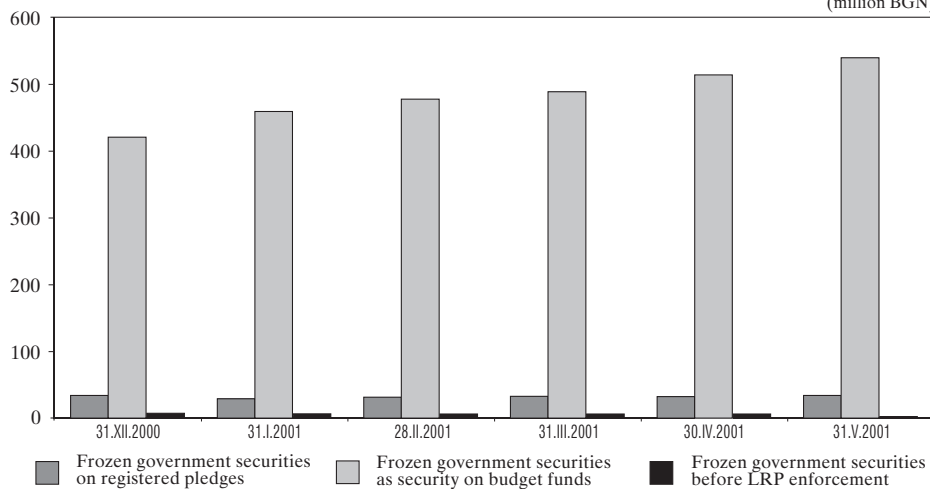
Notes: 1. Including frozen government securities by financial institutions.
2. Preliminary data for May 2001.

Volume of Frozen and Pledged Government Securities as of 31 May 2001

Transaction	Government securities issued under Regulation No. 5	Government securities issued for structural reform		
	BGN	USD	BGN	EUR
Government securities pledges under the Law on Registered Pledges	4 674 248	12 713 368		
Frozen government securities as security on budget funds	365 981 457	75 822 158	1 151 369	
Frozen government securities under contracts concluded before enforcement of the Law on Registered Pledges	1 030 100		130 400	
TOTAL	371 685 805	88 535 526	1 281 769	

Volume and Structure of Frozen Government Securities

(million BGN)



Note: Government securities denominated in foreign currency are recalculated in BGN at end-of-month exchange rate for the respective currency.

Outstanding Government Securities

Discount Treasury Bills

Issue No.	BG3013900009	BG3015300000	BG3010301003	BG3010501008	BG3010601006	BG3010701004	BG3010801002	BG3010901000
Issue date	30.08.2000	29.11.2000	14.02.2001	07.03.2001	21.03.2001	04.04.2001	18.04.2001	02.05.2001
Maturity date	29.08.2001	28.11.2001	14.02.2002	07.06.2001	21.06.2001	04.07.2001	18.07.2001	02.08.2001
Nominal value of the offer (thousand BGN)	20 000.00	20 000.00	20 000.00	10 000.00	10 000.00	10 000.00	10 000.00	10 000.00
Total nominal value of the bids received (thousand BGN)	41 530.00	32 755.00	61 610.00	19 575.06	22 600.00	17 440.05	15 835.00	18 400.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	20 000.00	20 000.00	10 000.00	10 000.00	10 000.00	10 000.00	10 000.00
Average price of the bids approved per BGN 100 (%)	95.07	94.89	95.29	98.95	98.95	98.94	98.91	98.89
Average discount per BGN 100 (%)	4.93	5.11	4.71	1.05	1.05	1.06	1.09	1.11
Average annual yield (%)	5.20	5.40	4.88	4.15	4.15	4.24	4.36	4.39
Effective annual yield (%)	5.20	5.40	4.87	4.22	4.22	4.31	4.43	4.46
Coverage coefficient	2.08	1.64	3.08	1.96	2.26	1.74	1.58	1.84

(continued)

Issue No.	BG3011001008	BG3011101006
Issue date	09.05.2001	16.05.2001
Maturity date	09.05.2002	16.08.2001
Nominal value of the offer (thousand BGN)	20 000.00	10 000.00
Total nominal value of the bids received (thousand BGN)	52 400.00	17 087.81
Total nominal value of the bids approved (thousand BGN)	20 000.00	10 000.00
Average price of the bids approved per BGN 100 (%)	95.28	98.87
Average discount per BGN 100 (%)	4.72	1.13
Average annual yield (%)	4.89	4.47
Effective annual yield (%)	4.88	4.55
Coverage coefficient	2.62	1.71

Source: BNB and MF.

Treasury Bonds

Issue No.	BG2034797121	BG2030798115	BG2030998111	BG2031198117	BG2031398113	BG2031598118	BG2031798114	BG2031981110
Issue date	16.05.1997	30.04.1998	28.05.1998	02.07.1998	30.07.1998	03.09.1998	01.10.1998	29.10.1998
Maturity date	10.05.2002	24.04.2003	22.05.2003	26.06.2003	26.07.2001	30.08.2001	27.09.2001	25.10.2001
Nominal value of the offer (thousand BGN)	20 000.00	1 000.00	2 000.00	2000.00	1 000.00	1 000.00	1 500.00	1 500.00
Total nominal value of the bids received (thousand BGN)	20 000.00	3 605.00	3 440.00	2070.00	2 750.00	1 400.00	1 155.00	700.00
Total nominal value of the bids approved (thousand BGN)	20 000.00	1 000.00	2 000.00	2000.00	1 000.00	1 000.00	1 055.00	250.00
Average price of the bids approved per BGN 100 (%)	100.00	87.14	84.78	76.20	89.60	87.85	86.89	83.48
Average discount per BGN 100 (%)		12.86	15.22	23.80	10.40	12.15	13.11	16.52
Interest rate	BIR+4	8.00	8.00	7.00	7.00	6.50	6.50	6.50
Coverage coefficient	1.00	3.61	1.72	1.04	2.75	1.40	0.77	0.47

(continued)

(continued)

Issue No.	BG2032198116	BG2030699115	BG2030999119	BG2031399111	BG2031699114	BG2031799112	BG2031899110	BG2031999118
Issue date	03.12.1998	31.03.1999	29.04.1999	09.06.1999	23.06.1999	14.07.1999	28.07.1999	11.08.1999
Maturity date	29.11.2001	24.03.2004	22.04.2004	06.06.2001	20.06.2001	11.07.2001	25.07.2001	08.08.2001
Nominal value of the offer (thousand BGN)	500.00	2 000.00	1 190.00	20 000.00	15 000.00	12 000.00	10 000.00	10 000.00
Total nominal value of the bids received (thousand BGN)	1 250.00	2 795.00	1 190.00	15 965.00	11 220.00	16 170.00	13 105.50	11 325.00
Total nominal value of the bids approved (thousand BGN)	500.00	2 000.00	1 190.00	15 965.00	11 220.00	12 000.00	10 000.00	10 000.00
Average price of the bids approved per BGN 100 (%)	95.55	86.35	78.39	97.18	93.55	93.54	93.26	92.59
Average discount per BGN 100 (%)	4.45	13.65	21.61	2.82	6.45	6.46	6.74	7.41
Interest rate	9.00	9.00	9.00	8.00	8.00	8.00	8.00	8.00
Coverage coefficient	2.50	1.40	1.00	0.80	0.75	1.35	1.31	1.13

(continued)

(continued)

Issue No.	BG2032099116	BG2032199114	BG2032299112	BG2032399110	BG2032499118	BG2032599115	BG2032699113	BG2032799111
Issue date	25.08.1999	08.09.1999	24.09.1999	13.10.1999	27.10.1999	10.11.1999	24.11.1999	08.12.1999
Maturity date	22.08.2001	05.09.2001	21.09.2001	10.10.2001	24.10.2001	07.11.2001	21.11.2001	05.12.2001
Nominal value of the offer (thousand BGN)	8 000.00	8 000.00	8 000.00	8 000.00	10 000.00	10 000.00	10 000.00	10 000.00
Total nominal value of the bids received (thousand BGN)	9 080.63	16 600.00	34 781.00	39 093.50	28 485.05	24 059.00	29 786.00	40 252.00
Total nominal value of the bids approved (thousand BGN)	8 000.00	8 000.00	8 000.00	8 000.00	10 000.00	10 000.00	10 000.00	10 000.00
Average price of the bids approved per BGN 100 (%)	91.92	91.05	94.71	98.02	98.53	98.80	99.04	99.60
Average discount per BGN 100 (%)	8.08	8.95	5.29	1.98	1.47	1.20	0.96	0.40
Interest rate	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Coverage coefficient	1.14	2.08	4.35	4.89	2.85	2.41	2.98	4.03

(continued)

(continued)

Issue No.	BG2032899119	BG2030000116	BG2030100114 ¹	BG2030200112	BG2030300110	BG2030400118 ²	BG2030500115 ²	BG2030600113 ²
Issue date	22.12.1999	19.01.2000	09.02.2000	16.02.2000	15.03.2000	05.04.2000	19.04.2000	05.07.2000
Maturity date	19.12.2001	16.01.2002	05.02.2003	13.02.2002	13.03.2002	03.04.2002	16.04.2003	03.07.2002
Nominal value of the offer (thousand BGN)	10 000.00	28 000.00	50 000.00	28 000.00	28 000.00	50 000.00	30 000.00	50 000.00
Total nominal value of the bids received (thousand BGN)	37 050.00	87 580.00	192 244.60	84 094.00	61 368.00	151 083.50	120 312.85	135 755.00
Total nominal value of the bids approved (thousand BGN)	10 000.00	28 000.00	50 000.00	28 000.00	28 000.00	50 000.00	30 000.00	50 000.00
Average price of the bids approved per BGN 100 (%)	100.12	99.74	101.20	100.34	100.10	100.83	100.61	101.16
Average discount per BGN 100 (%)		0.26						
Interest rate	9.00	8.00	9.00	7.00	7.00	7.00	8.00	7.00
Coverage coefficient	3.71	3.13	3.84	3.00	2.19	3.02	4.01	2.72

(continued)

(continued)

Issue No.	BG2030700111 ¹	BG2030800119 ²	BG2030900117 ²	BG2031000115 ²	BG2030000114 ³	BG2030101112 ²	BG2030201110 ⁴	BG2030301118 ⁵
Issue date	19.07.2000	04.10.2000	11.10.2000	18.10.2000	10.01.2001	24.01.2001	11.04.2001	25.04.2001
Maturity date	16.07.2003	02.10.2002	05.10.2005	15.10.2003	10.01.2003	24.01.2006	11.04.2003	25.04.2006
Nominal value of the offer (thousand BGN)	30 000.00	50 000.00	40 000.00	30 000.00	50 000.00	60 000.00	25 000.00	40 000.00
Total nominal value of the bids received (thousand BGN)	131 450.00	126 512.50	113 365.10	110 383.00	121 965.00	253 630.14	54 800.00	115 896.00
Total nominal value of the bids approved (thousand BGN)	30 000.00	50 000.00	40 000.00	30 000.00	50 000.00	60 000.00	25 000.00	40 000.00
Average price of the bids approved per BGN 100 (%)	102.09	101.88	100.35	102.15	101.61	105.02	101.88	104.35
Average discount per BGN 100 (%)								
Interest rate	8.00	7.00	9.00	7.50	6.50	9.00	6.50	8.00
Coverage coefficient	4.38	2.53	2.83	3.68	2.44	4.23	2.19	2.90

¹ The above price is a result of the four auctions organized for sale of this issue and includes the interest accrued as of the dates of the auctions.

² The above price is a result of the three auctions organized for sale of this issue and includes the interest accrued as of the dates of the auctions.

³ The above price is a result of the two auctions organized for sale of this issue and includes the interest accrued as of the dates of the auctions.

⁴ The total volume of the issue is BGN 50,000 thousand; the MF will sell the remaining portion on an auction principle.

⁵ The total volume of the issue is BGN 60,000 thousand; the MF will sell the remaining portion on an auction principle. The above price is a result of the two auctions organized for sale of this issue and includes the interest accrued as of the dates of the auctions.

Source: BNB and MF.

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	04.06.2003	19.06.2003	09.08.2004	13.10.2004	13.10.2004	27.10.2004
Principal (thousand BGN)	1714.29	2716.59	339.89	16 903.88	1864.42	6074.50	8279.82
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, items 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 lev 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 lev guaranty government securities are based on actual data as of 31 May 2001.

Source: BNB and MF.

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	CMD 89/95
Issue No.	BG 2000192224	BG 2009993226	BG 2009893228	BG 2009794228	BG 2009693222	200/1995
Issue date	01.01.1992	01.07.1993	01.10.1993	01.01.1994	01.12.1993	31.05.1995
Maturity date	01.01.2011	01.07.2017	01.10.2018	01.01.2019	01.12.2018	21.05.2002
Maturity (years)	19	24	25	25	25	7
Grace period (years)	4	4	5	5	5	4
Redemption term (years)	15	20	20	20	20	3
Repayments	15 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	20 equal annual installments	6 equal semiannual installments
Principal (thousand)	2751.73 (BGN)	2162.12 (BGN)	7791.60 (BGN)	312 106.59 (USD)	831.68 (BGN)	3106.76 (BGN)
Interest payments	semiannual	semiannual	semiannual	semiannual	annual	semiannual
Interest	BIR+1	BIR	BIR	LIBOR*	BIR	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 May 2001.

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 be used 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.

Source: BNB and MF.

EUR-denominated Government Securities

Issue No.	BG2040099223
Issue date	01.07.1999
Maturity date	01.01.2019
Principal (thousand EUR)	23 127.74
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).

The principal of issue BG 2040099223 is based on actual data as of 31 May 2001.

Source: BNB and MF.

Government Securities Issued in 2001

Discount Government Securities Issued under Regulation No. 5 of the MF and BNB (Treasury Bills)

ISSUES				Amount offered by the MF (thousand BGN)	BIDS RECEIVED						BIDS APPROVED					
No.	Auction date	Issue date	Maturity date		Nominal value (thousand BGN)	Average price per BGN 100 nominal value	Average yield			Nominal value (thousand BGN)	Price per BGN 100 nominal value			Average yield		
							Up to maturity %	Annual %	Effective annual %		Mini- mum	Maxi- mum	Average	Up to maturity %	Annual %	Effective annual %
BG 30 100 01009	02.01.2001	03.01.2001	03.04.2001	10 000.00	21 375.00	98.87	1.14	4.57	4.65	10 000.00	98.87	98.93	98.88	1.13	4.53	4.61
BG 30 101 01007	15.01.2001	17.01.2001	17.04.2001	10 000.00	19 500.00	98.92	1.09	4.37	4.44	10 000.00	98.90	98.99	98.94	1.07	4.29	4.35
BG 30 102 01005	05.02.2001	07.02.2001	07.05.2001	10 000.00	22 292.67	99.00	1.01	4.09	4.15	10 000.00	99.02	99.07	99.03	0.98	3.96	4.02
BG 30 104 01001	19.02.2001	21.02.2001	21.05.2001	10 000.00	13 304.20	98.95	1.06	4.29	4.36	10 000.00	98.90	99.02	98.97	1.04	4.21	4.28
BG 30 105 01008	05.03.2001	07.03.2001	07.06.2001	10 000.00	19 575.06	98.94	1.07	4.19	4.26	10 000.00	98.94	99.04	98.95	1.06	4.15	4.22
BG 30 106 01006	19.03.2001	21.03.2001	21.06.2001	10 000.00	22 600.00	98.94	1.07	4.19	4.26	10 000.00	98.94	98.99	98.95	1.06	4.15	4.22
BG 30 107 01004	02.04.2001	04.04.2001	04.07.2001	10 000.00	17 440.05	98.92	1.09	4.32	4.39	10 000.00	98.91	98.98	98.94	1.07	4.24	4.31
BG 30 108 01002	17.04.2001	18.04.2001	18.07.2001	10 000.00	15 835.00	98.87	1.14	4.52	4.60	10 000.00	98.87	98.95	98.91	1.10	4.36	4.43
BG 30 109 01000	27.04.2001	02.05.2001	02.08.2001	10 000.00	18 400.00	98.87	1.14	4.47	4.55	10 000.00	98.86	98.96	98.89	1.12	4.39	4.46
BG 30 111 01006	14.05.2001	16.05.2001	16.08.2001	10 000.00	17 087.81	98.85	1.16	4.55	4.63	10 000.00	98.86	98.94	98.87	1.14	4.47	4.55
Three-month issues, total				100 000.00	187 409.79					100 000.00						
BG 30 103 01003	12.02.2001	14.02.2001	14.02.2002	20 000.00	61 610.00	95.16	5.09	5.02	5.01	20 000.00	95.23	95.38	95.29	4.94	4.88	4.87
BG 30 110 01008	07.05.2001	09.05.2001	09.05.2002	20 000.00	52 400.00	95.13	5.12	5.05	5.05	20 000.00	95.19	95.40	95.28	4.95	4.89	4.88
One-year issues, total				40 000.00	114 010.00					40 000.00						
Total				140 000.00	301 419.79					140 000.00						

Note: According to the methodology applied by the MF, the yield on treasury bills is calculated using the following formulae:

$$YM = D/P \times 100$$

$$AY = YM \times n$$

$$EAY = [(1 + YM/100)^n - 1] \times 100$$

where

YM – yield to maturity;

D – discount;

P – price per BGN 100 nominal value;

AY – annual yield;

n – number of periods in one year;

EAY – effective annual yield.

It is assumed that one year has 360 days.

Interest-bearing Government Securities Issued under Regulation No. 5 of the MF and BNB (Treasury Bonds)

ISSUES						Interest rate offered by the MF	Amount offered by the MF		BIDS RECEIVED		BIDS APPROVED					
No.	Auction date	Issue date	Open date of payment	Maturity date	Interest payments date		Total volume (thousand BGN)	Auction volume (thousand BGN)	Nominal value (thousand BGN)	Average price per BGN 100 nominal value	Nominal value (thousand BGN)	Price per BGN 100 nominal value			Average effective annual yield (%)	
											Mini-	Maxi-	Average			
BG 20 300 01114	08.01.2001	10.01.2001	10.01.2001	10.01.2003	10.07.2001 10.01.2002 10.07.2002 10.01.2003	6.5	50 000.00	25 000.00	57 800.00	100.56	25 000.00	100.71	101.17	100.86	6.04	
BG 20 300 01114*	12.03.2001	10.01.2001	14.03.2001	10.01.2003			25 000.00	64 165.00	102.15	25 000.00	102.23	102.65	102.36			
BG 20 302 01110	09.04.2001	11.04.2001	11.04.2001	11.04.2003	11.10.2001 11.04.2002 11.10.2002 11.04.2003	6.5	50 000.00	25 000.00	54 800.00	101.54	25 000.00	101.51	102.63	101.88	5.49	
Two-year issues, total							100 000.00	75 000.00	176 765.00		75 000.00					
Three-year issues, total								0.00	0.00	0.00		0.00				
BG 20 301 01112	22.01.2001	24.01.2001	24.01.2001	24.01.2006	24.07.2001 24.01.2002 24.07.2002 24.01.2003 24.07.2003 24.01.2004 24.07.2004 24.01.2005 24.07.2005 24.01.2006	9.0	60 000.00	20 000.00	95 924.14	100.78	20 000.00	101.24	103.23	101.65	8.59	

(continued)

(continued)

No.	ISSUES					Interest rate offered by the MF	Amount offered by the MF		BIDS RECEIVED		BIDS APPROVED		
	Auction date	Issue date	Open date of payment	Maturity date	Interest payments date		Total volume (thousand BGN)	Auction volume (thousand BGN)	Nominal value (thousand BGN)	Average price per BGN 100 nominal value	Nominal value (thousand BGN)	BGN 100 nominal value	Price per BGN 100 nominal value
BG 20 301 01112*	26.02.2001	24.01.2001	28.02.2001	24.01.2006			20 000.00	87 276.00	104.50	20 000.00	105.17	106.50	105.46
BG 20 301 01112*	26.03.2001	24.01.2001	28.03.2001	24.01.2006			20 000.00	70 430.00	106.81	20 000.00	107.28	109.62	107.95
BG 20 303 01118	23.04.2001	25.04.2001	25.04.2001	25.04.2006	25.10.2001	8.0	60 000.00	55 846.00	102.16	20 000.00	102.55	104.37	103.61
					25.04.2002								7.13
					25.10.2002								
					25.04.2003								
					25.10.2003								
					25.04.2004								
					25.10.2004								
					25.04.2005								
					25.10.2005								
					25.04.2006								
BG 20 303 01118*	21.05.2001	25.04.2001	23.05.2001	25.04.2006			20 000.00	60 050.00	104.54	20 000.00	104.83	105.91	105.09
Five-year issues, total							120 000.00	369 526.14		100 000.00			
Total							220 000.00	546 291.14		175 000.00			

Note: According to the methodology applied by the MF, the calculation of the effective annual yield is based on yield function built in MICROSOFT EXCEL.

* Above prices include interest accrued as of the open date of the issue. Therefore, no average effective annual yield is published.



SALES OF GOVERNMENT SECURITIES FOR PARTICIPATION IN PRIVATIZATION TRANSACTIONS

In May long-term government bonds issued under Article 5 of ZUNK, totaling USD 8.8 thousand, were sold for participation in privatization. Government securities of USD 8,800 were transferred to the MF account for participation in privatization transactions as legal tender.

No transfer transactions in government securities on the MF account, issued under Article 4 of ZUNK (issue No. 98 of 1993) and CM Decree No. 186 of 1993 (issue No. 99 of 1993) were concluded in May.

Long-term government bonds issued under Articles 4 and 5 of ZUNK pursuant to Article 1 of the Regulation on the procedure for utilization of long-term government bonds issued under ZUNK for repayment of debts to the government arising under the same law (published in the State Gazette, issue 12 of 3 February 1995), totaling BGN 4 thousand and USD 49 thousand respectively, were sold and matured in May.

Chart 23

Price Dynamics of Government Securities Issued under Articles 4 and 5 of ZUNK and Sold to Companies and Individuals for Participation in Privatization



Volume of Long-term Government Bonds Used as Legal Tender in Privatization Transactions

	Year	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
I. Government securities in BGN (thousand BGN)	1994					19.20	0.10	501.40	110.70	177.00	76.70	609.80	28.30	1523.20
	1995	88.20	257.20	65.00	35.50	143.60	132.40	262.90	148.90	59.80	54.90	242.50	354.90	1845.80
	1996	5.70	53.90	16.50	113.90	16.60	147.80	19.90	46.00	121.30	309.60	541.20	1151.20	2543.60
	1997	210.70	1374.90	114.90	1259.35	4354.90	744.30	500.80	175.00	209.10	184.50	135.60	144.70	9408.75
	1998	3916.30	17.18	238.60	13.70	60.00	90.72	27.30	3.96	0.00	11.47	0.00	0.00	4379.23
	1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2000	0.00	0.00	6.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.90
	2001	2.79	0.00	0.00	0.00	0.00								2.79
II. Government securities in USD (million USD)	1994													
	1995					0.80	0.10	0.10	0.90	1.70			3.90	7.50
	1996	0.18	0.23	0.32	2.22	0.04	2.47	0.20	2.21	0.22	4.29	1.22	0.76	14.37
	1997	4.96	0.68	4.10	0.11	1.54	1.41	6.22	1.73	3.86	2.63	2.15	10.26	39.64
	1998	31.50	4.79	11.00	13.00	13.15	10.59	5.18	13.78	4.77	3.60	4.55	2.81	118.72
	1999	9.50	1.61	5.34	0.67	0.61	0.21	0.66	0.03	0.04	2.00	0.03	0.04	20.74
	2000	0.016	0.010	0.010	0.010	0.030	0.010	0.040	0.005	0.002	0.005	0.003	0.003	0.144
	2001	0.003	0.000	0.015	0.044	0.009								0.071
III. Government securities in EUR (thousand EUR)	1999							0.00	2.79	0.00	0.00	0.00	0.00	2.79
	2000	0.00	4.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.05
	2001	0.00	0.00	0.00	0.00	0.00								0.00

- Notes:**
1. Government securities in BGN include long-term government bonds issued under Article 4 of ZUNK, CM Decrees No. 186 of 1993, and No. 3 of 1994.
 2. Government securities in USD include long-term government bonds issued under Article 5 of ZUNK and denominated in US dollars.
 3. Government securities in EUR include long-term government bonds from Issue No. 400 of 1999 denominated in euro and issued pursuant to § 10 of the Transitional and Final Provisions of 1999 SBL of the Republic of Bulgaria.

5

GOVERNMENT SECURITIES PRIMARY DEALERS AND REUTERS PAGES FOR GOVERNMENT SECURITIES QUOTATIONS

Pursuant to Article 4, para. 1 of Regulation No. 5 of the MF and BNB, the Minister of Finance and the Governor of the Bulgarian National Bank approved the government securities primary dealers, as follows:

FOR THE PERIOD 1 JANUARY – 30 JUNE 2001

BIOCHIM COMMERCIAL BANK	CBBB 01-03
BNP – PARIBAS (BULGARIA)	BSBD 01-03
BULBANK	BGTB 01-03
BULBROKERS	BULB 01-03
BULGARIA-INVEST COMMERCIAL BANK	BGIN 01-03
BULGARIAN POST BANK	BPBB 01-03
DSK BANK	SSBG 01-03
ECONOMIC AND INVESTMENT BANK	RIBB 01-03
ELANA	ELAN 01-03
EUROFINANCE	EUFI 01-03
EVROBANK	EBSF 01-03
FIRST INVESTMENT BANK	BFIB 01-03
ING BANK	INBS 01-03
MUNICIPAL BANK	SMBK 01-03
NEFTINVESTBANK	OBGB 01-03
RAIFFEISENBANK (BULGARIA)	RBBS 01-03
ROSEXIMBANK	REBS 01
SG EXPRESSBANK	EBVB 01
SII INVEST	SIIB 01
UNITED BULGARIAN BANK	UBBB 01-03

**NONPRIMARY DEALERS OF GOVERNMENT SECURITIES WITH REGISTERS
AT THE BNB UNDER § 6 OF THE ADDITIONAL PROVISIONS OF
REGULATION No. 5 OF THE MF AND BNB**

CENTRAL COOPERATIVE BANK	SCCB 01-03
CITIBANK N. A.	CSOF
HEBROS COMMERCIAL BANK	AGBG 01-03
UNIONBANK	UNBS 01-03
SUMMARIZED QUOTATION PAGES	BGTSY= BGZUNK= BGTSYM=
BNB pages containing information on the government securities interbank market	BGBNB 5 BGBNB 6 BGBNB 9
BNB pages containing information on average-weighted prices of traded government securities issues	BGBNB 10 BGBNB 11 BGBNB 12 BGBNB 13

**BNB LETTER NO. 22-1700-4619 OF 29 MAY 2001 REGARDING
SUBSCRIPTION FOR REPLACEMENT OF USD-DENOMINATED
LONG-TERM GOVERNMENT BONDS ISSUED UNDER ZUNK
WITH EUR-DENOMINATED LONG-TERM GOVERNMENT
BONDS ISSUE**



To
Commercial Banks and
Investment Intermediaries –
Primary Dealers of Government Securities

Herewith we notify you that the Ministry of Finance, pursuant to § 11 of the Transitional and Final Provisions of the State Budget Law of the Republic of Bulgaria for 2001 (State Gazette, issue 108/2000) and Regulation No. 5 of the MF and the BNB on the Terms and Procedure for Issuance, Acquisition and Redemption of Book-entry Government Securities (published in the State Gazette, issue 89/1998; amended, State Gazette, issue 106/3.12.1999 and issue 8/2000), announces subscription for replacement of the USD-denominated long-term government bonds issue No. BG 2009794228 (issued under Article 5 of ZUNK) with EUR-denominated long-term government bonds issue in accordance with the following conditions as determined by letter No. 17-00-0462/28.05.2001:

1. Opening of subscription:	07.06.2001
2. Subscription deadline:	26.06.2001 – 5 p. m.
3. Replacement date:	02.07.2001
4. Minimum quantity per participant:	USD 100,000 nominal value
5. Divisibility of nominal value:	Multiple of USD 1,000
6. Replacement to be made according to the register kept by the BNB, excluding settlement transactions.	
7. Conversion rate:	USD/BGN/EUR at the exchange rates announced by the BNB two business days prior to replacement date.
8. Rounding differences at replacement:	Differences are rounded to EUR 1 upward. On 2 July the BNB will debit ex officio the settlement account of the primary dealer which has placed respective orders with the lev equivalent amount of the difference resulting from rounding.
9. Terms of EUR-denominated government securities issue:	Periodical announcement of subscription for replacement once a year with replacement date 1 July. The nominal value of the issue will increase every year by the amount of the subscribed government securities from the new subscription made.
• Issue No.:	BG 2040099223
• Currency:	euro
• Denomination:	EUR 1
• Form:	book-entry, freely transferable;
• Issue date:	01.07.1999
• Maturity date:	01.01.2019
• Repayments:	20 equal annual installments to maturity, payable on 1 January every year;
• Interest payments dates:	interest payable semiannually – on 1 July and 1 January;

<ul style="list-style-type: none"> • Interest amount: 	6-month EURIBOR effective for the previous period, the interest coupon amount to be announced by the Minister of Finance up to three days following the beginning of each interest period;
<ul style="list-style-type: none"> • Interest base: 	30/360;
<ul style="list-style-type: none"> • Interest and principal repayments: 	in levs at the BGN/EUR official exchange rate set by the BNB for the day of payment;
<ul style="list-style-type: none"> • Payments on transactions: 	in levs at the BGN/EUR official exchange rate set by the BNB for the day of payment;
<ul style="list-style-type: none"> • Applicability of Regulation No. 5 of the MF and BNB on the Terms and Procedure for Issuance, Acquisition and Redemption of Book-entry Government Securities 	
<ul style="list-style-type: none"> • The EUR-denominated issue BG 2040099223 has the same status as the USD-denominated issue BG 2009794228 (issued pursuant to Article 5 of ZUNK). 	
10. Participants in the replacement:	All local and foreign persons holding government securities from the BG 2009794228 issue.

Additional Conditions for Subscription

1. Participation in the subscription shall be made by telex sent to the BNB, Fiscal Services Department, Projections and Management of State Budget Cash Flows Directorate, telexes Nos. 22 751, 24 090, 24 091, by the deadline set for subscription closing. The telex shall be sent by primary dealers of government securities, including for participation in the subscription of their clients: nonprimary dealers, physical persons and legal entities, including foreign persons.

2. Every participant must own the government securities that will be used for participation in the subscription as of the date of sending the telex by which participation in the subscription shall be requested. The government securities requested in the subscription shall not be blocked in favor of third person.

3. The participants in the subscription declare that the government securities are not blocked and the requests filed are irrevocable.

4. The primary dealers shall accept for safekeeping from their clients – physical persons and legal entities – certificates of ownership of the government securities subject to replacement in the subscription.

5. The BNB shall register the EUR-denominated issue and notify the primary dealers of the government securities acquired by them and their clients upon receipt of a written confirmation by the Ministry of Finance. Results shall be announced by the BNB until 4 p.m. on the day preceding the replacement (on 29.06.2001). Registration of the government securities from the EUR-denominated issue shall be made on 2 July.

6. Pursuant to a BNB communication the primary dealers shall enter the EUR-denominated government securities acquired by them and notify their clients thereof.

7. The primary dealers shall issue to their clients, which have subscribed for the EUR-denominated government securities issue, a certificate of ownership of the government securities from that issue.

8. The primary dealer shall annul the certificate of ownership of the government securities that have been replaced by stamping it “invalid”.

9. All entries in the certificate shall be made both in the original and in the unoriginal copy of the certificate that is kept by the primary dealer.

Primary dealers of government securities are requested to notify their clients – nonprimary dealers, physical persons and legal entities, including foreign persons – holders of government securities of the BG 2009794228 issue of this subscription.

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