

BULGARIAN NATIONAL BANK

ANNUAL REPORT • 2000



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**Honorable Chairman
of the National Assembly;
Honorable People's Representatives,**

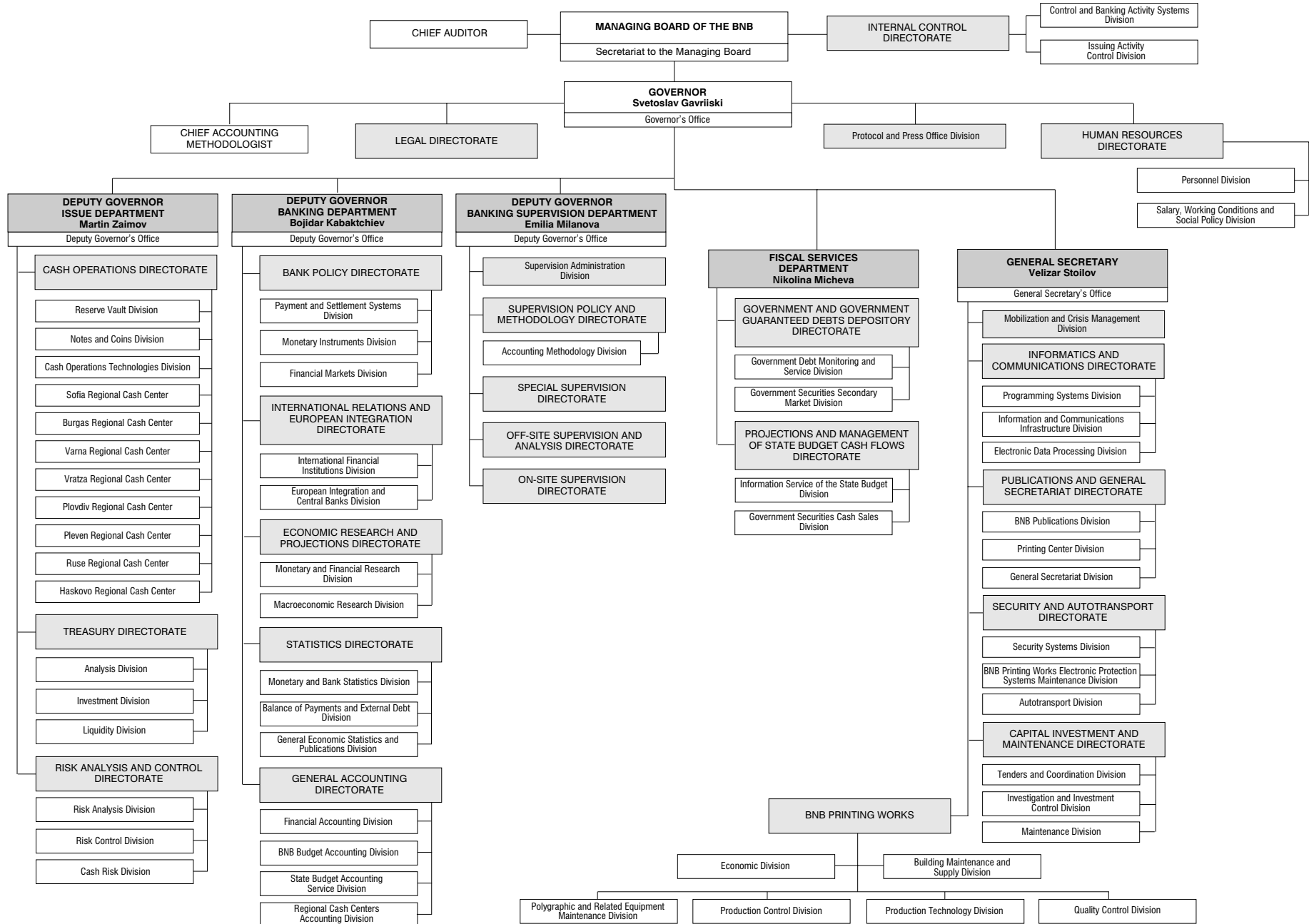
Under the provisions of Article 1, paragraph 2, and Article 51 of the Law on the Bulgarian National Bank, I have the honor of submitting the Bank's 2000 Annual Report.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Svetoslav Gavriiski
Governor of the Bulgarian
National Bank

Organizational Structure of the BNB

(as of April 2001)



Bulgarian National Bank Management

MANAGING BOARD

Svetoslav Gavriiski
Governor

Martin Zaimov
Deputy Governor

Roumen Avramov

Emilia Milanova
Deputy Governor

Garabed Minassian

Bojidar Kabaktchiev
Deputy Governor

Georgi Petrov

Abbreviations

AD	-	Joint Stock Company	EOOD	-	Sole Proprietor Limited Liability Company
BCC	-	Bank Consolidation Company	ERM II	-	Exchange Rate Mechanism II
BGL (Lev)	-	National Currency of the Republic of Bulgaria prior to Redenomination	EU	-	European Union
BGN	-	National Currency of the Republic of Bulgaria after the Redenomination	FLIRBs	-	Front-loaded Interest Reduction Bonds
BIR	-	Base interest rate	FOB	-	Free on Board
BIS	-	Bank for International Settlements, Basle, Switzerland	GDDS	-	General Data Dissemination System
BISERA	-	Banking Integrated System for Electronic Transfer	GDP	-	Gross Domestic Product
BNB	-	Bulgarian National Bank	GFD	-	Gross Foreign Debt
BORICA	-	Banking Organization for Payments Initiated by Cards	IMF	-	International Monetary Fund
BSE	-	Bulgarian Stock Exchange	LBNB	-	Law on the Bulgarian National Bank
BUS	-	Banking Unified Standard	LSPDACB	-	Law on State Protection of Deposits and Accounts with Commercial Banks
CB	-	Commercial Banks	LTII	-	Law on Taxation of Individual Incomes
CEFTA	-	Central European Free Trade Association	MF	-	Ministry of Finance
CIF	-	Cost, Insurance, Freight	NLO	-	National Labor Office
CIS	-	Commonwealth of Independent States	NSI	-	National Statistical Institute
CM	-	Council of Ministers	OECD	-	Organization for Economic Cooperation and Development
CMD	-	Council of Ministers Decree	RBSBL	-	Republic of Bulgaria State Budget Law
EBRD	-	European Bank for Reconstruction and Development	SBL	-	State Budget Law
ECB	-	European Central Bank	SDR	-	Special Drawing Rights
ECOFIN	-	Economic and Financial Council	SEBRA	-	System for Electronic Budget Transfers
ECU	-	European Currency Unit	TFP	-	Transitional and Final Provisions
EFTA	-	European Free Trade Association	VAT	-	Value Added Tax
EMU	-	Economic and Monetary Union	WB	-	World Bank (International Bank for Reconstruction and Development)
			ZUNK	-	Bulgarian Abbreviation of the Law on Settlement of Nonperforming Credits Negotiated prior to 31 December 1990 (LSNC)

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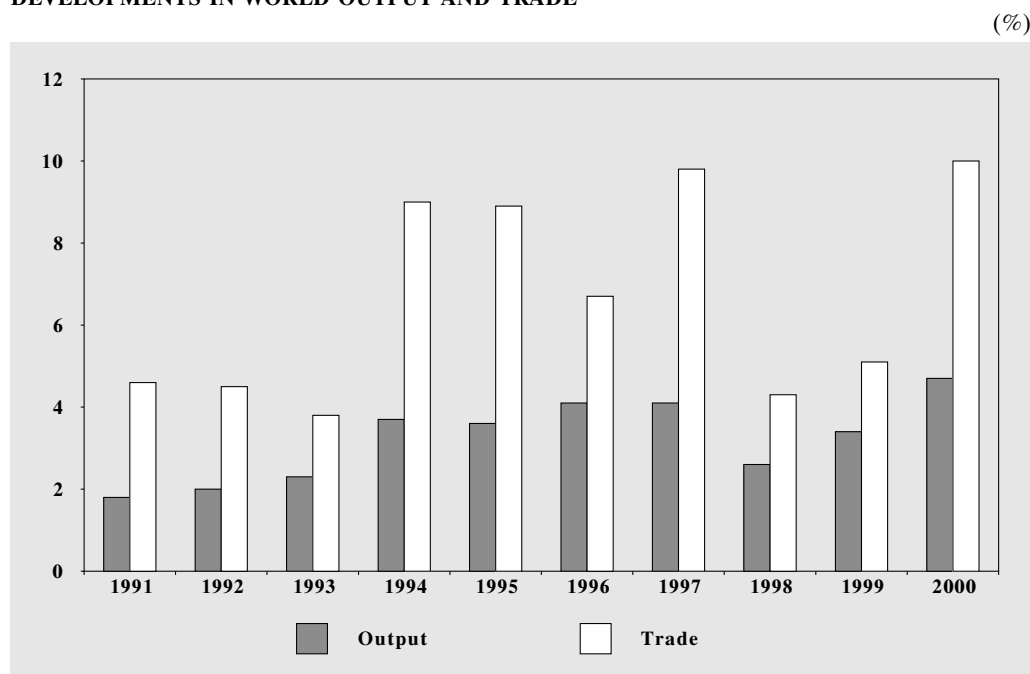
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I. Developments in the World Economy and Finances

1. World Economy Overview and Major Trends

Positive developments in the world economy emerging in 1999 continued in 2000. Global economic and financial conditions improved further. Major factors for enhanced economic activity were the unexpectedly strong growth rates in the USA, Russia and South East Asia, combined with steady growth in the European Union. IMF forecasts are for 4.7% growth in world output, and an increase in world trade volumes from 5.1% in 1999 to 10% in 2000.

DEVELOPMENTS IN WORLD OUTPUT AND TRADE



Source: IMF.

Despite expectations of gradual growth in world energy resource output, the upward trend in international energy prices continued, hitting a record high of USD 35 per barrel in the first week of September.¹ As a result, most countries revised their inflation forecasts upward. The IMF forecast for 2001 is for 2.1% inflation² in developed countries, 5.2% in developing countries, and 12.3% in transition economies. This reflects lower inflationary expectations, taking into account the impact of a slowdown in economic activity on global prices.

In the first months of 2001 uncertainty about global economic developments heightened, with expectations that a possible worsening of current problems in the USA and Japan will impact other regions adversely. The crises in Turkey and Argentina brought fears of spreading across financial markets, particularly those for

¹ *The Impact of Higher Oil Prices on the Global Economy*, IMF Research Department, December 8, 2000.

² *World Economic Outlook*, October 2000, IMF.

debt. However, concerns of a possible global crisis similar to that of 1997 were unjustified: each of the two countries will be able to resolve its problems by itself or with support from international financial institutions. In this regard IMF forecasts for 2001 are for a slowdown in world output to 4.2%, and lower world trade volumes, at 7.8%.

2. The Developed Countries

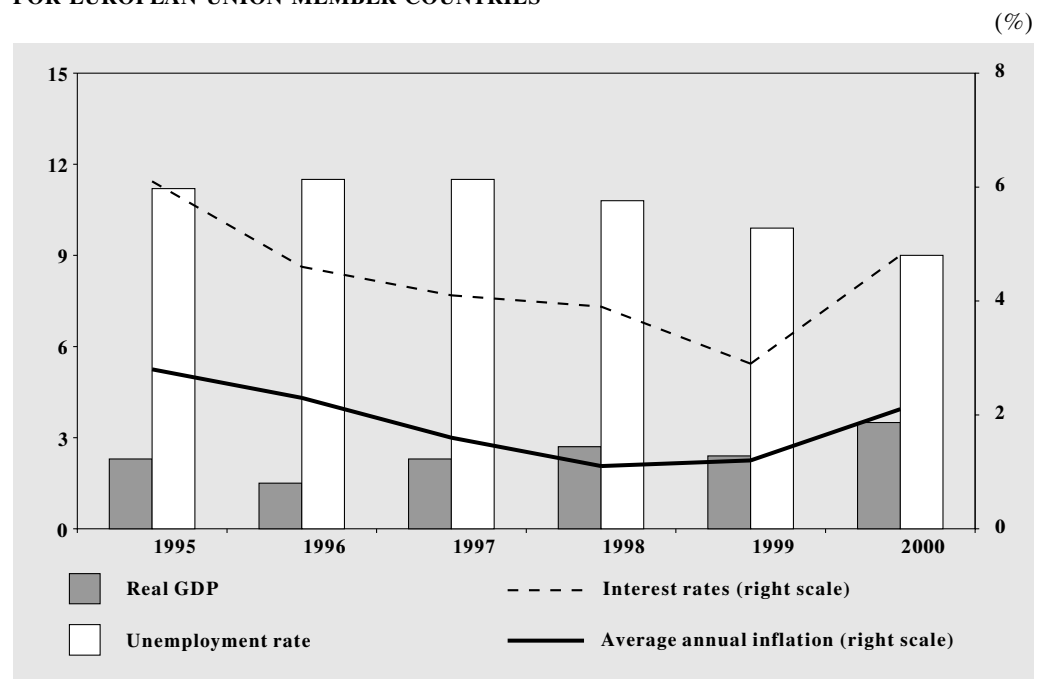
Steady economic growth in developed countries continued in 2000 (3.7%), underpinned by strong US growth rates and positive developments in South East Asia and the EU. Concern over high inflationary expectations entailed a policy of high interest rates. The IMF forecast for 2001 points to 2.9% GDP growth and sustained budget deficits from the past year (0.6%).

The European Union

In 2000 the process of smoothing differences in the economic activity of EU member countries continued. As a result of markedly improved economic conditions EU countries posted 3.4% GDP growth with the exception of Italy (2.8%). Major factors for economic growth in the eurozone were an active international trade policy, higher investment demand driven by a favorable business climate, and industrial output growth from 1.9%³ in 1999 to 5.4% in 2000.

In 2000 the euro continued its slide against the US dollar, only in December succeeding in strengthening its positions in international markets, though temporarily. Over the two years of its existence, the euro has lost about a quarter of its value, which in turn raised the issue of ECB credibility and adequacy.

BASIC MACROECONOMIC INDICATORS FOR EUROPEAN UNION MEMBER COUNTRIES



Source: IMF.

Nevertheless, 2000 saw the launch of structural reforms, whose first step was directed at increasing employment. Results soon came: employment rose by 2%, its highest rise since the early 90s. The new *2001 Economic Policy Program* pays special attention to labor market reform as a crucial factor for boosting and strengthening growth prospects in the eurozone. The Program envisages measures to increase

³ EUROSTAT, ECB Monthly Bulletin, March 2001.

employment on the one hand, and changes in tax and benefits systems to bring the unemployed back into work, on the other. The fight with structural unemployment entails reduction of social benefits, and radical changes in pension insurance schemes. As a result, forecasts are for a lower unemployment rate: down from 9.1%⁴ to 8.5%.

As a result of the expected slowdown in international demand reflecting lower economic activity in 2000, the EU will rely more on internal rather than external growth sources. The forecast of 2.2% average annual harmonized consumer price index (HCPI) growth is based on bad weather, problems with *cattle breeding*, and the assumption of a gradual fall in oil prices. The issue of whether the ECB will meet expectations by cutting interest rates to boost investment in the eurozone, or whether it will continue its anti-inflationary policy remains open. The forecasts for 2001 are for a slowdown in growth rates to 2.7%.

The USA

The review year was marked by many important events for the US economy. Despite a forecast worsening of economic conditions in the USA, the US economy posted yet another high growth result in 2000. GDP grew by 5%⁵, and unemployment bottomed at a low of 4% for the past three decades. The strong dollar policy combined with economic factors such as growing productivity and a high volume of industrial output contributed to enhanced investor interest. The current account deficit was financed mainly from foreign capital inflows. Reported inflation of 3.4% reflected mostly external factors such as high oil prices. Inflation posed no threats inasmuch as the consumer price index, which is not subject to the effects of food and oil prices, stayed at a level typical of the past several years.

The past year was the tenth successive one (and possibly the last) in the longest period of expansion in US history yet. The first signs of economic recession emerged in July, when industrial output slumped by 2.4%. The subsequent slump in the consumption of goods of a durable or investment nature, in combination with corporate results posted by leading US companies, caused continued price volatility in shares traded on the stock exchange.

Overall, in 2000 the US economy surpassed initial expectations. Given the low growth rate of 1.4%⁶ on an annual basis reported in the last quarter, forecasts for 2001 are for some 1.4% GDP growth, and for a gradual fall in inflation to 2% at year's end. The Federal Reserve is expected to cut interest rates not only to boost companies' business activity through lower financing expenses, but also to revive consumer confidence.

Japan

For several successive years the Japanese economy, once an economic growth miracle, has been in recession. In 2000 it posted a short-lived recovery (1.5%⁷ real GDP growth), mainly due to enhanced export demand in the first half-year. As a result of the enormous efforts of the Japanese government to revive domestic demand through government purchases (producing, however, only temporary results) the budget deficit soared to the record high of 8.2%,⁸ leaving no financial opportunities to the Japanese authorities. The process of deflation continued in 2000, posing serious threats to domestic government debt service.

Forecasts for 2001 are characterized by skepticism about the development of the Japanese economy. Great intercompany indebtedness, particularly in the banking sector, is a serious cause for concern: 19 Japanese banks were put into conservatorship in mid-March. Expectations are for 1% growth, 0.5% inflation, and 5 to 5.3% growth in unemployment.

⁴ *EUROSTAT*, ECB Monthly Bulletin, March 2001.

⁵ *National Economic Trends*, Federal Reserve Bank of St. Louis, 6.II.2001.

⁶ *Global Markets Outlook and Strategy*, JP Morgan, March, 2001.

⁷ *Ibidem*.

⁸ *World Economic Outlook*, IMF, October 2000.

3. The Transition Economies

In 2000 the countries transitioning to a market economy benefited from a favorable global business environment and posted 4.9% growth. Strong growth in Russia and in the European Union became the major driver boosting trade in the region.

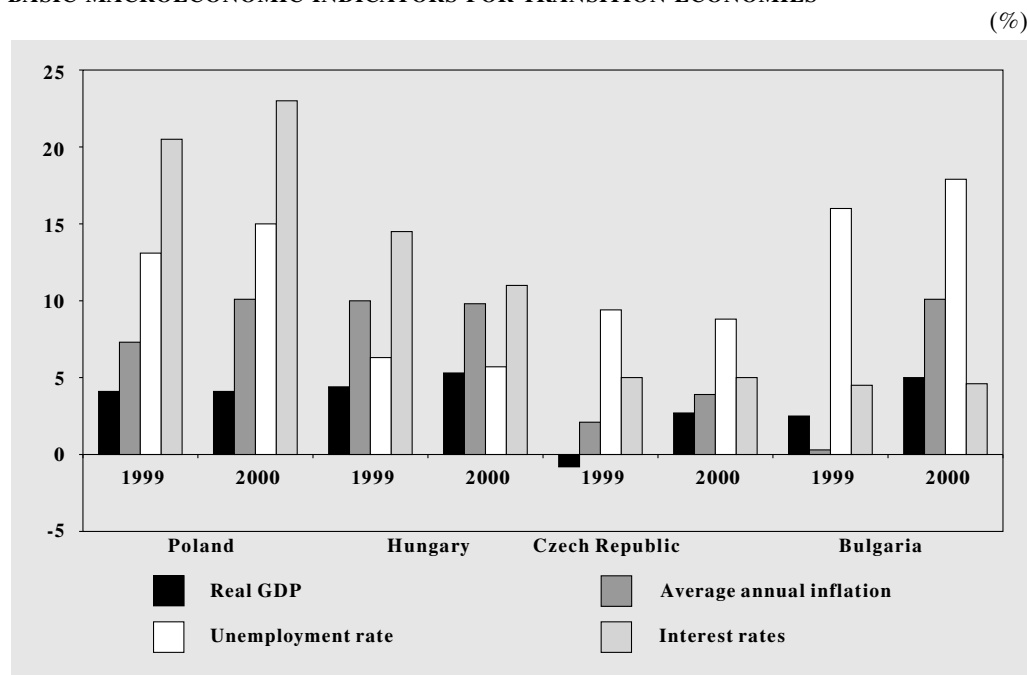
According to the IMF forecast,⁹ in 2001 transition economies will post 4.1% growth, with 4.2% growth for Central and Eastern Europe as a whole. The forecast does not take into account the negative effect of a slowdown on transition economies' economic activity.

Central Europe

In 2000 the *Hungarian economy* experienced accelerated growth. GDP rose by 5.2%¹⁰ and the current account deficit fell from 4.3% to 3.9% of GDP. In line with tasks on EU accession, Hungary's economic policy was oriented toward balanced growth, underpinned by 18.3% industrial output growth and an improved business climate. Unemployment continued to decline and reached 5.7% at the year's end. As a result of higher fuel and food prices average annual inflation reached 9.8%, matching revised government projections. The budget deficit was reduced to 2.9% of GDP.

Forecasts¹¹ for 2001 are for 5.5% growth, a 3% budget deficit, an increase in the current account deficit to EUR 2.2 billion, and 8.8% annual inflation.¹² In line with expectations that interest rates will be governed by the stability of the national currency, on 2 March 2001 the central bank passed a resolution on decreasing the pace of forint devaluation from 0.3% to 0.2% effective as of 1 April.

BASIC MACROECONOMIC INDICATORS FOR TRANSITION ECONOMIES



Source: BIS.

On 12 April 2000 *Poland's* Monetary Policy Committee changed the monetary regime by introducing inflation targeting. It failed to achieve the target of 5.4 to

⁹ Ibidem.

¹⁰ *Economic Indicators for Eastern Europe*, Bank for International Settlements, December 2000.

¹¹ According to the state budget macroframework adopted on 19 December 2000.

¹² Hungarian Central Bank forecast.

6.8% inflation, the actual figure ranging between 9.5% and 11%¹³ through the year as a result of higher energy, food and service prices. Unemployment rose from 13.1% to 15% at year's end, and budget deficit stayed within its 1999 range (2.2%). Nevertheless, macroeconomic conditions favored the development of the Polish economy which posted 4.1% GDP growth, and the current account deficit was reduced from 7.4% to 6.2% of GDP. Measures aimed at privatizing the energy and telecommunications sectors ranked Poland among the leaders attracting the highest share of foreign direct investments.¹⁴

The forecast embedded in the budget macroframework (adopted on 15 November 2000) is for 4.5% GDP growth, 7% annual inflation, 15.4% unemployment, current account deficit reduced to 5% of GDP, and an exchange rate of PLZ 4.66/USD. Despite the desire to change the hitherto pursued policy of fiscal expansion and monetary restriction, the authorities envisage an increase in the budget deficit to 2.6%, taking into account higher spending before and after fall elections. The budget deficit will be financed through USD 4.5 billion from privatization revenue and the issue of treasury bonds.

Following a three-year recession the *Czech economy* posted 2.7% growth¹⁵ driven by investment expenditure and higher private demand. As a result of accelerated unification of standards with the EU some changes occurred in tax policies. Probably this is one of the reasons for the budget deficit rise from 1.6% to 2.4%. Foreign direct investment amounted to USD 4,477 million or 28% less than in 1999. In contrast with the first half-year imports grew faster than exports, causing a trade deficit of 6.7%. Unemployment declined to 8.78% at year's end and average annual inflation was 3.9%: figures lower than forecast by the Czech Statistical Institute (10.5% and 4.2% respectively).

The MF forecast for 2001 is for 3% growth, 4.2% inflation, reduced unemployment at 8.4%, current account deficit at 4.6% of GDP, and appreciation of the Czech crown to CZK 36.4/USD. The most serious obstacles blocking the Czech road to EU accession are the lack of a serious approach to banking sector restructuring, and central bank dependence on the government.

Russia

The Russian economy posted 3.2% growth in 1999 and positive developments continued in 2000 with GDP growing by an average of 7.2%. An improved global business climate favored the pursuit of an export-driven growth policy. As a result, exports grew by 39% on 1999. Domestic credit rose by 13.7%, unemployment fell by two percentage points (from 12.2% in 1999 to 10.2% in 2000), and annual inflation was 20.2%. Russia attracted foreign direct investment of USD 2.7 billion, and invested funds abroad totaled USD 3.1 billion.

Expectations for 2001 are associated with stable demand from the public and private sectors, a high level of foreign currency reserves, a current account surplus, and a balanced budget. The Ministry of the Economy forecasts a 4% GDP growth and 12% average annual inflation, the latter assuming a gradual fall in oil and natural gas prices.

Countries with Currency Boards

In 2000 the *Estonian economy* experienced fast recovery and the highest growth rate among the Baltic countries, posting 6% GDP growth.¹⁶ Factors for this growth mainly reflect industrial output growth and the faster growth of exports (7.4%) than imports (3.4%). Additional indicators of an improved business climate are the low levels of unemployment (5.9% at year's end), inflation (4%), and budget deficit (0.7%). Strict adherence to currency board rules and the improved business climate will help restore international investor interest in the Estonian economy in 2001.

¹³ *Economic Indicators for Eastern Europe*, Bank for International Settlements, December 2000.

¹⁴ According to Polish MF preliminary data, privatization revenue is estimated at USD 5 billion.

¹⁵ *Economic Indicators for Eastern Europe*, Bank for International Settlements, December 2000.

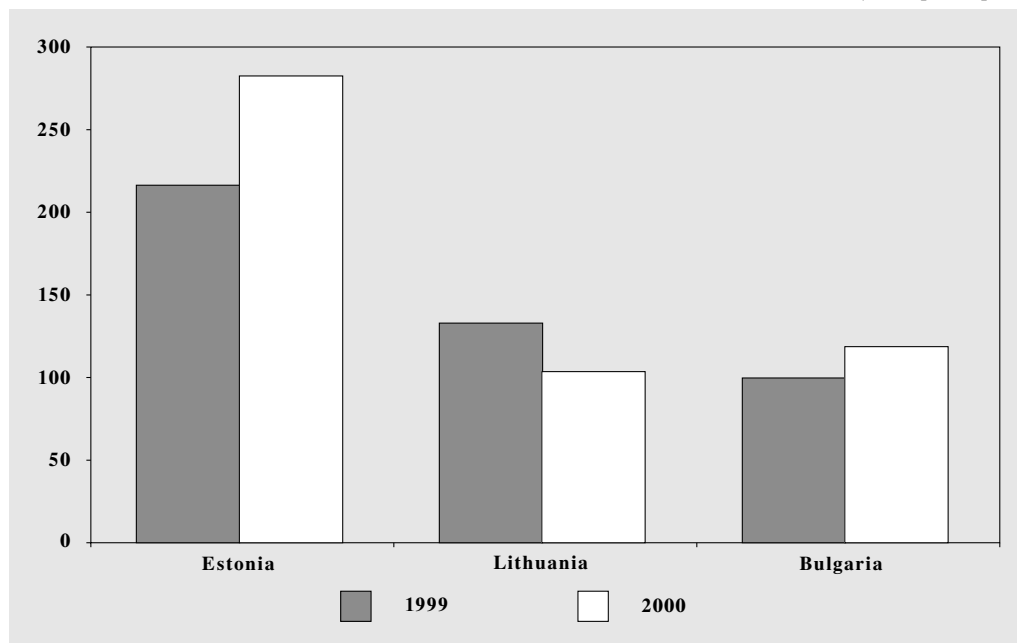
¹⁶ *Ibidem*.

The forecast¹⁷ for 2001 is for 5 to 6% growth, and 4.2 to 5.3% annual inflation.

Despite the 4.2%¹⁸ fall in GDP in 1999 as a result of the negative impact of the Russian crisis, in 2000 the *Lithuanian economy* started a gradual recovery. Major factors for the 2.9% growth are strong industrial output growth (10.7%) and export growth (28.1%), mainly reflecting brisk international markets, particularly in the EU.

DIRECT FOREIGN INVESTMENTS IN COUNTRIES WITH CURRENCY BOARDS

(USD per capita)



Source: Eesti Pank, Lietuvos Bankas, BNB.

Expectations¹⁹ for 2001 are for 3.2% growth and slightly higher annual inflation: from 1% to 1.3%. Major risks for the Lithuanian economy in 2000 stemmed from high unemployment (12.6% at year's end) and an increased budget deficit (3.3%).

¹⁷ Eesti Pank forecast, December 2000.

¹⁸ *Economic Indicators for Eastern Europe*, Bank for International Settlements, December 2000.

¹⁹ Government forecast of 4 December 2000.

II. Developments in the Bulgarian Economy

As a result of increasing external demand and an upsurge in Bulgaria's economy real GDP *growth* in 2000 reached 5.8%, confirming expectations of a period of enhanced economic growth. Exports continued to be the major element of this growth, and overall economic activity is also gaining speed. Revenues from the sale of industrial output rose by 4.6%, with most indicators signaling a progressive increase of industrial activity. Sustainable growth in industrial production reflects the high rates of export growth which have halted the long-lasting decline in sales which had signified serious problems in domestic market competitiveness.

Despite comparatively favorable export performance, *foreign trade deficit* increased in 2000: a result of worsened trade conditions attributable to increased oil prices and the weak euro. By the end of 2000 *inflation* reached 11.4%, exceeding the projected rate. This was attributable mostly to the significant euro depreciation and price rises in energy inputs: oil and natural gas.

Over 2000 all monetary aggregates indicated significant growth, consistent with the increased values of the money multiplier, and enhanced money demand by economic agents. Given the lack of essential changes in the velocity of currency circulation this shows enhanced economic activity and greater incomes in the national economy. On a year-on-year basis *credit aggregates* also indicated certain growth, though uneven. The upward trend in credit to private companies had a favorable effect on the national economy and created conditions for economic growth (provided the available credit resources are efficiently used by the real economy). Despite growing credit to the real sector, it is still insufficient.

1. The Real Sector

Gross Domestic Product

Bulgaria's economic development was characterized by GDP growth for the third year in a row. The results indicate the significant external factor effect on output and sale dynamics. The external environment was comparatively favorable: there was no serious political or military turmoil in Bulgaria's neighbors, and through most of the year demand in European countries stayed high. Domestic financial stability was sustained, real sector reform continued, and adjustment to changes in economic conditions under a fixed exchange rate directly affected the labor market: unemployment stayed firmly at over 17%. Under a currency board real sector adjustment to adverse shocks is of crucial importance in achieving sustainable economic growth.

According to preliminary National Statistical Institute (NSI) data, GDP in 2000 totals BGN 25,453.6 million: a real increase of 5.8% compared with 1999.

GDP by Final Demand Component

The major element in the structure of GDP, final consumption, accounts for 89.8% of GDP. Real growth in salaries, the major source of household incomes, prompted a 3% real increase in household final consumption in 2000 compared with the previous year. The improved stability associated with macroeconomic stabilization helped increase incomes, hence enhancing consumption on the one hand, and the use of income surpluses for consumption, on the other. In turn, it was a result of the relatively low living standard. Data on increased retail sales (if the price effect

is disregarded) confirms this conclusion. Food indicates the higher increase: the bulk of income increases was used for current household spending.

The components of final demand sustained their relative weights, with a more significant increase reported in collective consumption. Fiscal sector stabilization associated with currency board introduction helped keep the real values of these expenses unchanged. The physical change of inventories is close to null (0.3%) and the share of gross capital formation almost matched the previous year's level: 16.3% against 15.9% in 1999.

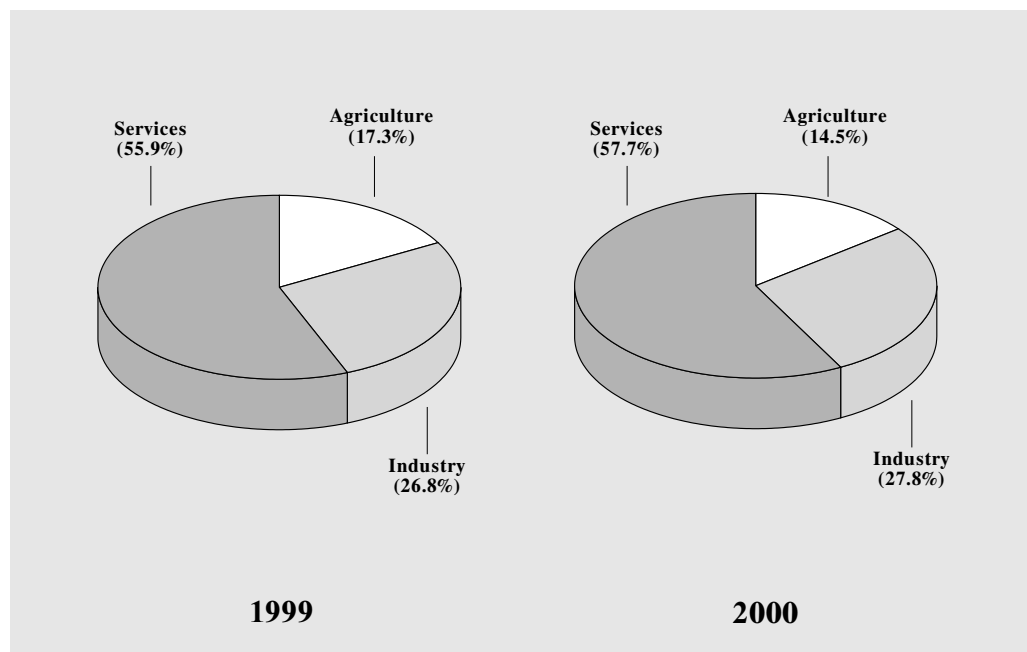
Net exports (foreign trade balance) remained negative, reaching BGN 1,421.6 million. This indicator was adversely impacted in 2000 as a result of US dollar appreciation combined with increased oil prices. US dollar appreciation had a negative effect on exports: data on export structure by currency suggests that the US dollar component still accounted for about 60%, matching the 1999 level. No changes occurred in the foreign currency structure of imports, which led to an increase in terms of value.

Sectoral GDP Structure

Sectoral GDP structure followed the pattern of a decline in the share of agriculture and forestry established in recent years. In 2000 agricultural output decreased by 10.1% in real terms. The downward trend in industrial output in recent years was reversed. In 2000 industrial output indicated a recovery. To a great extent GDP growth in 2000 reflects increased industrial output, reaching 15.3%. In its turn, enhanced industrial production is consistent with increased exports of industrial output.

In general industrial sales revenue rose by 4.6% in 2000: growth was reported in the processing industry, and the generation and distribution of electricity, gas and water, while the extracting industry indicated a decline of 7.4%. During 2000 export sales increased by 26.1%. Low incomes predetermined the industrial sales decline in the domestic market by 7% on 1999. Positive results in industry entirely reflect output sales in international markets.

SECTORAL GDP STRUCTURE



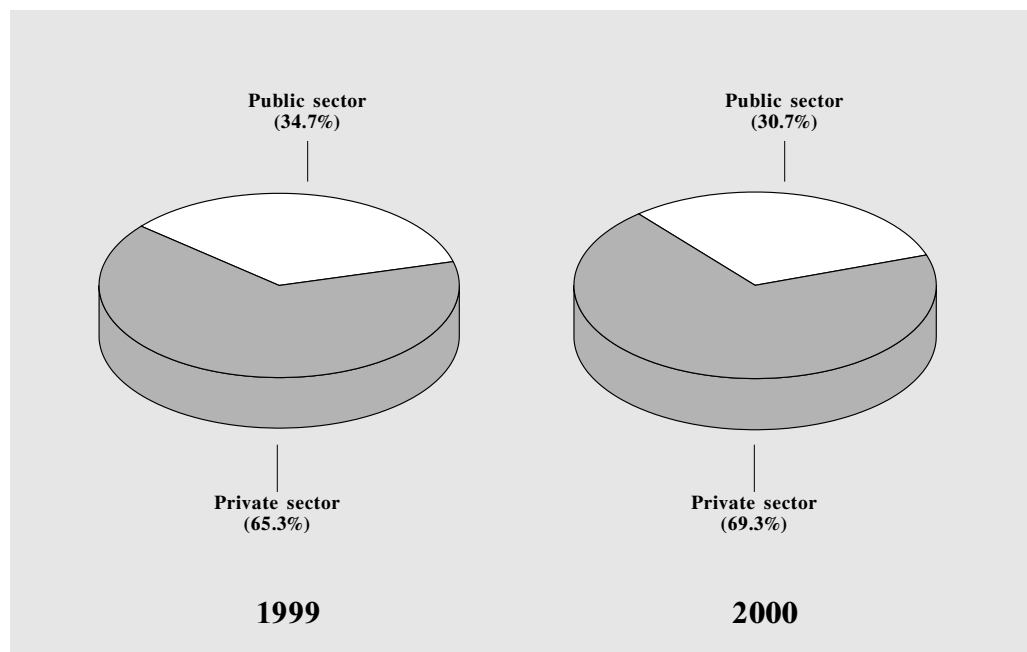
Source: NSI.

GDP by Origin of Ownership

The restructuring of Bulgaria's economy is associated with a significant growth of the private sector share. Privatization is not the only factor responsible for this. As a result of privatization in recent years private ownership rose substantially in almost all industries. The successful adjustment of a number of these companies appeared to be the source of subsequent real growth in their output. Interest in the GDP ownership structure will remain over coming years due to ongoing privatization of infrastructure industries: the energy sector, telecommunications, and the railways.

According to NSI preliminary data goods and services produced in the private sector totaled BGN 15,618.39 million at current prices or 69.3%, showing a real growth by 14.2%. The biggest increase yet again was in private sector services. It should be mentioned in support of privatization that output produced in the private sector exceeded that of the public sector in 2000. Public sector value added decreased by 7.4% on 1999.

STRUCTURE OF GDP BY ORIGIN OF OWNERSHIP



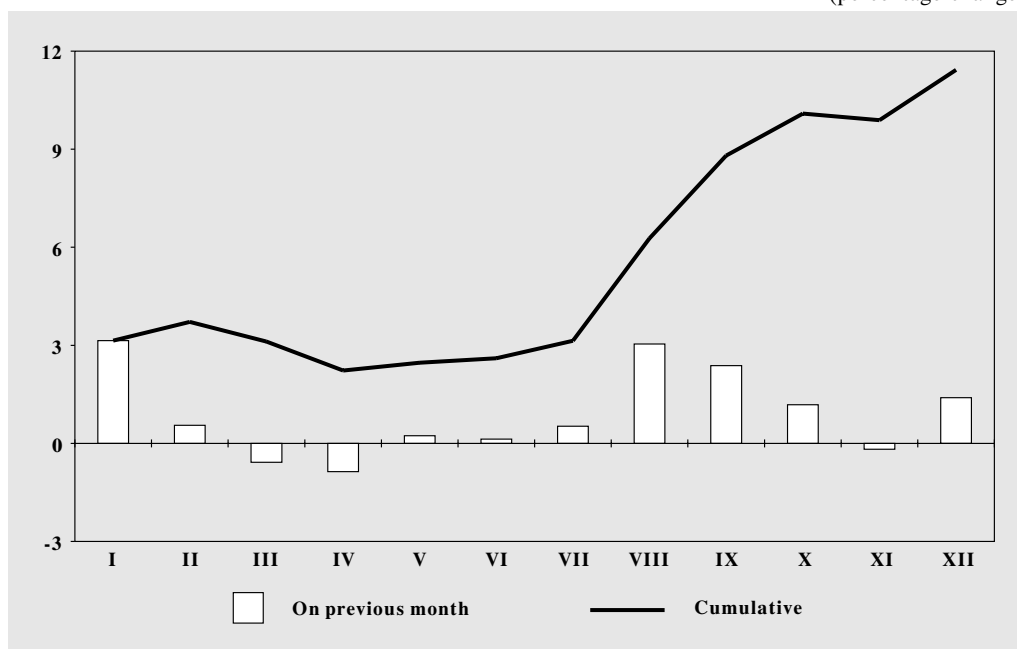
Source: NSI.

Inflation

By the end of 2000 inflation measured through the consumer price index reached 11.4%. Progressive devaluation of the euro combined with increased energy resource (oil and natural gas) prices resulting in 'inflation importing', are the major reasons behind this higher-than-expected inflation. The open nature of Bulgaria's economy, characterized by a significant share of imported production inputs, additionally contributed to the enhanced effect of external factors. In addition to external factors, movements in relative prices over the year reflected restructuring of the economy and changes in consumer preferences. Monetary factors have been minimized and have also had an external nature. However, the manner in which foreign funds are spent, coupled with public sector salary regulation, continue to be potential inflationary factors.

CONSUMER PRICE DYNAMICS IN 2000

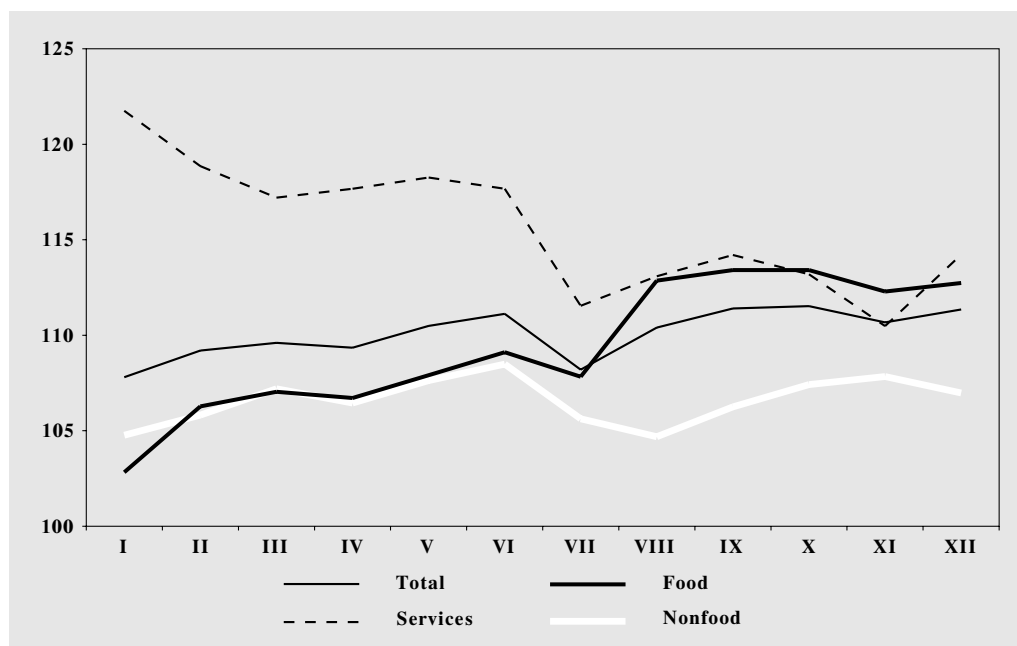
(percentage change)



Source: NSI.

In 2000 food prices increased by 12.7%, nonfood prices by 7% and service prices by 14.2%. The highest growth was reported in services: education (42%), healthcare (32.7%), and transport (23.9%). Tradable goods comprised the bulk of nonfoods. Prices of tradable goods were arbitrated and the fixed exchange rate limited their movements. The greater elasticity of demand for nonfoods compared with their prices appeared to be an additional factor limiting price rises. This fact is significant given the low level of household incomes. Price dynamics of foods was also strongly impacted by the seasonal factor.

CONSUMER PRICE INDICES BY COMMODITY GROUP IN 2000 (December 1999 = 100)



Source: NSI.

Improved efficiency in export-oriented industries resulted in increased incomes which led to price rises in other industries. This, the Balassa – Samuelson effect, appeared to be the other major reason responsible for inflation in transition economies, and particularly in Bulgaria in 2000. The fixed exchange rate of the national currency to the euro cannot automatically stop inflation higher than in the eurozone. Further convergence with the EU and gradual approximation to EU price levels will help subdue the effect of this inflationary component. Convergence is tied primarily with trade liberalization, and the inflationary component determined by trade liberalization is dependent on the share of tradable goods in the consumer price index. Liberalization of pricing and the open nature of the economy contribute to the faster leveling off of prices and to removing inflationary differentials. Convergence of incomes follows the same pattern. This long-term trend will be critical in price movements in Bulgaria.

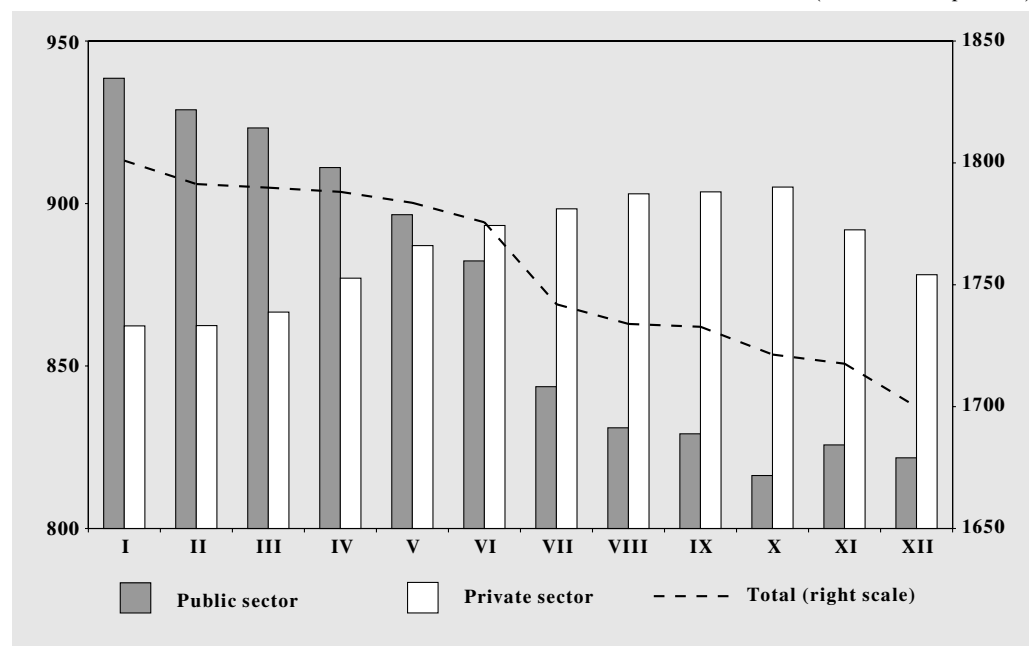
The upward trend in service prices over 2000 proved normal due to non-tradable nature of services. The index of services indicates the same trend though at a slower pace compared with corresponding 1999 months.

Employment, Unemployment, and Pay

In 2000 the average number of employees under labor contracts declined by 214,000, or 10.7% on 1999. This decline affected primarily the public sector, and particularly the processing industry where workers were halved in number. The bulk of this decrease was attributable to the restructuring of this industry, including privatization of a significant number of processing industry companies. The average number of private sector employees fell insignificantly: by 0.8%.

EMPLOYEES UNDER LABOR CONTRACTS IN 2000

(thousands of persons)



Source: NSI.

The downward trend in employment is typical of the last quarter of the year taking into account the decline of part-time workers seasonally employed in tourism and agriculture. Employment in agriculture particularly showed a permanent decline, disregarding seasonal fluctuations. In the remaining industries the number of jobs stood unchanged. This also refers to the proportion of employed people both in the private and public sectors. Privatization and restructuring of the public sector was basically completed, resulting in current employment stabilization. Pending privatization of big enterprises and branches playing a major role in Bulgaria's

economy (e.g. the Bulgarian Telecommunications Company, the energy sector, and the railways), will prompt serious changes in the proportion of jobs in the public and private sectors.

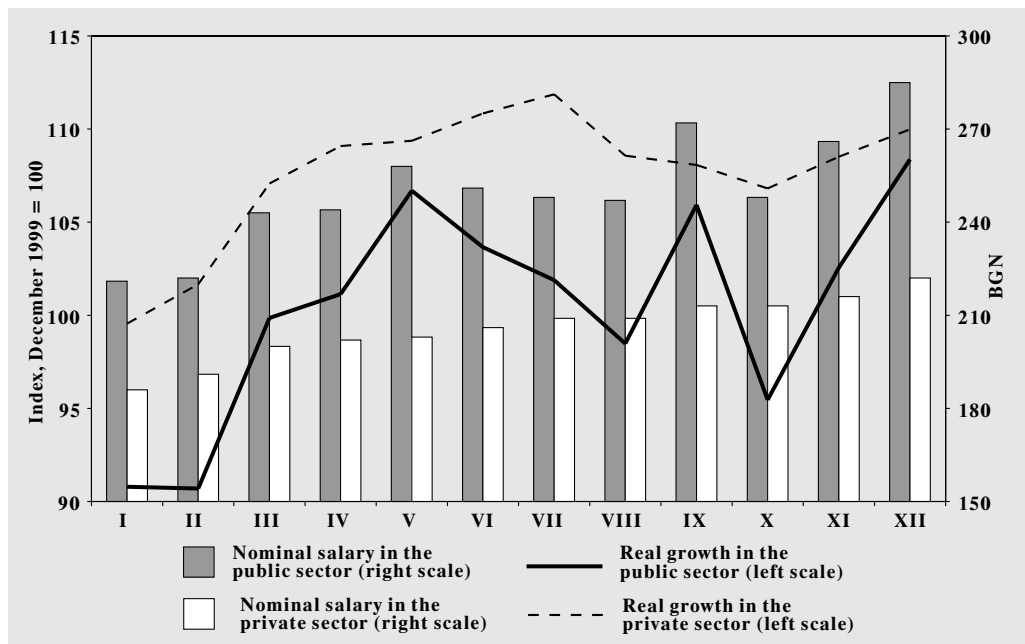
The number of registered unemployed people in Bulgaria was 682,800 by the end of 2000, accounting for 18% of the labor force. After their number increasing started in mid-1999, April saw the biggest jump in unemployment (to 19%). This was followed by an insignificant fall to 18% which was sustained until the year's end.

UNEMPLOYMENT IN 2000



Source: NLO.

NOMINAL AND REAL SALARIES IN PUBLIC AND IN PRIVATE SECTORS IN 2000



Source: NLO, NSI.

Compared with 1999 the average annual monthly salary increased nominally by 15.3%, or 2.5% in real terms. According to both these indicators private sector salaries rose faster. Remuneration in industries reporting higher sales growth (mostly for exports) increased more significantly. Higher salaries were also paid in the finance, credit and insurance sector.

2. The External Sector

Balance of Payments

Balance of payments developments in 2000 indicated a sustainable upward trend in foreign trade. A faster increase in exports compared with imports helped stabilize the balance of payments current account. The current account deficit stayed close to its 1999 level. Data suggests that the worsening of the current account associated with the currency board introduction indicates the first signs of a gradual recovery. This was attributable primarily to tourism, reporting a net revenue growth of USD 131 million in 2000.

Positive trends in export proved insufficient, the trade balance continuing to deteriorate throughout 2000 as a result of worsened trade conditions. The export recovery started in mid-1999 continued at high rates through 2000. However, a significantly increased value of imports, reflecting rapid increases in oil prices and US dollar appreciation, led to an increased trade deficit, accounting for 10% of GDP. Total export value hit a record high in the first half of 2000, attributable to enhanced external demand, rising international prices and favorable developments in the real effective exchange rate. This significant increase is due to a great extent to a low 1999 comparison base affected by the Kosovo conflict. Export growth continued, though more moderately, in the second half of 2000.

Though at a slower pace, imports continued to grow in 2000, reflecting progressively increasing oil prices and the recovery of domestic demand. As a net importer of energy resources, Bulgaria's balance of payments current account is very sensitive to any significant changes in the energy markets. Throughout 2000 crude oil prices exceeded those of 1999 by 60% on average. The share of imported energy resources in total imports increased, repressing and limiting the faster growth of investment imports. The low price elasticity of petrol consumption did not result in a decrease in imports, which led to a trade deficit increase to USD 1.18 billion by the end of 2000.

In 2000 the balance of payments *capital account* reported a surplus (USD 24.9 million) due mainly to the financial aid from the US government to Bulgaria. The *financial account* also ended in surplus, totaling USD 883.2 million. *Direct investment in Bulgaria* contributed significantly to this surplus amounting to USD 1,001.5 million²⁰ (8.4% of GDP): an increase of USD 182.7 million (22.3%) on 1999. This is the greatest amount of direct investment reported since 1991.

An increase reported under the *Other investment – assets* item amounts to USD 136.7 million against a decrease of USD 21.9 million in 1999. Commercial banks' deposits abroad grew by USD 486.7 million against a fall of USD 22.7 million in 1999. Foreign currency deposits by individuals with domestic banks (*Other currency and deposits*)²¹ increased by USD 195.3 million while in 1999 this increase was USD 74.1 million. During the review period the *Other investment – liabilities* item rose by USD 195.3 million (against an increase of USD 170.9 million in 1999). Over 2000 extended trade credits (net) grew by USD 29.4 million.²²

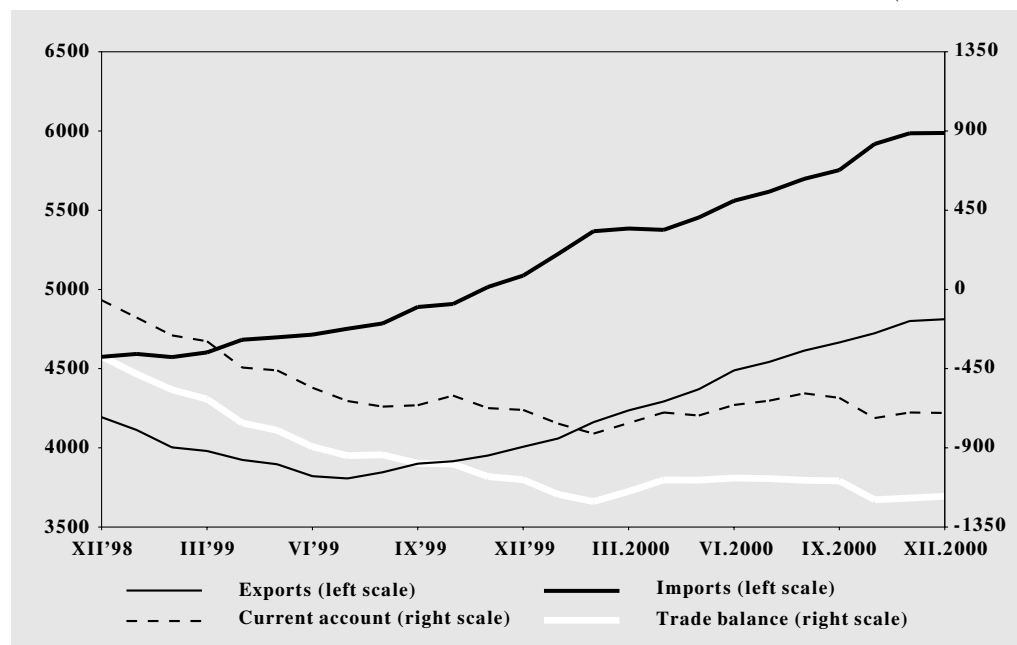
²⁰ Preliminary data. Commercial banks' reinvested profits will be included in this item upon completion of commercial banks' accounting reports for 2000.

²¹ Changes due to valuation adjustments excluded.

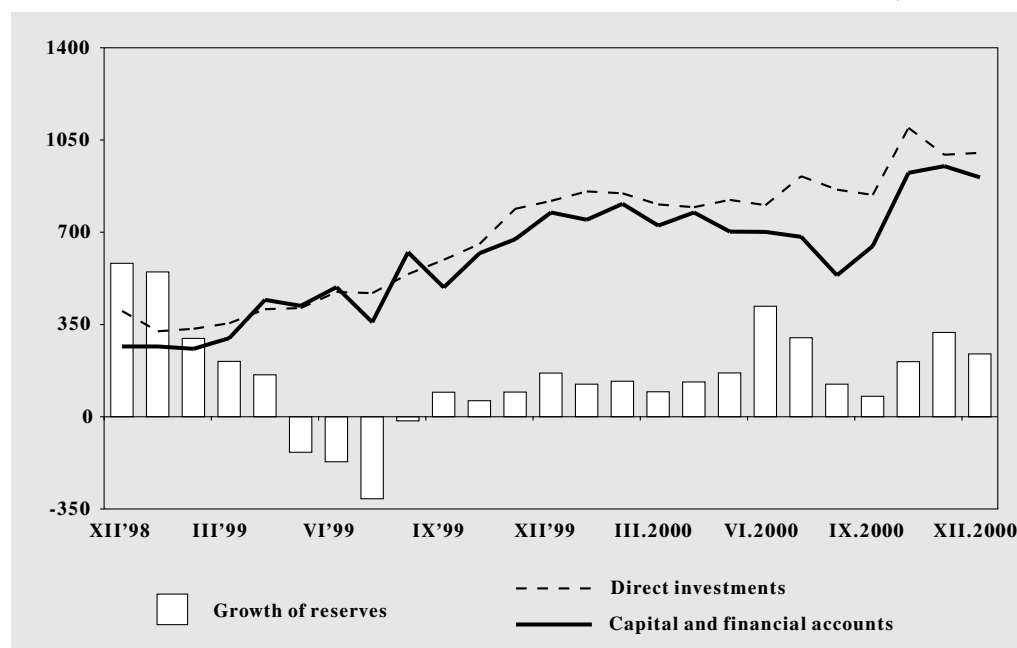
²² Data on the January – November 2000 period provided by the Customs Agency was substituted by data obtained by the BNB from reports on residents' foreign obligations.

BALANCE OF PAYMENTS BASIC COMPONENTS
(on an annual basis)

(million USD)



(million USD)



Source: NSI and BNB.

Foreign Trade

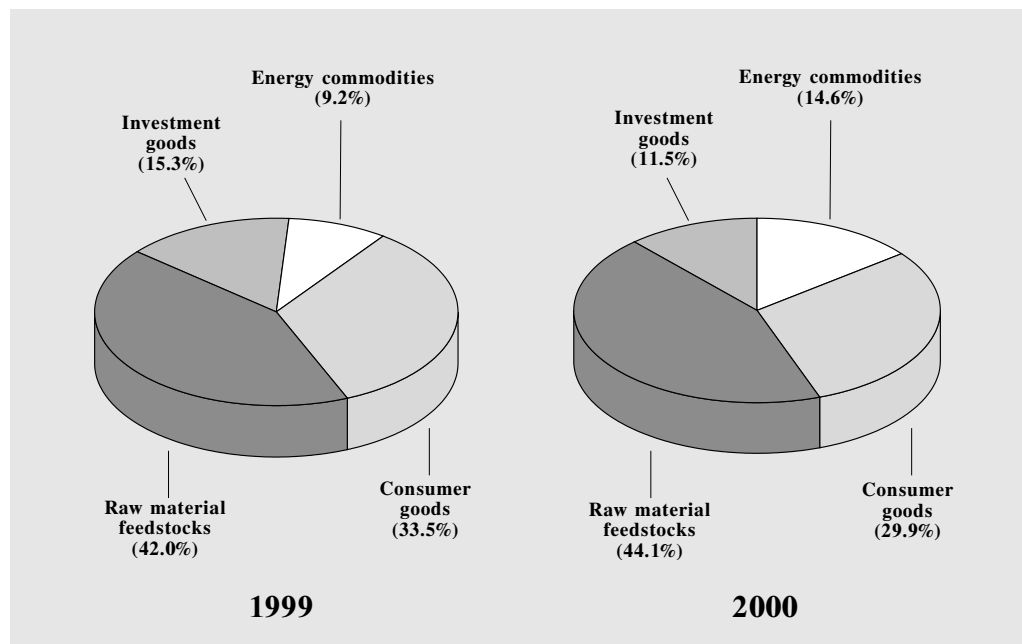
Dynamics

Exports. During 2000 exports (FOB) reached USD 4,812.3 million: an increase of 20.1% (USD 805.9 million) on 1999. Imports (FOB) grew by 17.7% (USD 900.1 million) from 1999 amounting to USD 5,987.5 million. Higher prices of crude oil and natural gas accounted for 50.4% of this increase in total Bulgarian imports for 2000. Imports of nonenergy goods (CIF) over the review period rose by 10.4% (USD 445.3 million) compared with 1999.

Exports of **energy commodities** grew by 90.1% (USD 332 million) on 1999 due to enhanced exports of petroleum products (an increase of 85.2% or USD 247 million) and electricity. Increased exports of petroleum by-products pertain to

higher prices of petrol and petroleum products in international markets, as well as larger physical volumes exported.

EXPORT STRUCTURE BY USE



Source: BNB, NSI.

Increased exports of **raw material feedstocks** (by 26.2% or USD 440.6 million) in 2000 reflect mostly the growth reported in the following commodity groups: *nonferrous metals* (70.9% or USD 201.3 million), *cast-iron, iron and steel* (46.2% or USD 122 million). This was due both to the increased physical volumes of exports, and to higher average annual prices of copper and steel in international markets over the review period (copper by 15.3% and hot-rolled steel by 21.6%) compared with 1999. Exports of *aluminum and aluminum products*, and *copper and copper products* increasing by 104.3% (USD 23.9 million) and 103.3% (USD 176.2 million) respectively contributed most significantly to the increased exports of nonferrous metals as a result of greater physical volumes of exported nonrefined copper (by 90.4%, 68,200 tonnes) and refined copper (by 55%, 10,600 tonnes). In addition to increased average steel prices during 2000, greater physical volumes of exported *flat-rolled products – cold-rolled* (by 545.6%, 230,400 tonnes) added to the growth of exported *cast-iron, iron and steel*. Exports of *fertilizers* and *chemicals* also rose significantly: by 154.2% (USD 57.4 million) and 31.7% (USD 47.8 million) respectively.

EXPORT DYNAMICS

Exports (by use)	Relative share for 2000 (%)	Contribution to total export change (percentage points)				
		2000				
		I quarter	II quarter	III quarter	IV quarter	Total
Consumer goods	29.9	4.7	2.8	-0.1	2.5	2.3
Raw material feedstocks	44.1	13.4	15.8	11.4	4.9	11.0
Investment goods	11.5	0.0	-2.8	-1.6	-1.6	-1.5
Energy commodities	14.6	8.0	11.8	6.7	7.2	8.3
TOTAL EXPORTS (FOB)	100.0	26.1	27.5	16.4	13.0	20.1

Source: BNB, NSI.

In 2000 exports of **consumer goods** indicated an increase of 7% (USD 94.1 million) on 1999. Major commodity groups responsible for this growth were: *clothing and footwear* (by 18.6%, or USD 123.9 million), and *medical goods and cosmetics* (by 11.1%, or USD 16.4 million). Exports fell in *foods* (by 19.8%, or USD 38.6 million), *drinks* (by 17.4%, or USD 16 million), and *cigarettes* (by 15% or USD 5.7 million). The decline in food exports was largely attributable to reduced exports of this group for Russia, accounting for 42.8% of total decline in food.

CHANGE OF PRICES IN INTERNATIONAL COMMODITY MARKETS

Commodities	Average prices (USD per tonne)		Change 2000/1999	
	1999	2000	USD	%
Cereals	112.0	114.1	2.1	1.9
Cotton	1,171.0	1,302.0	131.0	11.2
Wool	3,988.0	4,333.0	345.0	8.7
Carbamide	77.8	112.1	34.3	44.1
Triple superphosphate	154.5	137.7	-16.8	-10.9
Aluminum	1,361.0	1,549.0	188.0	13.8
Copper	1,573.0	1,813.0	240.0	15.3
Lead	503.0	454.0	-49.0	-9.7
Zinc	1,076.0	1,128.0	52.0	4.8
Hot-rolled steel	243.3	295.8	52.5	21.6
Cold-rolled steel	340.4	385.8	45.4	13.3
Steel products*	68.4	76.4	8.0	11.7
Crude oil**	17.8	28.3	10.5	58.7

* Index 1990 = 100.

** Brent, USD per barrel.

Source: Global Commodity Markets. Commodity Price Data. The World Bank, January 2001.

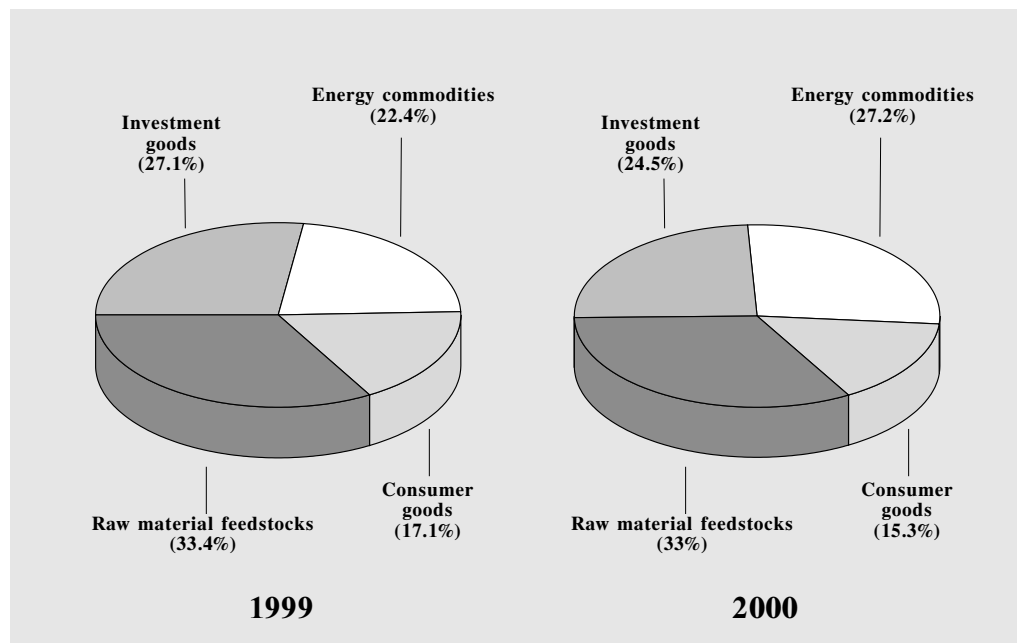
During 2000 exports of **investment goods** fell by 9.9% (USD 60.8 million) from 1999, due mostly to lower *vehicle* exports (down by 51.9%, or USD 24.5 million).

Imports. In 2000 imports (FOB) amounted to USD 5,987.5 million, an increase of 17.7% or USD 900.1 million. Given the significantly increased prices of crude oil and natural gas, enhanced imports of these goods (accounting for 59.8% in total import growth) were the major factor behind the imports growth. Decreased average tariff rates for industrial goods (from 12.56% in 1999 to 10.99% in 2000), and agricultural goods (from 24.61% in 1999 to 24% in 2000), probably also contributed to this effect.

Energy imports grew by 43.2% (USD 533.6 million), attributable mostly to increased imports of *crude oil* (by 43.6%, or USD 320.6 million), *natural gas* (by 48%, or USD 124.7 million) and *petroleum products* (by 165.8%, or USD 93 million). The significant growth of *petroleum product* imports was primarily a result of increased imports from Romania, reflecting the dropping of customs duties on these products in 2000.

Imports of **consumer goods** rose by 5.1% (USD 48.5 million) compared with 1999. Increased imports of *medical goods and cosmetics* (by 11.7%, or USD 19.9 million) and *clothing and footwear* (by 8.5%, or USD 15 million) contributed most significantly to the higher imports of consumer goods.

IMPORTS BY USE



Source: BNB, NSI.

During the review period imports of **raw material feedstocks** grew by 16.2% (USD 299.1 million) from 1999. The most significant import growth was reported in the following commodity groups: *nonferrous metals* (by 64.8% or USD 24.7 million), *cast-iron, iron and steel* (by 43.1%, or USD 39.6 million), *ores* (by 28.5%, or USD 47.8 million), and *textile materials* (by 19.1% or USD 94.2 million). The growth of imported *nonferrous metals* reflects increased imports of aluminum and aluminum products (by 35.4%, or USD 21 million). The higher growth of imported **raw material feedstocks** in 2000 was also associated with increased exports in this commodity group over the review period (by 26.2%, or USD 440.6 million).

In 2000 imports of **investment goods** grew by 6.6% (USD 97.7 million), with *Other* item indicating the most dramatic growth (by 51.4%, or USD 88.8 million),²³ followed by *vehicles* (by 5.7% or USD 17.3 million). However, compared with 1999, imports of *electrical machines* and *spare parts and equipment* decreased by 10.3% (USD 21.9 million) and 0.6% (USD 1.3 million) respectively.

Geographic Structure

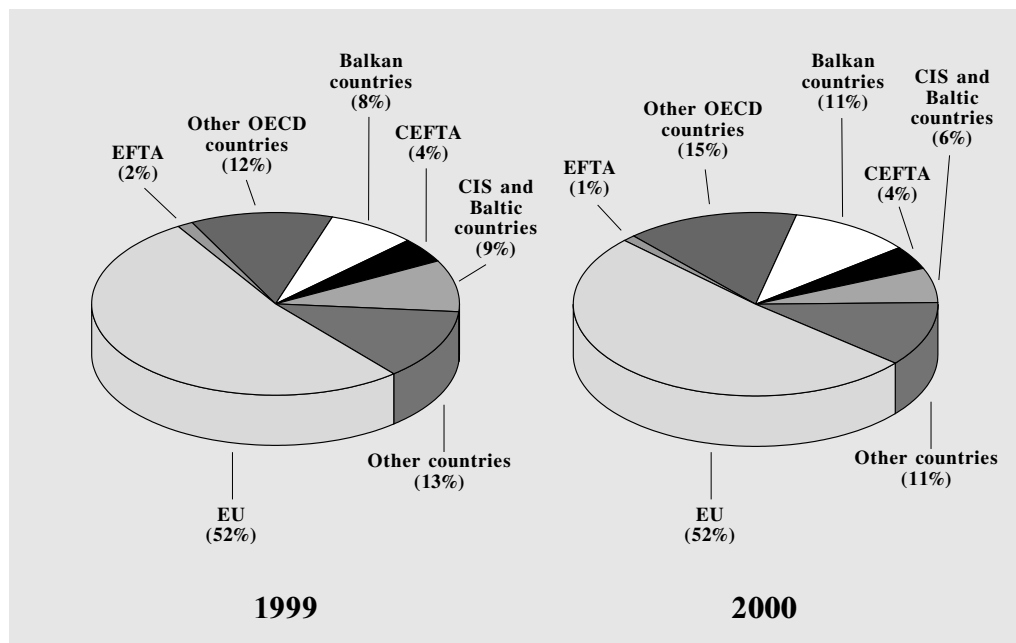
Exports. In 2000 exports to the **European Union**, which rose by USD 375.7 million (18%), accounted for 51.2% of total Bulgarian exports. Exports to *Italy* increased most significantly (by USD 129.3 million or 23.2%), followed by those to *Belgium* (USD 117.4 million or 66.4%), attributable to exports of cast-iron, iron and steel and copper and copper products. Exports to *France, UK, Germany* and *Greece* also showed growth.

During the review period exports to the **CIS and the Baltic countries** fell by USD 66.1 million (18.4%), due mostly to reduced exports to *Russia* (by USD 70.9 million or 37.4%). Decreased exports to Russia were mostly attributable to falls in vegetable and fruit products, and automobiles.

Exports to **Other OECD countries** grew substantially: by USD 237.4 million (47.8%) on 1999. Exports to *Turkey* increased most dramatically (by USD 199.3 million or 68%), primarily reflecting increased exports of mineral fuels, mineral oils and distilled products (including electricity), and organic chemicals. An increase in exports to the *USA* was also reported (by USD 42.7 million or 29.1%).

²³ The *Other* item also includes imports of special output.

GEOGRAPHIC STRUCTURE OF EXPORTS



Source: BNB, NSI.

In 2000 exports to **CEFTA countries** rose by USD 14.2 million (8%) on 1999, mostly due to increased exports to *Romania* (USD 30.5 million or 54.7%). Higher exports to *Romania* resulted from increased exports of mineral fuels, mineral oils and distilled products; and nuclear reactors, boilers, machines, and appliances. Exports to *Slovenia* experienced a significant fall (by USD 17.2 million, or 38.7%), primarily due to reduced exports of mineral fuels, mineral oils and distilled products.

After the Kosovo conflict had been settled in July 1999 exports to **the Balkan countries** intensified significantly, increasing by USD 206.3 million (65.2%) in 2000. As a result the share of exports to these countries went up to 10.9% of total Bulgarian exports (against 7.9% in 1999). A considerable growth of exports to *Yugoslavia* was reported (by USD 210.6 million or 128.4%), mostly reflecting trade in mineral fuels, mineral oils and distilled products (an increase of USD 193.5 million). Exports to *Macedonia* increased by USD 5 million (4.7%) compared with 1999.

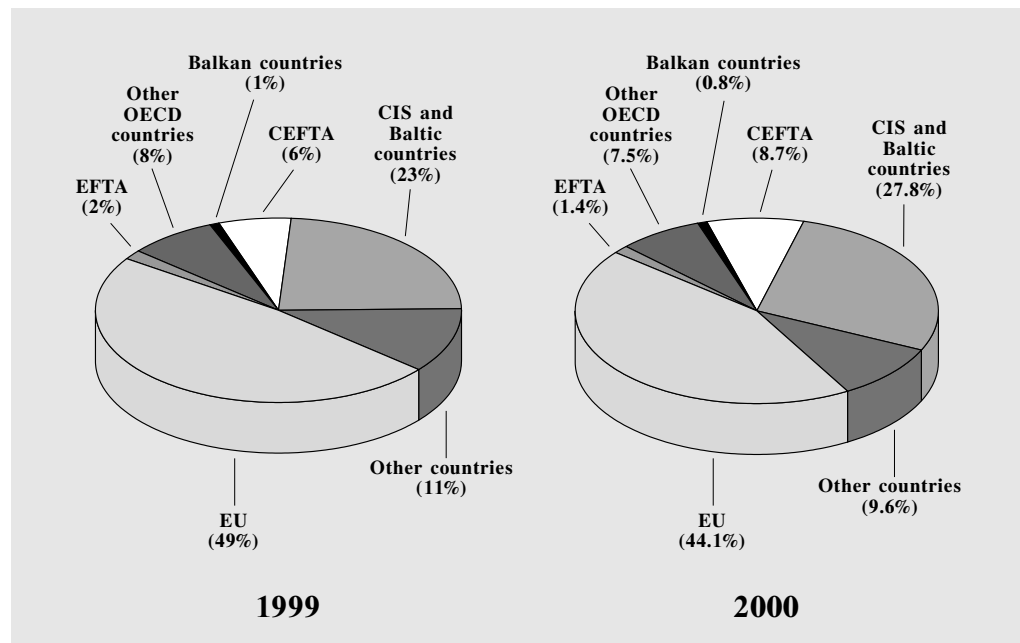
Imports. In 2000 imports from the **European Union** increased by USD 195.2 million (7.3%) on 1999. However, the share of imports from the EU in total Bulgarian imports fell to 44.1% (against 48.4% in 1999), mostly reflecting significantly increased imports from other regions and euro depreciation against the US dollar.

Imports from *Italy* and *Germany* rose most significantly: by USD 85.7 million (18.5%) and USD 80.8 million (9.8%). This primarily reflects imports of cast-iron, iron and steel products, and automobiles. However, imports from *Austria* declined (by USD 19.1 million, or 11.6%), mostly due to electrical machines and appliances, and nuclear reactors, boilers, machines and appliances.

During 2000 a growth in imports from **the CIS and the Baltic countries** was reported: by USD 512.2 million or 39.6%. As a result the share of these countries in imports increased from 23.5% in 1999 to 27.8% in 2000.

In 2000 imports from *Russia* increased most dramatically: by USD 471.3 million, or 42.5% compared with 1999. This was mostly due to imports of mineral fuels, mineral oils, and distilled products (an increase of USD 480.7 million, or 51.7%). In 2000 imports from *the Ukraine* also increased (by USD 37.8 million or 26.2% against 1999), reflecting increased imports of cast-iron, iron, and steel.

GEOGRAPHIC STRUCTURE OF IMPORTS



Source: BNB, NSI.

During the review period imports from **CEFTA countries** rose by USD 213.4 million (60.3%) on 1999. Imports from *Romania* experienced a dramatic growth (USD 155.8 million, or 209.5%), due primarily to enhanced imports of mineral fuels, mineral oils and distilled products.

Imports from **Other OECD countries** grew by USD 47.2 million (10.7%) on 1999. Imports from *Turkey* also increased (by USD 47.3 million or 28.3%). Enhanced imports of electrical machines and appliances, and ores, slags and ashes contributed most significantly to this growth. Imports from the *USA* declined by USD 3.2 million (1.6%) on 1999.

In 2000 imports from **the Balkan countries** increased by USD 9.8 million (22.8%), reflecting entirely higher imports from *Yugoslavia* (by USD 7.5 million or 48.7%).

Gross Foreign Debt and Debt Indicators

Bulgaria's *gross foreign debt (GFD)* by end-December 2000 amounted to USD 10,364.3 million (86.5% of GDP): an increase of USD 160 million (1.6%) compared with end-1999 (USD 10,204.3 million, 82.3% of GDP). Over 2000 foreign debt payments totaled USD 1,170.3 million (9.8% of GDP). New credits and deposits disbursed totaled USD 1,145.9 million (9.6% of GDP). As a result of concluded transactions²⁴ Bulgaria's foreign debt increased by USD 421.6 million decreasing by USD 261.6 million as a result of valuation adjustments.

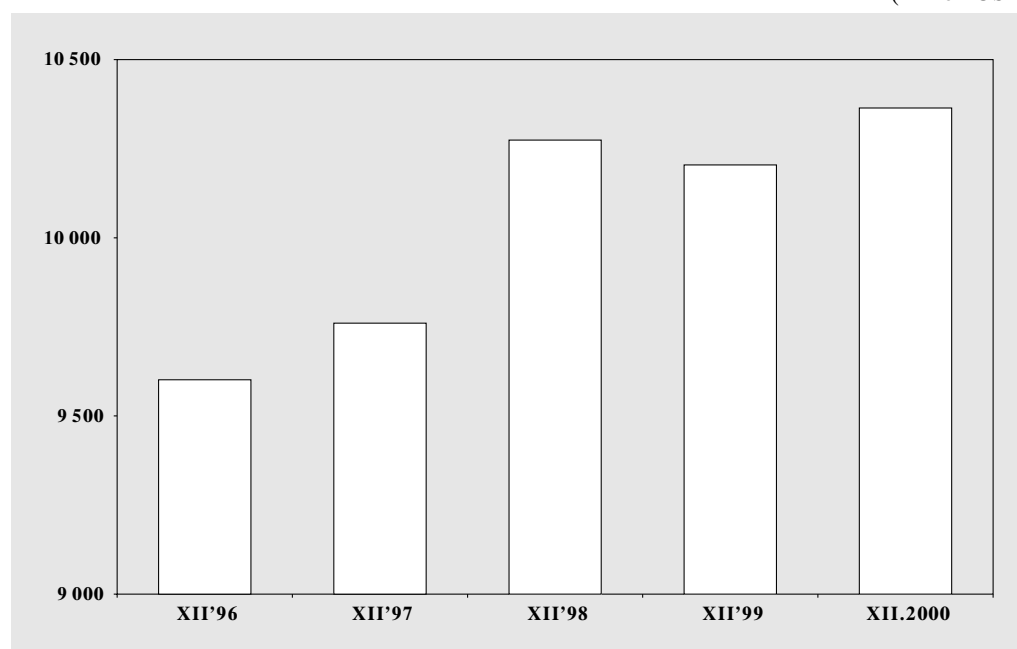
During 2000 the *net transfer of funds*²⁵ indicated a deficit of USD -24.3 million against a surplus of USD 180.7 million in 1999.

²⁴ Transactions resulting in a GFD change include principal repayments, disbursements of new loans and deposits and restructuring of old loans and deposits.

²⁵ Balance between the total amount of disbursed loans and total foreign debt payments. Principal and interest payments received and repaid on revolving loans are not included.

GROSS FOREIGN DEBT

(million USD)



Source: BNB, MF.

In respect of maturity structure Bulgaria's long-term foreign debt totaled USD 9,718 million (81.1% of GDP) and short-term debt USD 646.4 million (5.4% of GDP), increasing by USD 108.8 million (1.1%) and USD 51.2 million (8.6%) respectively compared with 31 December 1999.

By end-December 2000 the *public debt* amounted to USD 9,246.7 million (77.2% of GDP), and *private sector debt* USD 1,117.6 million (9.3% of GDP).

GROSS FOREIGN DEBT STRUCTURE

	(%)				
	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000
Public sector	97.9	97.6	96.8	92.1	89.2
Private sector	2.1	2.4	3.2	7.9	10.8

Source: BNB, MF.

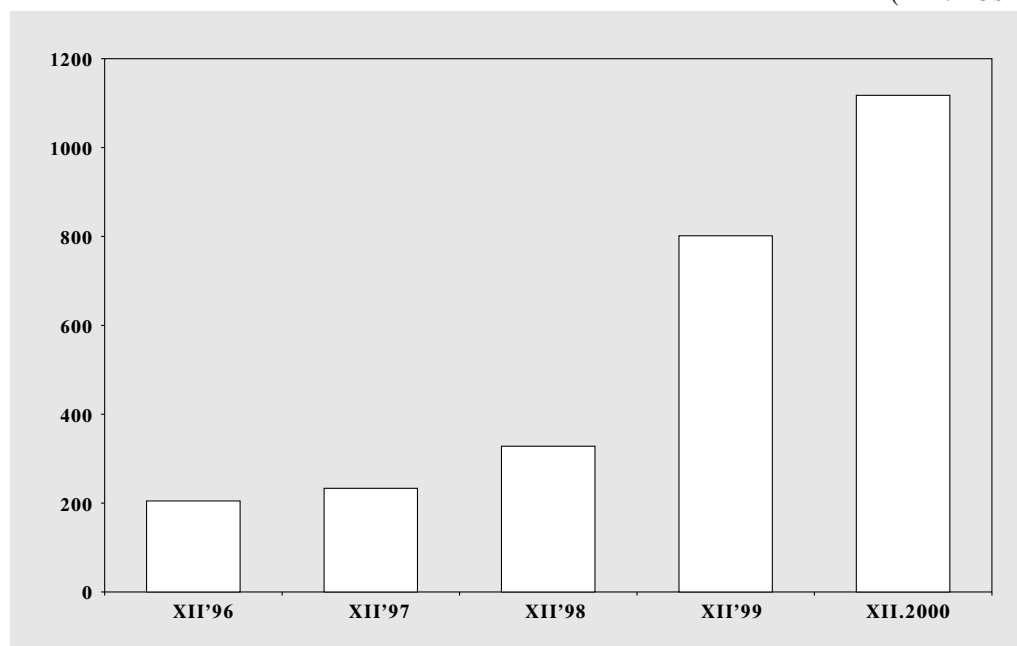
Private sector foreign debt obligations rose by USD 316.2 million (39.5%) against USD 801.4 million by end-1999.

By 31 December 2000 private commercial banks' debt amounted to USD 269.2 million, increasing by USD 121.5 million (82.2%) from the end of 1999, a result of increases in *long-term loans* (by USD 46.2 million) and *nonresidents' deposits* (by USD 68.7 million). Borrowed long-term resources reflect credit lines extended for financing real sector enterprises.

By the end of December 2000 private nonfinancial enterprises' debt amounted to USD 848.4 million, an increase of USD 194.7 million (29.8%) on end-1999. *Intracompany loans* increased by USD 37 million (11.2%) to reach USD 369 million by end-December 2000. Loans drawn from other creditors (*other loans*) grew by USD 157.7 million (49%), reaching USD 479.5 million. In terms of maturity long-term loans accounted for 57.2% and short-term loans 42.8% in total private nonfinancial enterprises' debt.

PRIVATE SECTOR FOREIGN DEBT

(million USD)



Source: BNB, MF.

Bulgaria's public debt in 2000 decreased by USD 156.2 million (1.7%) on end-1999. By the end of December 2000 *government debt* amounted to USD 8,234.3 million, declining by USD 135.3 million (1.6%) compared with end-December 1999 when it was USD 8,369.6 million. In 2000 *government guaranteed debt* rose by USD 50.8 million (8.7%), reaching USD 632.4 million by end-December 2000. The public sector *other debtors'* debt totaled USD 276.4 million, a decrease of USD 58.4 million (17.4%) on end-1999.

The Foreign Exchange Structure of Gross Foreign Debt

By 31 December 2000 Bulgarian obligations denominated in US dollars accounted for 64.5%; in euro 18.4%,²⁶ and in SDR: 12.7% of total foreign debt. Compared with December 1999 no significant changes occurred in the foreign exchange structure of gross foreign debt.

Gross Foreign Debt Service

In 2000 payments on Bulgaria's gross foreign debt service totaled USD 1,170.3 million (9.8% of GDP) against USD 1,045.2 million (8.4% of GDP) in 1999. Principal payments came to USD 655 million (56%), and interest payments: to USD 515.3 million (44%). Compared with 1999 principal payments increased by USD 94.3 million, and interest payments by USD 30.7 million.

Over the review period payments on private foreign debt service totaled USD 245.9 million, including principal payments of USD 220 million (89.5%), and interest payments of USD 25.9 million (10.5%). In 2000 payments on private commercial banks' debt totaled USD 117.3 million, including nonresidents' deposit drawings of USD 113.5 million (96.8%). Payments on the obligations of nonfinancial sector private companies totaled USD 128.6 million, an increase of USD 36.5 million (39.7%) against USD 92.1 million in 1999.

In 2000 public sector debt payments amounted to USD 924.4 million, including principal payments of USD 435 million (47.1%) and interest payments of USD 489.4 million (52.9%). In 1999 the public debt sector payments amounted to USD 910.1 million. *Government debt* repayments in 2000 totaled USD 785.3 million and *government guaranteed debt* repayments USD 83.8 million: a respective decrease of USD 5.6 million, and an increase of USD 16.3 million on 1999.

²⁶ Including euro national components.

New Loans and Deposits

In 2000 new loans and deposits received amounted to USD 1,145.9 million (9.6% of GDP). Of this USD 649.8 million (56.7% of the total amount) was extended to the public sector, and USD 496.1 million to private financial and nonfinancial companies. Compared with 1999 the total amount of loans drawn decreased by USD 80 million (6.5%). This was due to a USD 144.7 million (26.1%) decrease in long-term loans to the government and to a USD 27.7 million (8%) decrease to private nonfinancial companies.

During the review period new loans and deposits extended to the private sector increased by USD 46.6 million (10.4%) on 1999. The share of credits to the private sector in total new loans and deposits rose from 36.7% in 1999 to reach 43.3% in 2000.

Within the total amount of new loans and deposits disbursed to private commercial banks (USD 178.2 million), deposits accounted for the biggest share: 68.7% (USD 122.5 million). Compared with 1999 the amount of new loans and deposits rose by USD 74.3 million (71.5%).

Tranches on *intracompany loans* comprised 61%, and on *other loans* 39% in total loans drawn by nonfinancial sector companies (USD 317.9 million) in 2000. Compared with 1999 *intracompany loans* increased by USD 41.4 million (27.1%), while *other loans* fell by USD 69.1 million (35.8%). In terms of maturity long-term loans disbursed to private nonfinancial companies totaled USD 177.7 million: a decrease of USD 74.3 million (29.5%) compared with 1999. Short-term loans amounted to USD 140.2 million, indicating an increase of USD 46.5 million (49.7%).

In 2000 new loans and deposits disbursed to the public sector totaled USD 649.8 million: a decrease of USD 126.6 million (16.3%) from 1999. Loans to the *government*, amounting to USD 410.3 million (63.1% of total public sector loans in the review period), indicated a fall of USD 144.7 million (26.1%) compared with 1999. Throughout 2000 *government guaranteed loans*, totaling USD 120.6 million, decreased by 17% (USD 24.7 million) on 1999.

Changes in Debt Indicators

As a result of increased gross foreign debt and lower GDP (in terms of US dollars) the ratio of *gross foreign debt to gross domestic product* worsened slightly in 2000, increasing from 82.3% in December 1999 to 86.5% in December 2000.

The ratio of *gross foreign debt to exports of goods and nonfactor services* improved: from 176.1% by end-1999 it reached 148.4% by 31 December 2000. This was entirely attributable to increased exports of goods and nonfactor services by USD 1,192.1 million (20.6%).

The ratio of *short-term debt to gross foreign debt* slightly worsened (by 0.5 percentage points) from 1999, reaching 6.3%: the result of a faster increase in short-term compared with long-term debt.

The ratio of *short-term debt to BNB gross forex reserves*, indicating the ability to provide forex reserve cover for Bulgaria's gross short-term obligations, also worsened. This ratio increased from 18.5% in December 1999 to 18.8% in December 2000, a result of increased short-term debt.

DEBT INDICATORS

	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000
Gross foreign debt/GDP	102.9	96.0	83.8	82.3	86.5
Gross foreign debt/exports of goods and nonfactor services	145.3	139.2	171.8	176.1	148.4
Short-term debt/gross foreign debt	10.7	12.3	9.7	5.8	6.3
Short-term debt/GDP	11.1	11.8	8.1	4.8	5.4
Short-term debt/BNB forex reserves	130.1	48.6	32.7	18.5	18.8
Gross foreign debt service/GDP	11.6	8.8	9.7	8.4	9.8
Gross foreign debt service/exports of goods and nonfactor services	16.3	12.8	20.0	18.0	16.7

Source: BNB.

In 2000 the ratio of *gross foreign debt service to gross domestic product* deteriorated, increasing from 8.4% by the end of 1999 to 9.8% by 31 December 2000. This reflects both increased expenditure on foreign debt service, and lower GDP (in US dollar terms).

The *gross foreign debt service to exports of goods and nonfactor services* indicator reached 16.7% in December 2000. Compared with December 1999 this ratio improved by 1.3 percentage points. This was attributable to the higher growth of exports of goods and nonfactor services (by 20.6%) compared with the growth in expenditure on gross foreign debt service (by 12%) in 2000.

3. The Monetary Sector

The trend to financial stabilization and remonetization of the economy, established after the radical change of monetary regime, continued in the reporting year. A comparison of major monetary and credit aggregates dynamics for 2000 with 1999 shows up the stabilizing role of the currency board for the banking sector. Expectations of real monetary and credit growth – key indicators of monetization of the economy – were confirmed.

In 2000 the economy was characterized by financial stability, mainly due to the successful functioning of the currency board. The continuing trend to real growth in monetary and credit aggregates is attributable to enhanced demand for money, consistent with economic growth and sustained confidence in the national currency, the banking system, and the monetary regime.

Monetary Aggregates

Under a currency board the central bank does not have a proactive effect on money supply. Money supply was entirely governed by economic agents' demand for money.

During the year under review the banking system remained stable and the BNB did not resort to the lender of last resort function. However, it did deploy one of its legally mandated monetary policy instruments and cut (from 1 July) the level of minimum reserve requirements from 11% to 8%. The strategic goal of this reduction was to signal the Bank's intention to ease monetary restrictions and release more resources for lending to the real sector in the long run. In the short term, the benefits were to offset the initial effect of introducing the single budget account and the unavoidable liquidity withdrawal from commercial banks. Reduced minimum reserve requirements (other conditions being equal) contributed to higher banking system profitability, since minimum reserves do not earn income for banks, in essence being a tax on their activity.

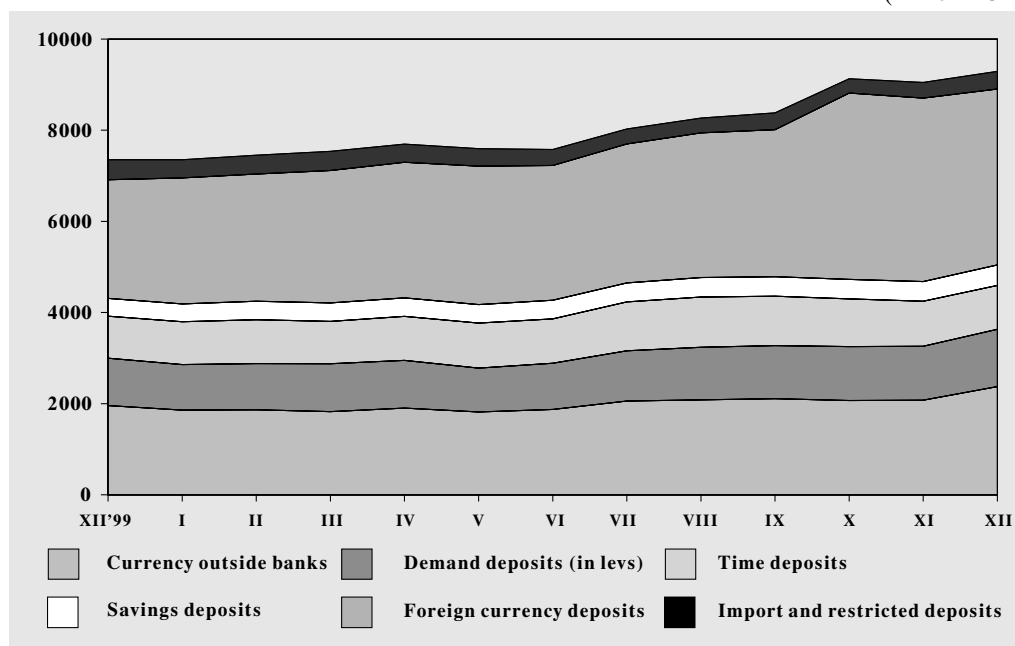
In 2000 the broadest monetary aggregate M3 grew by BGN 1,939.6 million, or 26.4% in nominal terms. In real terms (taking into account annual inflation), this growth was almost halved (13.5%), but it remains the highest since currency board introduction. However, real growth in money supply considerably exceeded that of 1998 and 1999 (8.5% and 4.9% respectively): an indicator of the ongoing trend of restoring money demand.

Broad money growth is driven both by lev component growth (BGN 699 million or 15.6% in nominal terms and 3.8% in real terms) and forex component growth (BGN 1,240.7 million or USD 481.3 million, or 43.1% in lev terms and 32.6% in dollar terms).²⁷ By comparison, in 1998 the forex component grew in dollar terms by USD 65.6 million, and in 1999 it declined by USD 65.7 million.

²⁷ Forex component growth is partly attributable to lev devaluation against the US dollar.

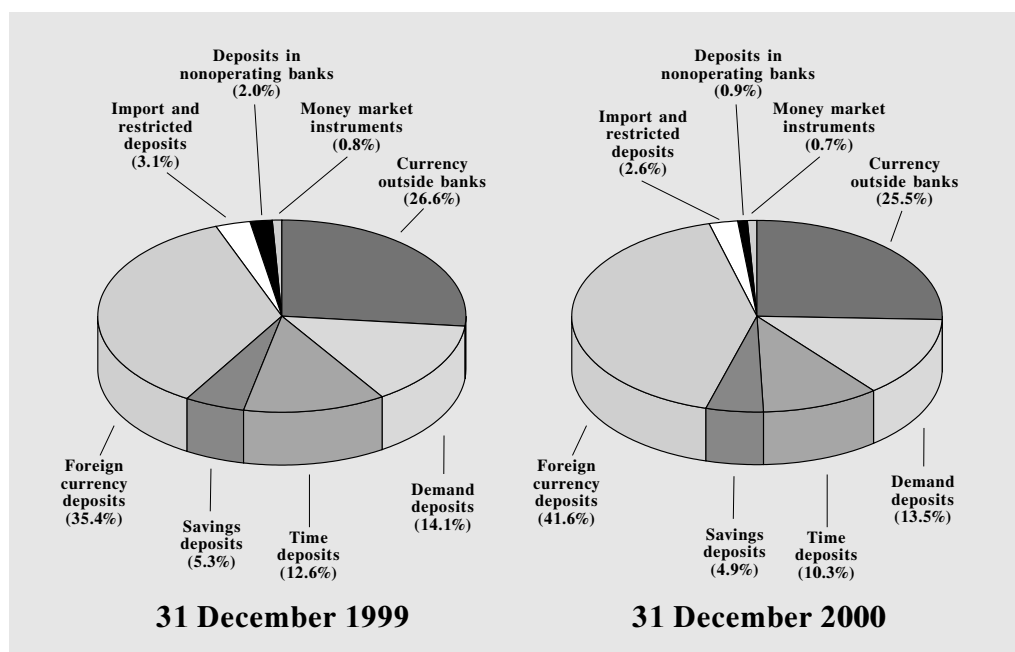
MONETARY AGGREGATES DYNAMICS IN 2000

(million BGN)



Source: BNB.

STRUCTURE OF MONEY SUPPLY



Source: BNB.

During the review period broad money growth was mainly attributable to its most liquid components. Growth in absolute terms of the narrowest monetary aggregate M1, which includes currency outside banks and demand deposits, was BGN 635.6 million and comprised 90.9% of broad money lev component growth. By comparison, in 1998 and 1999 its share was 93% and 52% respectively. In real terms, M1 grew by 8.9%, or 6.2 percentage points less than in 1999. M1 growth is equally attributable to its two components as their dynamics converged: currency outside banks grew by 8.9% in real terms, and demand deposits by 8.8%. Data shows the continuing preference for cash among economic agents. This reflects not only strong confidence in the national currency but also the minor scale of auto-

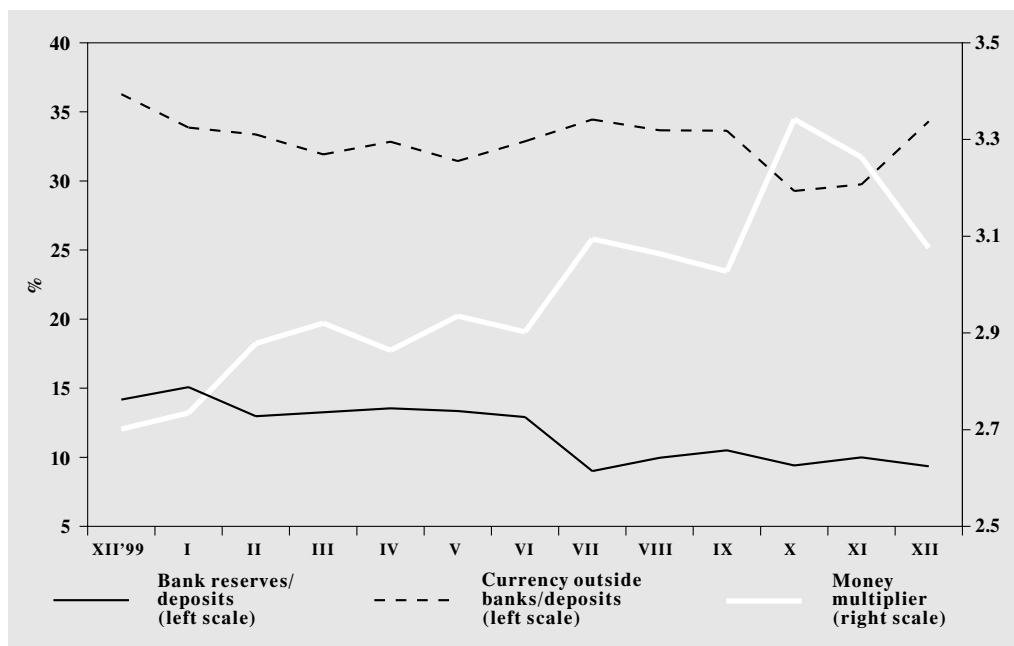
mated payments, which confirms the slowness of currency circulation. The so-called gray economy is another reason for the preference for cash payments: they are instrumental in concealing transactions and income to evade tax.

In 2000 monetary aggregate M2, including M1 and quasi-money, rose by BGN 1,991.9 million, or 15.7% in real terms. Real growth in quasi-money, including savings and time deposits denominated in lev and foreign currency, was 20.9%, or BGN 1,356.3 million in nominal terms. Quasi-money growth was mainly attributable to foreign currency deposit growth of USD 498.7 million, or 37.3%. Its dynamics by sector diverged. Nonbank financial institution and private company funds decreased: by USD 18.9 million or 44.8% for nonbank financial institutions, and by USD 1.2 million or 0.4% for private enterprises. At the same time public and state-owned company foreign currency deposits rose: by USD 186 million or 21% for the public and by USD 332.8 million or 236.7% for state-owned enterprises. The latter growth was attributable to the transfer of funds from the Bulbank sale to BCC accounts in early October. Since the government is the biggest shareholder in the BCC (97.7%), an equivalent decrease in these deposits should be expected after dividend payments by the BCC.²⁸ The large share of foreign currency deposits in quasi-money (over 73%) indicates continuing preference for depositing funds in foreign currency by economic agents. Quasi-money lev component decreased by 3.3% in real terms, despite the nominal increase of BGN 100.6 million. Savings deposits grew by BGN 64.4 million (4.7% in real terms), and time deposits: by BGN 36.2 million (a 6.7% decrease in real terms). The lev component decrease is mainly attributable to reduced state-owned company lev deposits (by BGN 14 million or 20.8% in real terms). Time deposits of private companies and nonbank financial institutions rose (by BGN 19.9 million and BGN 11.4 million respectively, or 15.4% and 9.6% in real terms). Foreign currency deposits and time lev deposits exhibited divergent dynamics by sector. The sustained trend to quasi-money growth (dating from mid-1999) could have a beneficial effect on the economy. Deposit growth could lead (under certain conditions) to increased lending, which in turn could boost economic growth. However, the latter would be achieved only if a considerable portion of attracted funds is lent to the real sector and efficiently utilized by it, which entails accelerated restructuring and modernization of that sector.

During the year under review broad money growth was driven by both monetary base growth and multiplier growth. Monetary aggregate M0 (reserve money), including bank reserves and currency outside banks, rose by BGN 299 million or 11% (in nominal terms). The BNB did not resort to commercial bank refinancing but changed the level of minimum reserve requirements from 11% to 8%, which caused a money multiplier growth from 2.7 in end-1999 to 3.08 in 2000 (13.9% on an annual basis). Multiplier growth is attributable to a lower currency outside banks to deposits ratio. This fell from 36.3% to 34.3%. It is also due to lower bank reserves to deposits ratio, which fell from 14.2% to 9.4% as a result of the combined effect of deposit growth and decreased bank reserves.

²⁸ State-owned companies' (BCC) foreign currency funds will decrease at the expense of increased government funds. Therefore quasi-money will be reduced by the same amount, since it does not include government deposits.

MONEY MULTIPLIER IN 2000



Source: BNB.

RESERVE MONEY AND MONEY MULTIPLIER

Indicators	Dec. 1999	June 2000	Dec. 2000
Broad money (million BGN)	7,351.1	7,577.8	9,290.7
Reserve money (million BGN)	2,721.7	2,611.1	3,020.6
Money multiplier	2.70	2.90	3.08
Currency outside banks/deposits (%)	36.3	32.9	34.3
Bank reserves/deposits (%)	14.2	12.9	9.4

Source: BNB.

In the first half of 2000 broad money dynamics was governed by money multiplier dynamics against a decreased monetary base, while in the second half broad money growth reflected the parallel growth of both factors.

BROAD MONEY CHANGE IN 2000

	(million BGN)		
	January – June	July – December	Total for the year
Broad money change driven by:			
money multiplier	226.7	1,712.9	1,939.6
reserve money	547.7	453.4	1,020.2
both factors	-298.7	1,188.4	807.3
Broad money change driven by			
reserve money source:	-22.3	71.1	112.0
net foreign assets	-298.7	1,188.4	807.3
incl. forex reserves	-241.2	2,187.6	1,794.8
net domestic assets	445.9	2,426.2	2,703.9
incl. net claims on government	-57.5	-999.2	-987.5
claims on banks	-157.7	1,448.5	1,190.3
	-10.5	-289.6	-280.1

Source: BNB.

In previous years money supply dynamics reflected reserve money dynamics. Although money multiplier and reserve money had different effects in the first and second halves of the review year, their impact for the year as a whole was more or less equal. The enhanced role of the multiplier in money supply is attributable not

so much to economic agents' behavior but rather to decreased minimum reserve requirements and the accounting of the Bulbank sale.

An index factor analysis of money supply changes highlights two different periods in the reporting year. During the first half money supply grew, despite decreased monetary base. Reserve money dynamics diverged from foreign currency reserve dynamics (growth in foreign currency reserves caused growth in government deposit, not in reserve money), in line with the specifics of money supply under the Bulgarian currency board. Lower net domestic assets also had a negative effect on monetary base and money supply growth. During the second half of the year money supply growth driven by reserve money was entirely attributable to increased net foreign assets (and even bigger foreign currency reserve growth), which proved sufficient to offset the fall in net domestic assets. Decreasing claims on commercial banks were due to partial repayments by some banks in liquidation and had a countering effect, while increasing net claims on the government contributed to monetary base and broad money growth.

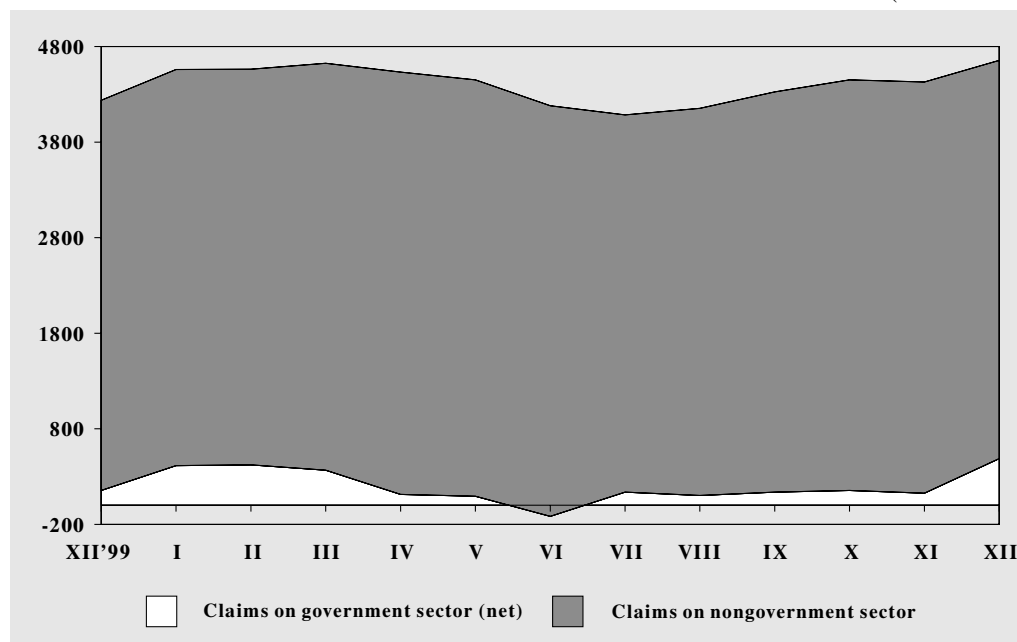
During the reporting year changes in the exchange rate significantly influenced currency board asset dynamics, and hence reserve money. Since the Bulgarian lev is fixed to the single European currency, BNB foreign currency reserves are predominantly euro-denominated. BNB foreign currency reserves are reported in levs in the Issue Department balance sheet, while changes in foreign currency reserves are reported in US dollars in the balance of payments.²⁹ However paradoxical under a currency board, this makes it possible for currency board assets in dollar terms to decrease while those denominated in euro (levs) increase.

Credit Aggregates

During the year under review the past two years' trend whereby domestic credit – the broadest monetary aggregate – lags far behind money supply dynamics, continued.

DOMESTIC CREDIT DYNAMICS IN 2000

(million BGN)



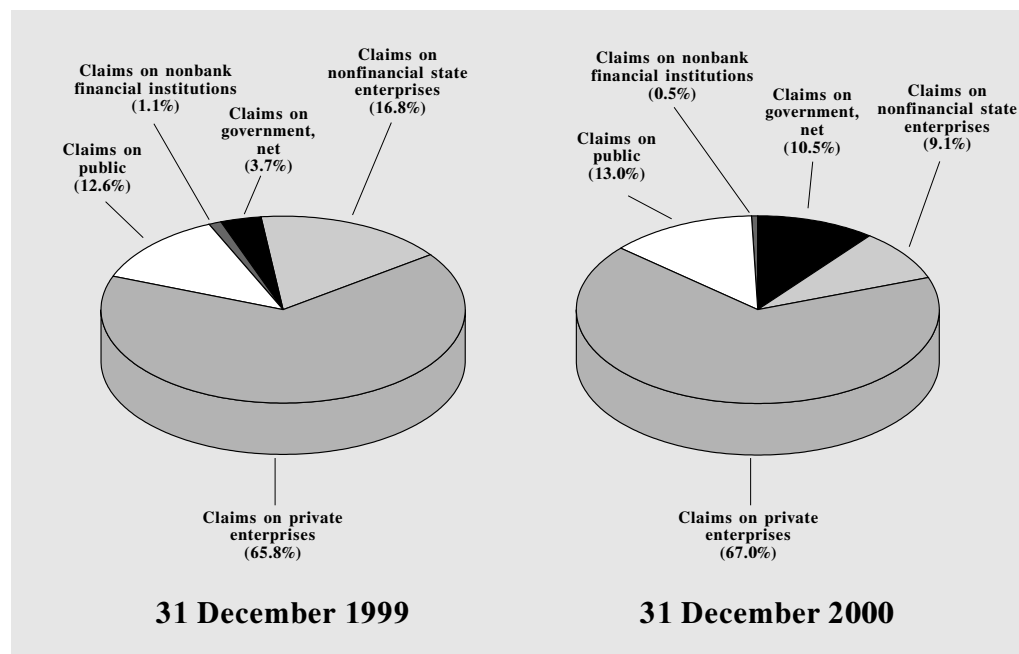
Source: BNB.

While broad money grew by BGN 1,939.6 million (13.5% in real terms), domestic credit grew by only BGN 417 million, even decreasing by 1.4% in real terms.

²⁹ Since 2001 the BNB has commenced publishing the balance of payments in Bulgarian levs as well.

Net claims on the government increased significantly: by BGN 360.5 million or 163.1% in real terms, entirely attributable to the forex component, consistent with tranches received under the three-year agreement with the IMF.³⁰ The trend toward increased claims on private companies and reduced lending to state-owned companies continued. This is due to the combination of two factors: improved private sector efficiency and viability, and continued private sector expansion and state sector contraction through privatization.

DOMESTIC CREDIT STRUCTURE



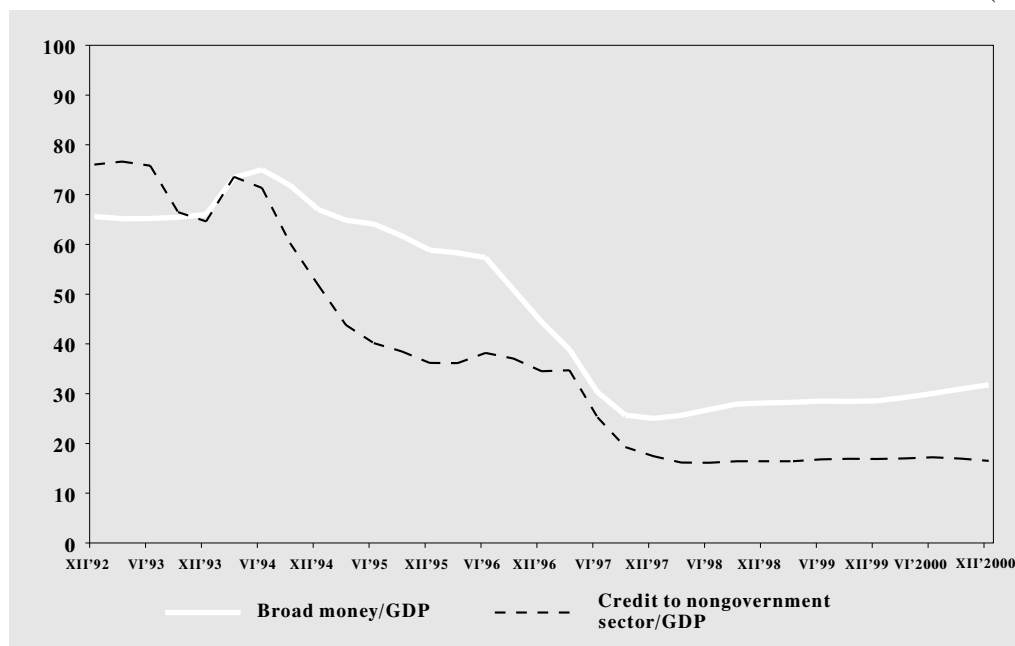
Source: BNB.

Credit to nonfinancial state-owned enterprises declined by BGN 291.2 million, or 46.9% in real terms. Private company obligations rose by BGN 327.6 million, or 0.4% in real terms. Lev component grew by 21.4% in real terms or BGN 414.9 million, and forex component decreased by USD 102.1 million (12.3%). The upward trend in claims on the public continued, growing by BGN 71,600 (1.9% in real terms). The low level of lending to the real sector reflects commercial banks' cautious lending policies since currency board introduction, rather than any shortage of investment funds. The bulk of growing deposit funds was directed to investment in foreign assets. This was due to the still inefficient and risky real sector, combined with poor legal protection for creditors and slow and complex debt collection procedures. Strict legal collateral requirements in lending also contributed to this effect.

Scale of Monetization

The upward trend in the scale of monetization of the national economy, measured through the ratios of broad money to GDP and real sector credit to GDP, continued. The trend started after the radical change in the monetary regime brought about by currency board introduction and reflects economic agents' reviving confidence in the national currency and the banking system following the severe financial crisis in 1996 and early 1997. Despite the sustained upward trend, the above indicators are well below their pre-crisis levels. Data on the reporting year indicate a higher ratio of broad money to GDP, and an unchanged ratio of real sector credit to GDP.

³⁰ Upon utilization by the government these funds are reported as obligations to the BNB.



Source: BNB.

Broad money growth generally followed reserve money growth, combined with the effect of multiplier growth. The process of monetization of the economy continued, albeit at a slower pace. The velocity of currency circulation stabilized at relatively low levels. Following the dramatic changes in 1997 money demand is recovering slowly. Real sector development, which predetermines to a large extent the transaction motive in money demand, does not give grounds for forecasting considerable growth in money demand. Following the shocks of 1996 and 1997 economic agents have changed their attitude to money, thus setting new levels of GDP to money ratios. Low values of claims on the nongovernment sector (as a percentage of GDP) reflect cautious commercial bank lending policies rather than any shortage of funds.

Interest Rates on Commercial Bank Operations

Though the methodology of base rate setting remained unchanged in 2000 it was affected by various other factors. High liquidity in the banking system in early 2000 reflecting interest repayments and partial principal repayments on ZUNK bonds issued in US dollars enhanced demand for government securities. This caused a fall in the base rate which bottomed at 3.3% in March. Later it stabilized at 3.6 to 3.8%, but under the impact of a continuously appreciating US dollar in international markets banks shifted to foreign currency investments which reduced pressures on the primary market for government securities. Freed lev funds (consistent with lowered minimum reserve requirements since 1 July) kept the base rate unchanged in July and August. From September it started rising to reach 4.73% in December.

Banks' foreign currency orientation also reflected on the interbank market. Interest rates in the interbank lev market generally remained below base rate, but a strongly pronounced converging trend evolved: almost through the whole year transactions with a term exceeding seven days (and in some months with three to seven day terms) were effected at rates higher than base rate. This suggests a lower bank lev liquidity without any disturbing symptoms of liquidity risk. Interbank foreign currency deposit rates were continuously rising, the weighted average for the year exceeding by one percentage point those reported in 1999.

INTEREST RATES

(%)

	1999	2000
Average annual base interest rate	4.68	3.92
Average annual interest rate in the interbank lev market	2.95	3.06
Average interest rate on interbank forex deposits:		
EUR	3.00	4.12
USD	5.47	6.40

Source: BNB.

Nominal annual interest rates on short-term lev credits fell dramatically: by almost a quarter compared with 1999. This fall was even stronger in real terms if inflation is taken into account. Interest rates on one-month deposits dropped slightly compared with 1999. They came closer to base rate, but lagged far behind inflation for 2000.

INTEREST RATES APPLIED BY COMMERCIAL BANKS ON NEW SHORT-TERM CREDITS AND ONE-MONTH DEPOSITS IN LEVS

(%)

	1999	2000
Nominal interest rates on commercial bank short-term credits	13.56	10.90
Real annual interest rates on commercial bank short-term credits	6.98	0.84
Nominal interest rates on commercial bank one-month deposits	3.26	3.00
Real interest rates on commercial bank one-month deposits	-2.72	-7.86

Source: BNB.

The narrowing spread between interest on financial assets and interest on financial liabilities affected banks' profitability in lev operations. Banks were partially compensated by the lower percentage of minimum required (noninterest-bearing) reserves, and by a slight growth in their credit exposure. Their positive financial results from interest-bearing assets were mainly due to a comparatively high interest rate differential on foreign currency operations.

BNB Issuing Activity

Banknotes and Coins outside BNB Vaults

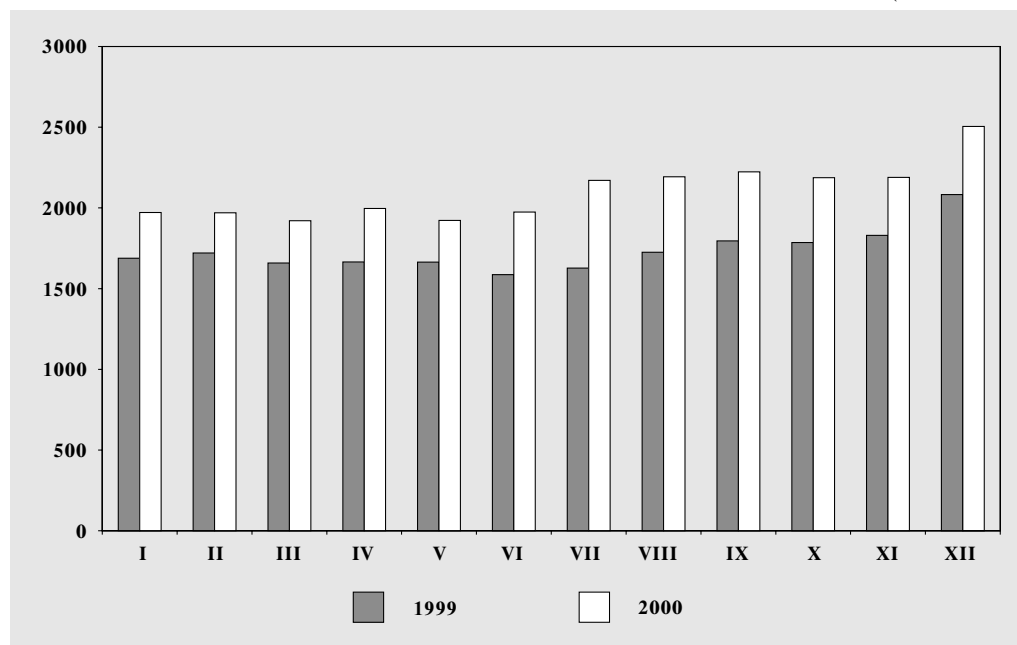
At the end of 2000 banknotes and coins outside BNB vaults reached BGN 2,505 million, an increase of BGN 422 million or 20% compared with 1999. Of these, banknotes (1999 issue) and circulating coins (1999 and 2000 issues) accounted for 99% or BGN 2,483 million. Replacement of old banknotes and coins with new banknotes and coins was completed in early 2000.

Cash in commercial bank vaults totaled BGN 134 million at the end of 2000, against BGN 112 million in 1999.

Cash dynamics followed the typical seasonal pattern: a decrease in the first half-year, and a strong increase in the tourist season and the Christmas holidays.

CURRENCY IN CIRCULATION
(outside BNB vaults)

(million BGN)



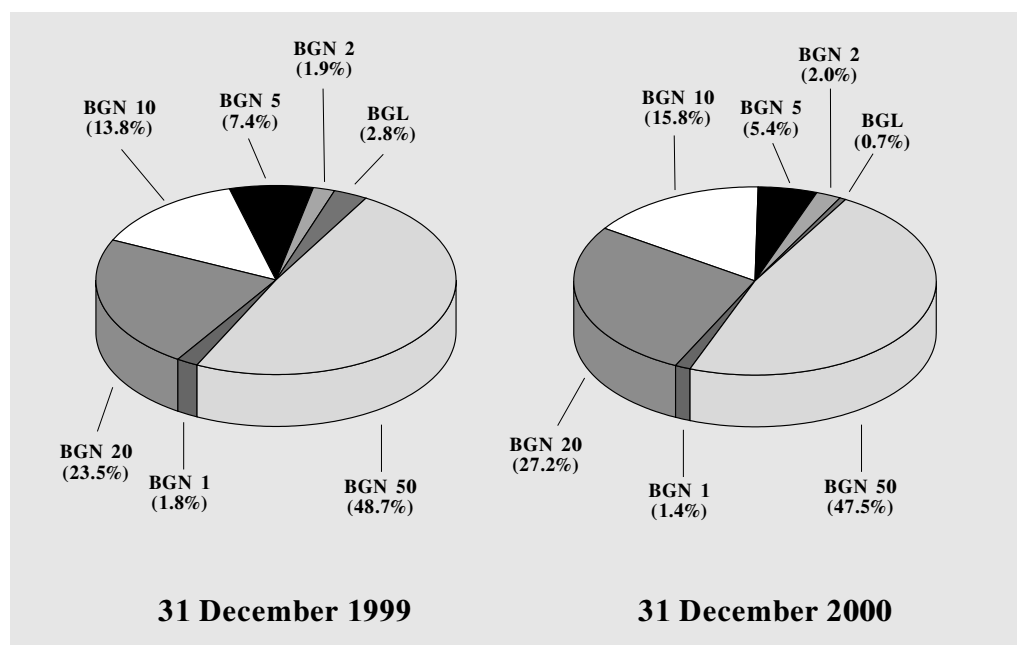
Source: BNB.

**Denomination
Composition**

At the end of 2000 the number of circulating banknotes was 269 million or BGN 3,100 million, of which 182 million or BGN 2,458 million were outside BNB vaults. The average banknote outside BNB vaults was worth 14 levs against 12 levs in 1999.

As of 31 December 2000 the number of circulating coins was 275 million or BGN 31 million, of which 245 million of BGN 25 million were outside BNB vaults. The average coin outside BNB vaults was worth 0.10 levs against 0.12 levs in 1999.

DENOMINATION COMPOSITION OF CIRCULATING BANKNOTES



Source: BNB.

Commemorative Coin Issue

In 2000 the BNB put the following commemorative coins into circulation:

Name of coin	Issue	Nominal value	Metal	Circulation date	Mintage (number)	Sold in 2000 (number)
Summer Olympic Games, Sidney, 'Weightlifting'	2000	10 levs	Ag 925	22.05.2000	20,000	7,954
The Church of Pantokrator – EURO	2000	10 levs	Ag 925	29.05.2000	20,000	8,022
Todor Svetoslav Terter – EURO	2000	10 levs	Ag 925	11.09.2000	20,000	3,863
Beginning of the new Millennium	2000	10 levs	Ag 925	20.11.2000	6,000	5,983

Source: BNB.

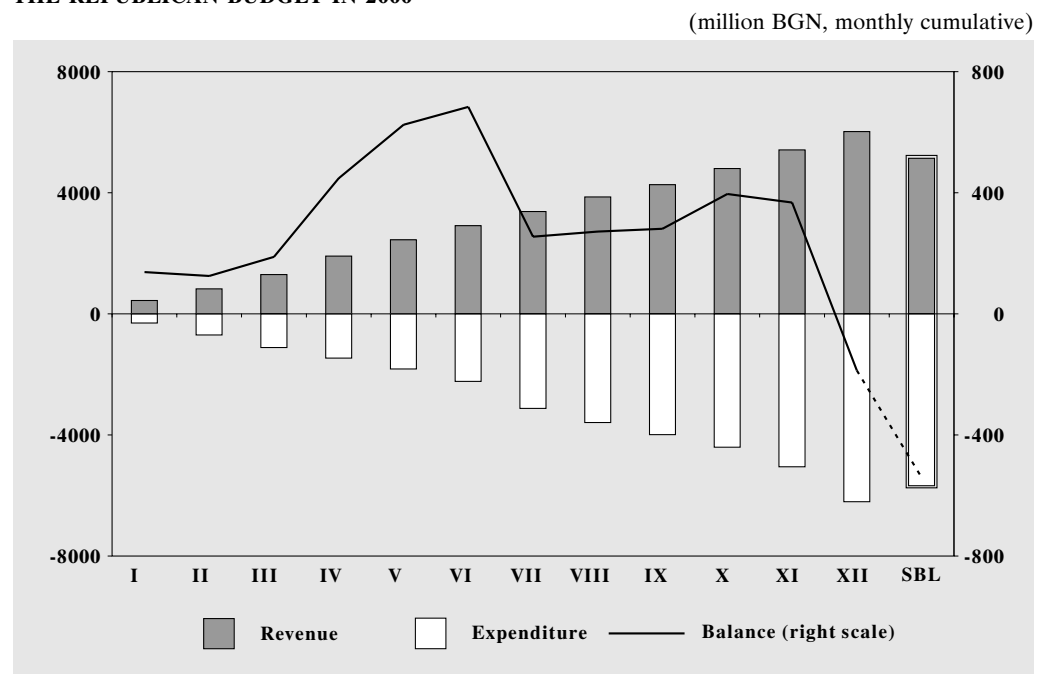
4. The Fiscal Sector

The Republican Budget

At the end of 2000 the republican budget reported a deficit of BGN 183.8 million. This comprised only 35% of the amount stated in the law. Revenue performance was 117.1%, and expenditure performance was 109.3% against the Budget Law provision. A major reason for these results was higher inflation than projected in the budget macroframework. This had an effect on revenues and on expenditures. The net effect was determined by the share of revenue from VAT collection, customs duties, and excise against the share of inflation-related expenditure, including salaries.

This higher republican budget expenditure was mainly due to higher than projected transfers (by 77%), directed to cover deficits in the constituent budgets of the consolidated state budget. Budget revenues were boosted as a result of higher than expected deficit on the balance of payments current account, i.e. greater customs revenue (including dollar rate gains which increase import prices). This refers especially to regular payment of excise and VAT by fuel importers.

REVENUE AND EXPENDITURE OF THE REPUBLICAN BUDGET IN 2000



Source: MF.

Having stayed in surplus in all months, the republican budget ran a deficit in the last month of the year. At the end of the year expenditures were twice as high as those in the preceding several months. Higher operating expenditures reflect extra

salaries paid to employees in the budget-supported sphere. BNB monetary statistics for December 2000 reported a sharp rise in reserve money (especially currency outside banks): by BGN 298 million, against lower government deposit. This reflects the specifics of the Bulgarian currency board (the government deposit is included in the Issue Department balance sheet): when expenditures are not directed abroad, they impact the money supply directly.

Deficit financing through operations abroad was negative (BGN -502.3 million, more than four times higher than Budget Law provision). Principal repayment on the obligations to the Paris Club was the main reason for negative net foreign financing: principal payments totaled USD 154 million.

Internal financing and privatization revenues nearly matched the Law's projections: BGN 359.8 million, and BGN 326.4 million respectively. The net issue of government securities was negative (BGN -285.6 million). The net decrease in deposits and accounts (by BGN 343.5 million) was another aspect of domestic financing.

In July budget-supported bodies were consolidated in the single budget account at the BNB. This includes funds on lev accounts: budgetary, extrabudgetary, accumulative and deposit accounts. To monitor and control payments the Ministry of Finance set limits on major budget-supported bodies' expenditures.

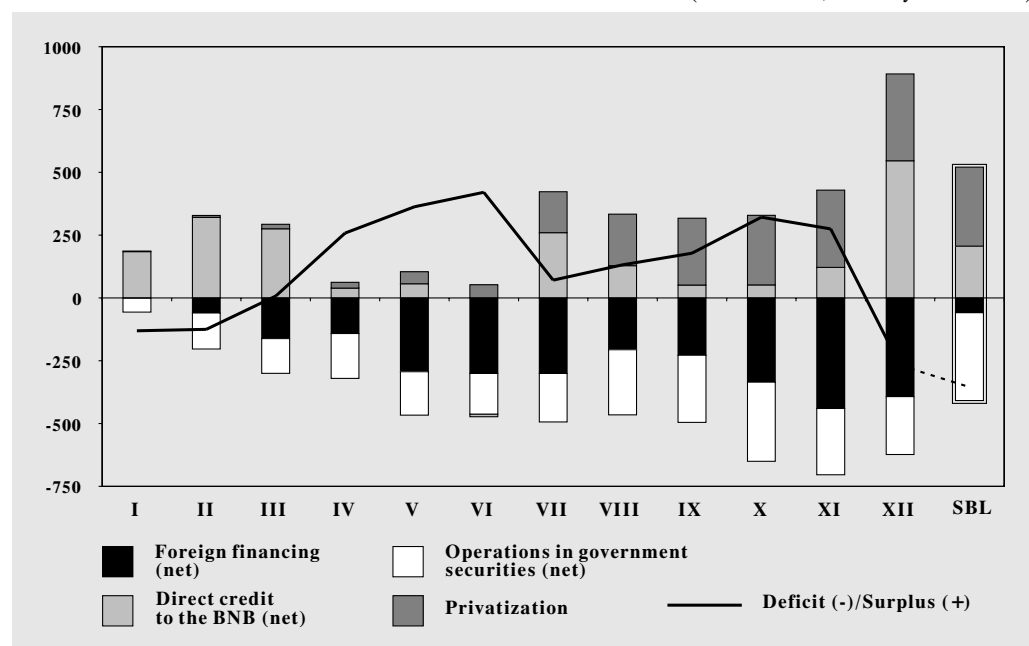
The Consolidated Fiscal Program

Sustained macroeconomic stability in 2000 was due to fiscal sector stability to a large extent. The conservative budget contributed to nonperformance of the projected deficit. The deficit on the 2000 consolidated budget reached BGN 269.2 million against the projected BGN 355 million, i.e. a quarter less than the Law's provision. Revenues totaled BGN 11,065 million (against a BGN 10,128 million provision), and expenditures accounted for BGN 11,334 million (against BGN 10,484 million provision). The reasons for the surplus on the execution of the revenue and expenditure sides are the same as those on the republican budget.

Internal financing totaled BGN 328 million. This included the net issue of government securities, which was negative at BGN -285.6 million, the change (decrease) in deposits by BGN 270 million, and privatization revenues of BGN 345 million. Similar to the republican budget, foreign financing was negative at BGN -404.36 million and well above projected figures.

FINANCING THE BALANCE ON THE CONSOLIDATED FISCAL PROGRAM IN 2000

(million BGN, monthly cumulative)



Source: MF.

The deficit on the consolidated budget as a percentage of GDP comprised 1.1% against the projected 1.5%. Revenue made up 43.5% of GDP and expenditure: 44.5%. Compared with 1999 the share of revenue increased by one percentage point, and that of expenditure: by 0.8 percentage points.

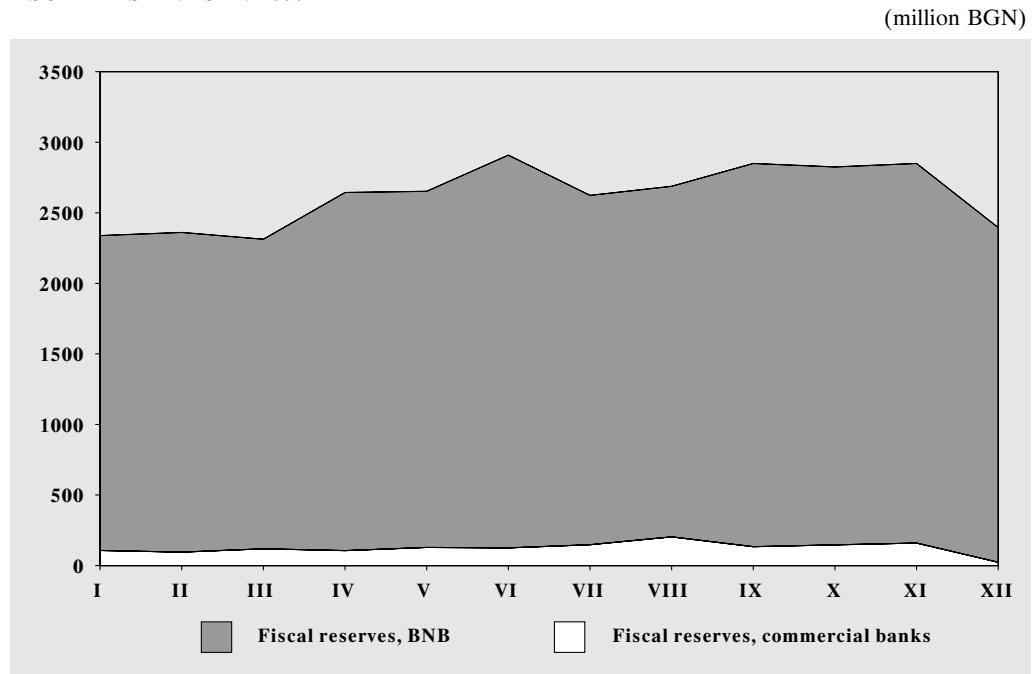
The share of tax (direct taxes) revenue in total revenue fell by one percentage point on 1999. The increased share of VAT and excise (also lower customs duties and charges) helped offset the decrease. The same dynamics is expected for 2001, given the changed corporate tax and personal income tax rates.

Fiscal Reserves

In 2000 government fiscal reserves at the BNB and commercial banks followed the dynamics of the consolidated state budget balance. Low tax revenue and foreign debt payments in early 2000 caused fiscal reserves to mark a low point for the review period. They served as buffers to absorb timing differences between budget revenues and expenditures and to support budget execution, eliminating the need for exceptional financing through government securities issues.

As of 31 December 2000 fiscal reserves at the BNB and commercial banks totaled BGN 2,395 million.

FISCAL RESERVES IN 2000



Source: MF.

Government Debt

During the year under review *domestic government debt* decreased by 16.2%. The greatest decrease occurred in government securities issued under structural reform: by 28.9%. As of 31 December 2000 domestic debt totaled BGN 4,328.138 million (including obligations to the IMF). Direct debt to the BNB (IMF tranches) had the largest share: 59.2% of total domestic debt.

After 1997 the budget's need for government securities issues has decreased, consistent with financial stabilization and improved tax collection. The negative net issue for 2000 reflects maturing government securities for structural reform, which were not renewed.

The ratio between internal (government securities) and external (IMF – direct debt to the BNB) sources of deficit financing remained unchanged.

Total expenditure on domestic debt service (interest/discount payments) totaled BGN 254.3 million, including BGN 121 million on the direct debt to the BNB.

DOMESTIC GOVERNMENT DEBT

	1999		2000	
	BGN '000	%	BGN '000	%
Government securities for budget deficit financing	804,765.4	15.6	932,374.7	21.5
Direct debt to the BNB ³¹	2,203,160.1	42.6	2,560,927.6	59.2
Government securities for structural reform	1,141,659.9	22.1	811,160.8	18.7
Euro-denominated government bonds under RBSBL for 1999	96,817.0	1.9	13,690.8	0.3
Total government debt	4,246,402.3	82.2	4,318,153.9	99.8
Government guaranteed debt/ domestic government guarantees	920,099.4	17.8	9,984.1	0.2
Total domestic debt	5,166,501.7	100.0	4,328,138.0	100.0

Source: MF.

Slowly recovering lending to the real sector following the 1996 – 1997 crisis impacted the government securities market. In the conditions of high liquidity and thin trade on the stock exchange, commercial banks channeled their funds into government debt investment. Demand (bids) systematically exceeded supply at primary auctions, sometimes three or four-fold. The coverage coefficient of sold issues remained high: 2.2 (highest being that for medium-term government securities, at 3.29). Yield on medium-term government securities decreased gradually and that on short-term securities rose slightly in line with demand for these issues. The average weighted maturity of government securities for budget deficit financing continued to increase in 2000, reaching two years and two months at year-end.

At the end of 2000 *government foreign debt* decreased slightly compared with the previous year. Obligations to the IMF and EU rose in net terms, the remaining items showing a decrease, particularly the obligations to the Paris Club.

US dollar appreciation during the year did not pose debt service problems. Projected deficits on the republican and consolidated budgets were not exceeded. Obligations in US dollars comprised 65.5% of total foreign debt. The average residual term of the debt is 12 years and five months.

GOVERNMENT FOREIGN DEBT

	1999 (million USD)	2000 (million USD)	Change (%)
<i>I. Government debt</i>	8,369.5	8,234.3	-1.62
London Club	4,977.4	4,976.1	-0.03
Paris Club	814.8	600.4	-26.31
World Bank	824.3	827.8	0.42
G-24	71.2	56.5	-20.65
European Union	401.8	428.0	6.52
IMF	1,131.6	1,218.4	7.67
Other	148.4	127.1	-14.35
<i>II. Government guaranteed debt</i>	652.0	679.6	4.23
<i>III. Called government guarantees</i>	48.4	54.0	11.57
Total	9,069.9	8,967.9	-1.12

Source: MF.

³¹ In essence direct debt to the BNB is not a domestic debt, since it reflects receipts of IMF tranches.

III. Foreign Exchange Reserves Management

1. Amount and Dynamics of International Foreign Exchange Reserves

Gross foreign exchange reserves measured by the total balance sheet figure of the Issue Department sustained an average level of about BGN 6.4 billion (EUR 3.3 billion), indicating an increase over the previous year's average size by more than BGN 1.2 billion. The general trend toward an increase in forex reserves, started after the introduction of a currency board, continued.

The year could be conditionally split into two periods: between January and September forex reserves ranged between BGN 6 and BGN 6.5 billion, while in the last three months of 2000 they increased to approximately BGN 7.2 billion as a result of privatization of Bulbank. This period saw the historically highest level of forex reserves since the introduction of the currency board: about BGN 7.4 billion. The highest level reported in 1999 was BGN 6.3 billion and in 1998, BGN 5.4 billion.

SELECTED INDICATORS OF THE ISSUE DEPARTMENT BALANCE SHEET (average values)

	(million BGN)		
	1998	1999	2000
Gross reserves	4,800	5,201	6,410
Net reserves	724	813	875
Government	1,945	2,070	2,644
Banks	621	575	638
Notes and coins	1,487	1,735	2,103

Source: BNB.

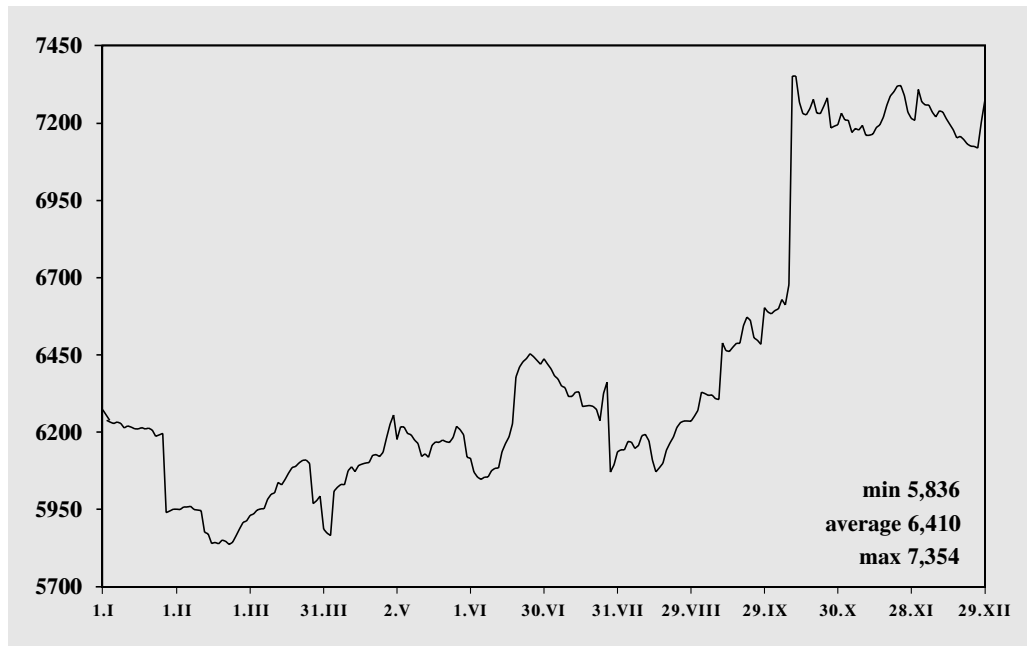
Forex reserve dynamics during 2000 reflects:

- reserve currency purchases in the forex market. Reserve currency purchases (net) approximated EUR 578 million (BGN 1,130 million), including non-cash purchases of EUR 375.5 million and cash purchases of EUR 144.1 million by commercial banks and counter purchases of EUR 58.4 million by individuals and companies.
- revenue realized from forex reserve management: approximately BGN 260 million.
- EUR 345 million (BGN 675 million) transferred to the account of the Bank Consolidation Company due to privatization of Bulbank. This resulted in a dramatic rise in forex reserves in early October.
- MF payments on government debt service (domestic and foreign debt denominated in foreign currency). Payments from MF accounts with the BNB exceeded the amount of new external financing received by approximately EUR 60 million and USD 600 million.

Net forex reserves (the *Banking Department deposit* item in the balance sheet) stayed at an average of BGN 875 million, an increase of more than BGN 60 million compared with the 1999 average. The reason behind the dramatically decreased absolute value of net reserves at end-April was the excess of revenue over expenditure for 1999 paid by the BNB to the MF account.

DYNAMICS OF GROSS FOREIGN EXCHANGE RESERVES

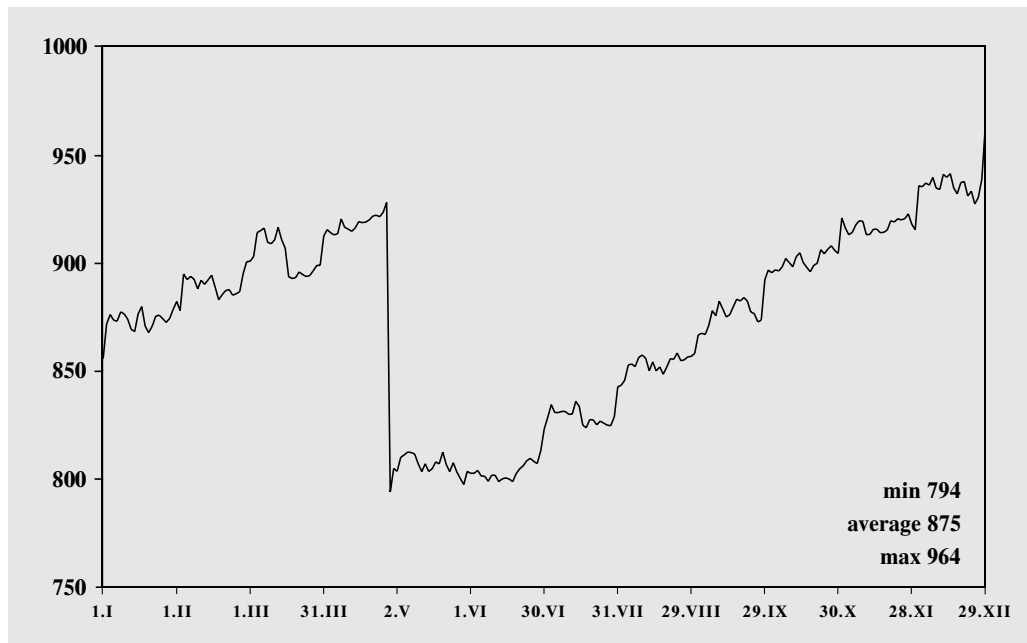
(million BGN)



Source: BNB.

DYNAMICS OF NET FOREIGN EXCHANGE RESERVES

(million BGN)



Source: BNB.

2. Management Strategy for International Foreign Exchange Assets

The state of international financial markets, European Central Bank (ECB) and Federal Reserve System (FRS) interest rate policies, as well as movements in cash flows over 2000 appeared to be the major parameters in international forex reserve management.

Portfolio Positioning in Euro

During 2000 yield curves in the eurozone slid down which was the major reason behind a protection strategy³² in euro-denominated portfolio management. Portfolio duration was maintained lower than the benchmark (0.90) with the exception of July. The shorter duration was aimed at limiting interest rate risk under the conditions of rising interest rates. Increased duration in July reflected the expectations of reducing market volatility in the summer, and the interest in investing funds with higher yield: an opportunity available at the longer ends of the curve.

As a result the portfolio's yield experienced smoother fluctuations than the benchmark yield. Over 2000 dramatic fluctuations in the portfolio's yield occurred in June and July due to serious market volatility caused by unexpected increases in ECB interest rates by 50 basis points (against the expected 25 basis points), and contradictory economic information about the eurozone.

Throughout 2000 cash flows from and to the portfolio had relatively small weights and did not affect significantly the implementation of the investment strategy. The slight change in the portfolio structure was a result of the transfer of EUR 345 million by the Bank Consolidation Company to the BNB, and of the funds provided to the MF (EUR 125 million) for foreign debt payments in the fourth quarter of 2000.

Portfolio Positioning in US Dollars

During 2000 the US government securities market was characterized by two opposing trends: an increase in interest rates and the correspondingly higher government securities yield in the first half of 2000; and slower economic growth, problems in the US corporate sector, an expected reduction in interest rates by the FRS, and a correspondingly dramatic fall in government bonds by year-end.

Portfolio duration in most months of the year was maintained higher than the benchmark. Payments to the London Club in January, worth USD 140 million, was the major factor responsible for rapidly increased duration in early 2000. The high duration continued during the first half of 2000 and increased exposure to government securities with longer term was consistent with the US Treasury program for reverse repurchase of debt which had a positive effect on long-term bonds. The FRS raised interest rates several times which prompted stronger portfolio volatility than the benchmark. Due to worsened conditions in the government securities market and the payment to the London Club in July, portfolio composition changed and investments were concentrated primarily in money market instruments and government bonds with a term of up to one year, with duration dramatically shortening under the benchmark within a week.

Given the signals of an economic slowdown in the second half of 2000, portfolio duration again exceeded the benchmark and stayed longer until the end of the year. Exposure to spread products also increased reflecting the attractive yield on these products and smaller spreads than in government securities.

³² Barbell investment in instruments up to three months and two to ten years, including government securities with a floating coupon.

3. Structure and Profitability of International Foreign Exchange Assets and Risk Management

By a resolution of the Managing Board of the BNB an Analysis and Control of Risk Directorate was established in 2000. Major tasks of the Directorate include strategic structuring of assets, analysis of assets management efficiency and independent, thorough and timely accounting.

Foreign Currency Structure of the Actively Managed Portion of Forex Reserves

The bulk of BNB assets is denominated in the base currency, the euro. By the end of 2000 the share of EUR-denominated assets accounted for 86.7% of the total actively managed portion of forex reserves, while the share of USD-denominated assets was 9.8%. Data presented in the table below is based on the trade date by the end of each quarter.

STRUCTURE OF ASSETS BY CURRENCY IN 2000

	I quarter		II quarter		III quarter		IV quarter	
	million BGN	%	million BGN	%	million BGN	%	million BGN	%
EUR	4,070	87.7	4,299	84.1	4,539	86.5	5,156	86.7
USD	348	7.5	556	10.9	489	9.3	583	9.8
CHF	83	1.8	107	2.1	69	1.3	64	1.1
XAU	142	3.1	148	2.9	153	2.9	144	2.4
Assets, total	4,643	100	5,110	100	5,250	100	5,947	100

Source: BNB.

Foreign Currency Structure of the Portion of Forex Reserves Which Are Not Actively Managed by the BNB

By the end of each quarter during 2000 the market value of assets which were not subject to active management by the BNB is as follows:

	(million BGN)			
	I quarter	II quarter	III quarter	IV quarter
Foreign currency cash	22.51	38.26	26.09	38.80
Assets in GBP	1.86	0.85	5.98	1.34
Assets in JPY	0.09	0.06	0.55	21.66
Assets in SDR	99.38	158.55	222.73	177.92
Assets at external managers	491.56	493.61	499.08	511.46
Monetary gold in BNB vaults	581.65	608.43	627.57	590.53

Source: BNB.

During 2000 two external managers managed a portion of EUR-denominated forex reserves in order to diversify assets and prepare expertise for improving BNB portfolio management. The results obtained by the external managers were also used as an additional criterion in assessing the management efficiency of the BNB's major portfolios (in euro and US dollars).

To improve the efficiency of forex reserve and monetary gold management, the BNB Board decided to deposit in foreign banks up to 50% of the monetary gold kept in BNB vaults. In fulfilling this decision BNB experts are analyzing the optimal quantity, expected revenue, and risks.

Foreign exchange risk was minimized by adhering to the admissible deviation of +/-2% of the assets foreign exchange structure to the liabilities structure laid down in Article 31, para. 3 of the Law on the BNB.

Structure of the Actively Managed Portion of Forex Reserves by Financial Instrument

Investment in securities and deposits comprised the biggest share of forex reserves by financial instrument. The negative share of cash by the end of the first and fourth quarters of 2000 reflected transactions concluded on the 31 March and 29 December 2000 trade dates when there were no sufficient free funds in the portfolio equivalent to the amount of concluded transactions on a particular date. However, these funds became available by the value date in the form of an external flow or maturing investments.

STRUCTURE OF ASSETS BY FINANCIAL INSTRUMENT IN 2000

Type of instrument	I quarter		II quarter		III quarter		IV quarter	
	million BGN	%	million BGN	%	million BGN	%	million BGN	%
Cash	-16	-0.3	133	2.6	335	6.4	-279	-4.7
Deposits	1,737	37.4	1,378	27.0	1,799	34.3	2,137	35.9
Securities	2,922	62.9	3,599	70.4	3,116	59.4	4,089	68.8
Assets, total	4,643	100	5,110	100	5,250	100	5,947	100

Source: BNB.

Structure of the Actively Managed Portion of Forex Reserves by Residual Term

The bulk of BNB assets was invested in instruments (current accounts, short-term deposits in foreign currency and gold, and securities) with a residual term to maturity of up to one year. The share of these assets in each quarter of 2000 was 72.9%, 70%, 74.7%, 78.7% respectively. The negative share of the three-day maturity item corresponding to the Cash item in the previous Table is explained in the above paragraph.

STRUCTURE OF ASSETS BY MATURITY IN 2000

Maturity	I quarter		II quarter		III quarter		IV quarter	
	million BGN	%	million BGN	%	million BGN	%	million BGN	%
Up to 3 days	-16	-0.3	133	2.6	335	6.4	-279	-4.7
From 3 days to 1 month	2,085	44.9	1,539	30.1	1,887	35.9	2,943	49.5
From 1 month to 1 year	1,316	28.3	1,908	37.3	1,700	32.4	2,015	33.9
From 1 to 3 years	920	19.8	1,141	22.3	1,008	19.2	961	16.2
From 3 to 5 years	278	6.0	249	4.9	241	4.6	223	3.7
From 5 to 10 years	60	1.3	140	2.7	79	1.5	84	1.4
Assets, total	4,643	100	5,110	100	5,250	100	5,947	100

Source: BNB.

Return, Volatility and Interest Rate Risk of the Actively Managed Portion of Forex Reserves

EUR-denominated portfolio. In the review period return on the EUR-denominated portfolio was 4.46%, exceeding by one basis point the return on the corresponding benchmark. The volatility (standard deviation) of the realized portfolio return was 0.56%, while the return on the benchmark was 0.59%. Modified portfolio duration,³³ a measure of interest rate risk, was 0.78 years, while modified benchmark duration averaged 0.87 years during the review period. The portfolio Sharp ratio³⁴ was 1.21, and that of the benchmark was 1.13.

³³ A measure of interest rate risk evaluating the percentage change of the market value, provided the yield to maturity changes by 1%.

³⁴ The Sharp ratio is a measure of realized extra return over the risk-free return and allows for correct interpretation and comparison of the efficiency of portfolio management with various degrees of risk. The higher the Sharp ratio for a particular portfolio, the more efficient is the portfolio's management.

**RETURN ON BNB EUR-DENOMINATED PORTFOLIO
AGAINST BENCHMARK IN 2000**

(%)

	I quarter	II quarter	III quarter	IV quarter	2000
Portfolio	0.89	0.76	1.13	1.60	4.46
Benchmark	0.86	0.74	1.07	1.71	4.45

Source: BNB.

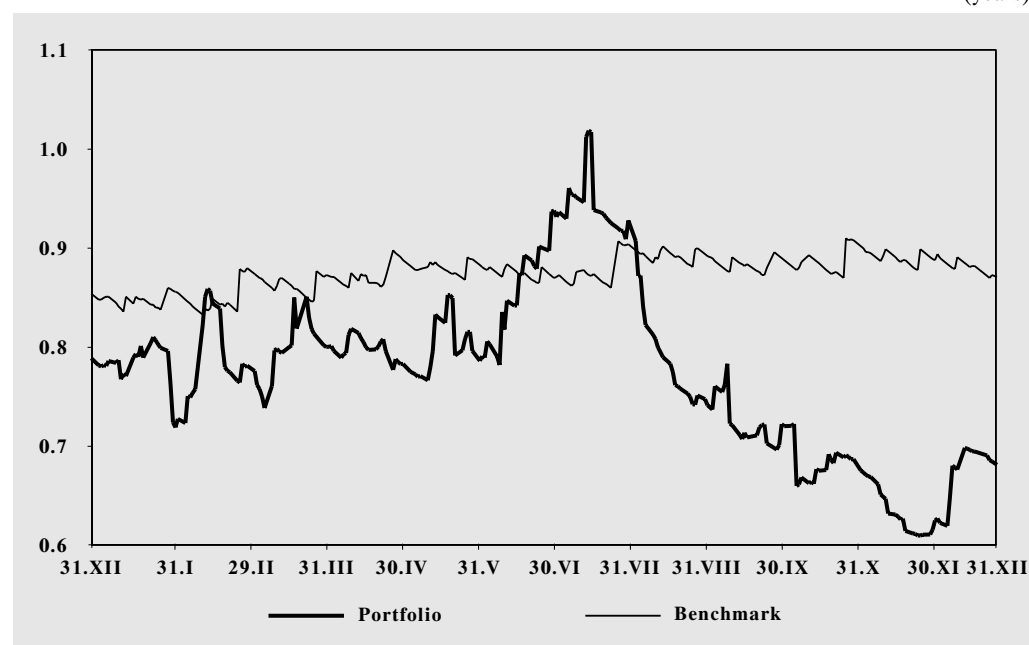
**RETURN, VOLATILITY AND INTEREST RATE RISK
OF BNB EUR-DENOMINATED PORTFOLIO IN 2000**

	Portfolio	Benchmark
Return (%)	4.46	4.45
Volatility (%)	0.56	0.59
Modified duration (years)	0.78	0.87
Sharp ratio	1.21	1.13

Source: BNB.

MODIFIED DURATION OF BNB EUR-DENOMINATED PORTFOLIO IN 2000

(years)



Source: BNB.

USD-denominated portfolio. In 2000 return on the USD-denominated portfolio was 6.71%, exceeding by 44 basis points the return on the corresponding benchmark. Portfolio volatility was 0.57%, while benchmark was 0.26%. Modified portfolio duration over the review period averaged 0.37 years, while the value of the same indicator for the benchmark was 0.23 years. The portfolio Sharp ratio was 1.49 and the benchmark, 1.53.

**RETURN ON BNB USD-DENOMINATED PORTFOLIO
AGAINST BENCHMARK IN 2000**

(%)

	I quarter	II quarter	III quarter	IV quarter	2000
Portfolio	1.33	1.60	1.79	1.83	6.71
Benchmark	1.37	1.53	1.52	1.71	6.27

Source: BNB.

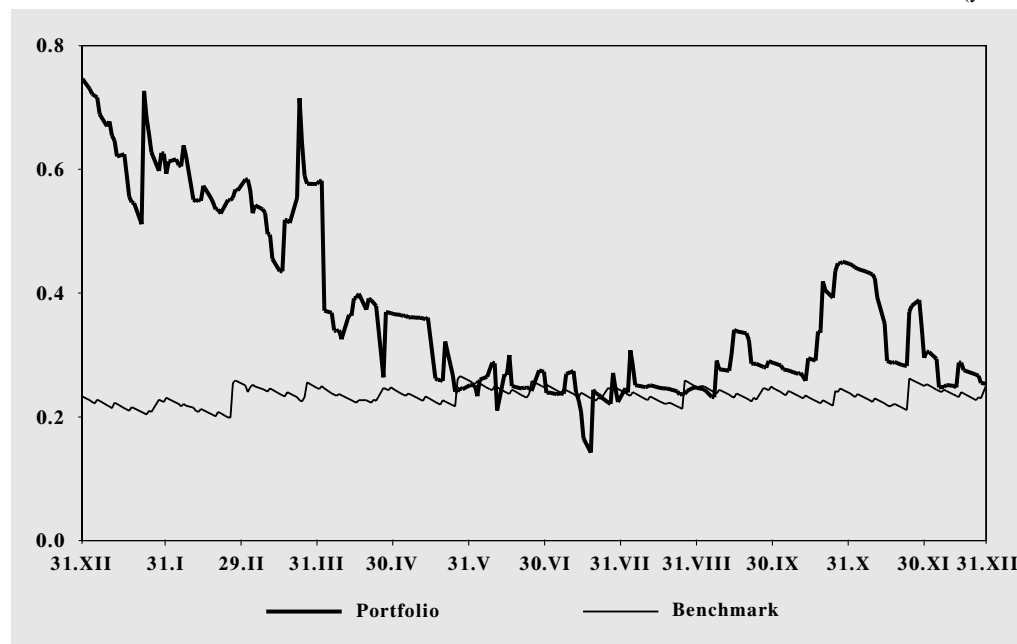
**RETURN, VOLATILITY AND INTEREST RATE RISK
OF BNB USD-DENOMINATED PORTFOLIO IN 2000**

	Portfolio	Benchmark
Return (%)	6.71	6.27
Volatility (%)	0.57	0.26
Modified duration (years)	0.37	0.23
Sharp ratio	1.49	1.53

Source: BNB.

MODIFIED DURATION OF BNB USD-DENOMINATED PORTFOLIO IN 2000

(years)



Source: BNB.

Monetary gold managed by the BNB. Major instruments employed in monetary gold management were short-term deposits with a maximum term of up to three months. In 2000 realized return was 0.55% and the average annual interest rate on one-month, two-month and three-month gold deposits was 0.39%, 0.51% and 0.62% respectively. As a result realized portfolio return exceeded the average annual interest rate on two-month deposits by four basis points.

REALIZED RETURN ON MONETARY GOLD MANAGED BY THE BNB IN 2000

(%)

	I quarter	II quarter	III quarter	IV quarter	2000
	0.17	0.12	0.14	0.12	0.55

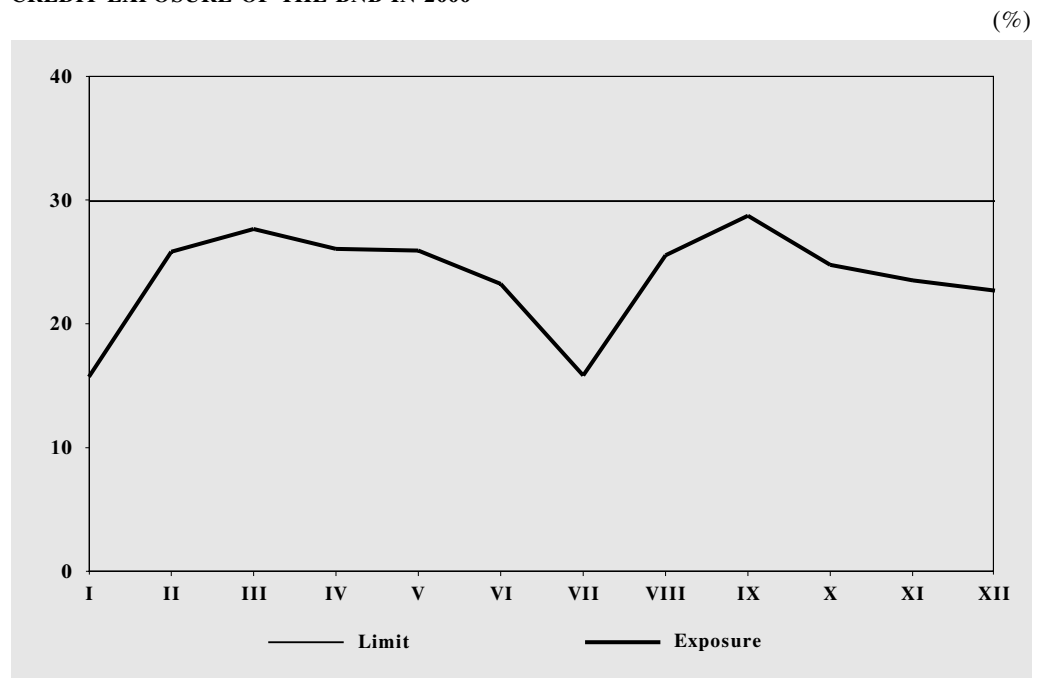
Source: BNB.

**Credit
Risk**

The bulk of BNB international forex reserves was invested in government and government guaranteed securities issued by countries with at least AA long-term credit rating. Financial BNB counterpart institutions have a minimum of an AA long-term credit rating to the evaluation criteria of at least two of the three international credit rating agencies (Moody's, Standard & Poors and Fitch IBCA). During the review period 79% of the instruments in which the BNB invested, taken on an average, had the highest AAA long-term credit rating according to Fitch IBCA. This guaranteed the safety of BNB investments, consistent with the Law on the BNB.

Moreover, maximum total BNB exposure to commercial banks (credit exposure) comprised less than 30% of forex reserves. The chart below shows the dynamics of credit exposure on a monthly basis.

CREDIT EXPOSURE OF THE BNB IN 2000



Source: BNB.

IV. Liquidity and the Financial Markets

1. Liquidity

During 2000 the banking system maintained a current liquidity level that allowed normal meeting of obligations as regards settlement and till operations. Ordered but unpaid instruments were incidental and far below the liquidity risk criteria established: 15% for two consecutive days or 8% for five consecutive days, calculated on the basis of the total volume of payment instruments ordered in the banking system.

Liquidity ratios give a more general idea of the liquidity potential of the banking system.

LIQUIDITY RATIOS

(calculated at asset book value)

	31.XII.1999	30.VI.2000	31.XII.2000
Liquid assets to attracted funds from nonfinancial institutions	53.6	53.75	58.7
Liquid assets to total attracted funds	46.7	47.04	50.4

Source: BNB.

The ratios reflect the degree of asset cover for attracted bank funds from the nonfinancial sector and the financial and nonfinancial sectors as a whole. Liquid assets include: cash in hand; funds on accounts with the BNB less minimum required reserves; funds with foreign correspondents on current accounts and time deposits; and short-term government securities.

The Interbank Money Market

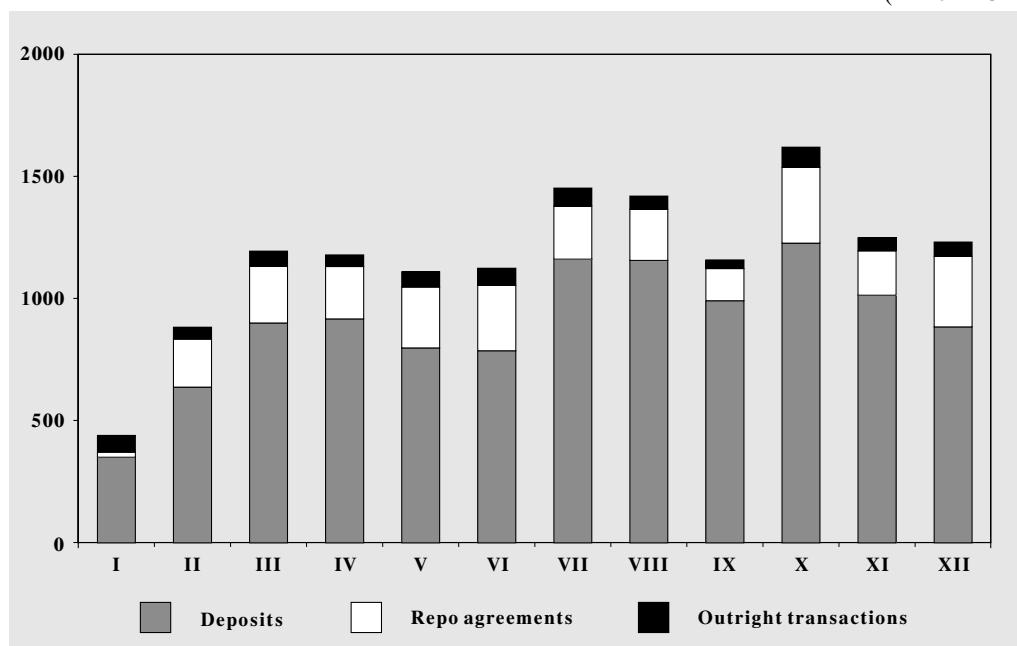
During 2000 the interbank money market operated amid continued stabilization of the financial sector, and an increased volume of traded funds and number of participants. Besides commercial banks three nonbank institutions operating as primary dealers participated directly in the interbank money market.

Total market volume increased by over BGN 5 billion (57%) on a year earlier. In structural terms, deposits grew most, almost doubling, with their share accounting for 77% (against 61% in 1999). Outright transactions in government securities also rose (by 11%), but their share in total transactions fell to 5% (against 7% in the previous year). Repo agreements decreased both in volume and share (from 32% in 1999 to 18% in 2000).

As regards the term of transactions, the past several years' trend of one-day transactions having the largest share (58% of total volume) continued. This confirmed the view that the interbank money market is the major source of current liquidity management within the banking system.

INTERBANK MONEY MARKET IN 2000

(million BGN)



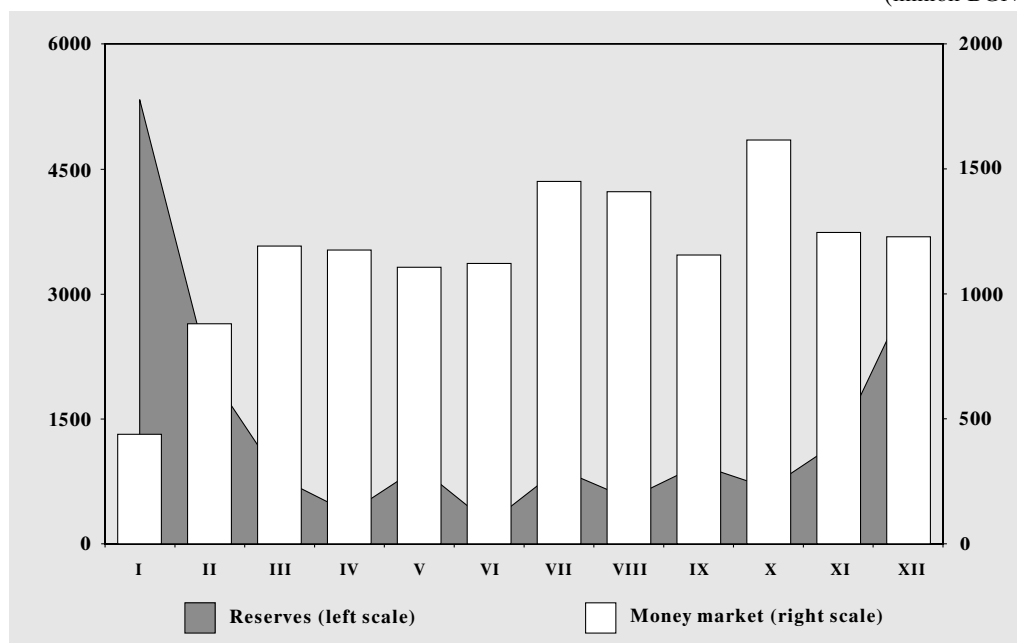
Source: BNB.

The main internal factor affecting interbank market developments in 2000 were cash flows to and from the MF. They followed a monthly cyclical pattern of accumulation of excess reserves in commercial bank settlement accounts at the beginning of the month, and nonperformance of minimum required reserves from mid-month onward. This reflected directly on the interbank market volume and caused changes in the average interbank interest rate. In addition, the reduction of the percentage of minimum required reserves from 11% to 8% from 1 July 2000 impacted interbank market developments to some extent.

The ratio between secured and unsecured transactions in the interbank market (57:43) retained close to that of the previous year (56:44). Mainly foreign banks' branches, thanks to their high rating, were able to borrow funds through unsecured deposits.

INTERBANK MONEY MARKET AND RESERVES IN 2000

(million BGN)

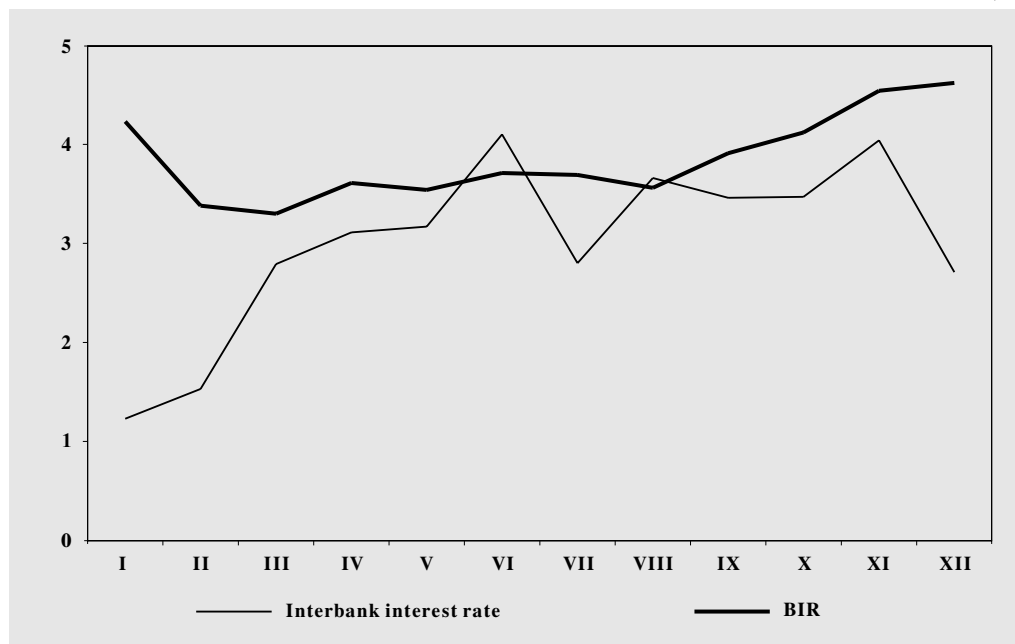


Source: BNB.

In 2000 the average interest rate on interbank market transactions was 3.17%, or below the average base rate (3.85%). In different periods significant fluctuations occurred: in January, given the high liquidity and low demand for funds, interbank market rates bottomed at a low of 1.23% on average, against a 4.23% base rate; in June, when lev liquidity was low, interbank funds were traded at the highest interest rates since the launch of the currency board in July 1997: 4.15% on average, against a 3.71% base rate.

BASE INTEREST RATE AND INTERBANK INTEREST RATE IN 2000

(%)



Source: BNB.

Commercial Bank Reserves

In 2000 the volume of attracted bank funds moved smoothly in different months, with no significant deviations from those reported as year average. Lev deposits increased by 17.5% and foreign currency deposits in lev equivalent terms by 19.5%, taking lev devaluation against the US dollar into account. The Bulgarian American Credit Bank and Citibank N.A. were licensed and started maintaining minimum required reserves in the review year.

A resolution of the BNB Managing Board, effective as of 1 July 2000, cut minimum required reserves from 11% to 8% of the deposit base. The analysis of data on how funds freed from this reduction were placed showed:

- preserved conditions for MF fiscal policy pursuit did not absorb free funds;
- newly extended loans did not increase significantly from previous periods, even decreasing in absolute terms in particular months;
- the highest increase occurred in foreign banks' deposits and credits;
- interbank market traded funds volumes increased simultaneously with the increase in excess reserves as follows:

INTERBANK MARKET AND EXCESS RESERVES

Period	Interbank market		Excess reserves	
	BGN '000	growth, %	BGN '000	growth, %
1999	33,691	-	30,826	-
January – June 2000	45,040	133.7	49,898	161.9
July – December 2000	62,639	185.9	41,011	133.0
2000	53,840	159.8	45,454	145.5

Source: BNB.

Under volatile conditions significant fluctuations occurred in the structure of reserve assets held by banks as required reserves. In different periods and to different degrees banks used their discretion to maintain minimum required reserves in foreign currency on attracted funds in foreign currency. While in December 1999 the lev equivalent of deposited foreign currency comprised 57.7% of required reserves on foreign currency deposits, in December 2000 the coverage coefficient was 48%. In February 2000 this ratio fell to 37.3%, the lowest under Regulation No. 21 enforcement, due to high lev liquidity in the banking system reflecting two factors:

- significant funds in settlement accounts at the beginning of the year as a result of excessive reserve building and an almost moribund interbank market fearing the *Millennium Bug*;
- MF repayment of interest and partial payment of principal on foreign currency denominated *ZUNK bonds*, which caused a further increase in lev liquidity and forced commercial banks to withdraw substantial amounts of foreign currency deposited with the BNB.

Changing conditions in international markets prompted significant changes in the structure of reserves maintained in foreign currency by type of currency. Compared with end-1999, in December 2000 effectively deposited reserves in US dollars comprised 57.1%, those in euro 80.9% and those in Swiss francs: 55.58%. Although the banks were flexible in managing current and medium-term liquidity through changes in the structure of reserve assets during the year, the practice of maintaining considerable excess reserves continued: BGN 45.5 million on average for the banking system (a 47.4% increase on 1999). One of the major reasons for this is the need to service current payments under the existing settlement system, which will soon be replaced by the real time one. Another reason is the continuing shortage in lev funds in the market consistent with the reduced net issue of government securities and an ongoing reluctance by banks to lend wider to the real sector, despite reduced minimum reserve requirements. This may be another effect of lowered interest rates for borrowers.

During the year banks did not face difficulties in maintaining minimum required reserves at the BNB. In certain months certain banks failed to comply, which may be seen as incidental and attributable to liquidity mismanagement rather than disturbed liquidity.

2. The Financial Markets

The Government Securities Market

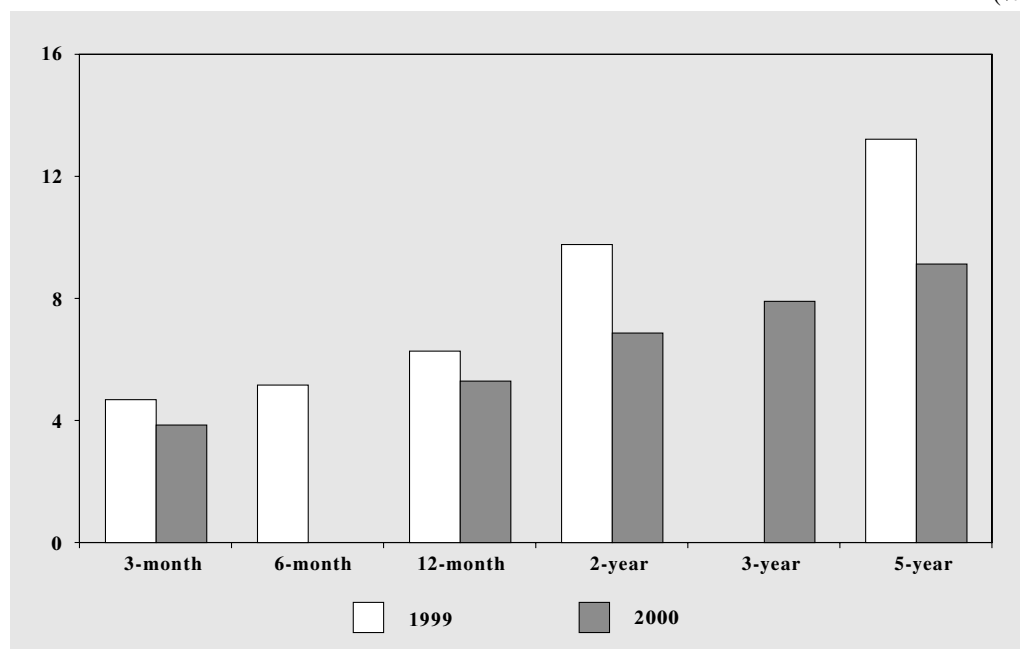
The Primary Market

The year witnessed issuing policy gradually restructuring toward increasing the share of fixed-income government securities of longer terms. The MF opted for tap issues of higher nominal value, placed at several consecutive auctions. These issues gradually replaced traditional issues with the exception of three-month ones, whose form remained unchanged due to their instrumental role in base rate setting.

The prevalence of demand over supply continued as a result of the policy of net issue reduction both through limiting new issues, and advance reverse repurchase by the MF of circulating issues of government guaranty securities. All government securities issued in 2000 were fully subscribed, and the coverage coefficient (the ratio between bids received and bids approved at the auctions) moved between 1.5 and 4.5 to 1. It sometimes stayed beyond this range, but most often stayed between 2 and 3 to 1. The coupon of the issues was gradually reduced: for two-year issues from 8% to 7% in February, and for three-year issues from 9% to 8% in April and 7.5% in October, in line with the trend toward lower yield at issue. The five-year issue of government securities placed in the third quarter had a 9% coupon.

AVERAGE ANNUAL YIELD ON NEW GOVERNMENT SECURITIES ISSUES

(%)



Source: BNB.

Target issues in the schedule before and after the change amounted to BGN 0.8 million every month with the exception of February: BGN 1.6 million. Actual monthly sales varied from BGN 0.8 million (April) to BGN 2.6 million (March and August) nominal value.

The Secondary Market

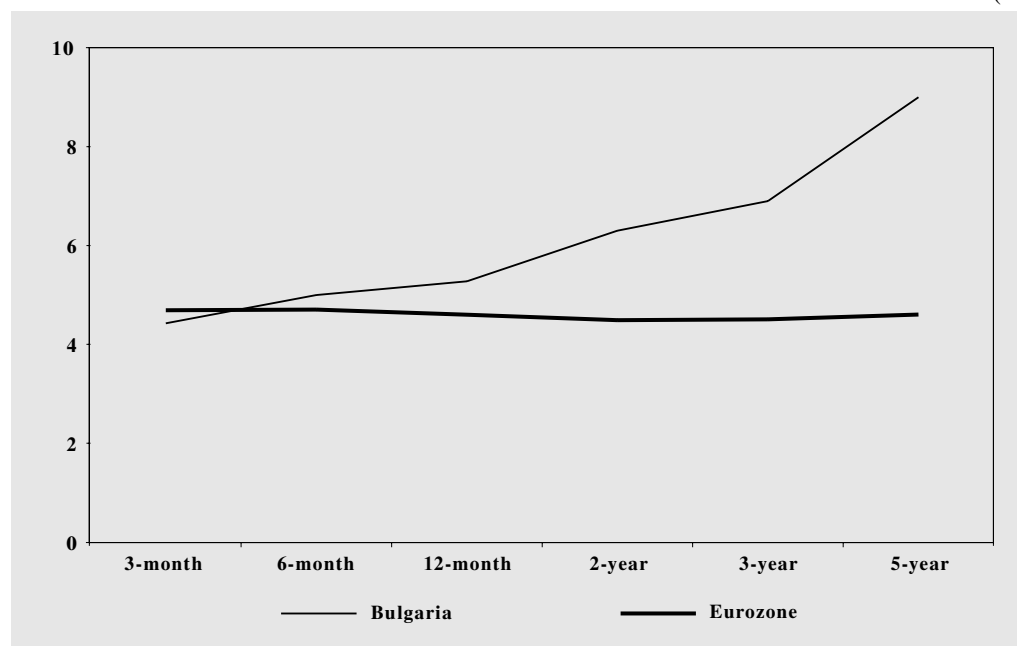
Outright commercial bank transactions with government securities (including transactions of investment intermediaries approved as primary dealers) rose by 11% on a year earlier. During the review year the yield curve in the secondary market for lev-denominated government securities moved clockwise, in line with that in the eurozone. As a result, yield on five-year government securities came close to that on three-year government securities in February (when a three-year bond was circulated). Three-year securities displayed similar dynamics in respect of two-year ones.

Bulgarian yields approximated the benchmark curve for the eurozone (German and French instruments) both in terms of direction and level. Yield on maturities exceeding one year was higher than eurozone benchmarks.

Long-term government securities denominated in US dollars issued under ZUNK in 1994 and maturing in 2019 continued appreciating, their average monthly price moving from USD 67 to USD 70 per USD 100 nominal value. The price trend of the 1999 long-term euro-denominated issue of government securities maturing in 2019 was identical.

YIELD CURVES OF GOVERNMENT SECURITIES IN BULGARIA AND EUROZONE IN 2000
(average annual values)

(%)



Source: BNB.

The Forex Market

Forex market recovery accelerated in 2000. The total volume of transactions with spot and shorter value date increased by 33.6% compared with 1999 and amounted to EUR 16,816.5 million. Typically, trade intensified in the second half of the year, comprising 57.5% of total annual turnover. Foreign currency purchases exceeded bank sales (the BNB included) by EUR 19.6 million, while in the second half the balance was negative: bank sales exceeded purchases by EUR 148.4 million.

Market Sectors

The volume of transactions with final customers rose by 30% on 1999. Unlike previous years, in 2000 the market with final customers was more balanced: forex purchases exceeded sales by just EUR 50.9 million, and in the second half of the year the banking system became a net seller of foreign currency from being a net buyer.

TRANSACTIONS WITH FINAL CUSTOMERS IN 2000

(million EUR)

	Bought	Sold	Balance
Total	4,302.2	4,251.3	50.9
incl.:			
commercial banks	4,141.4	3,754.3	387.1
BNB	160.8	497.0	-336.2
January – June	1,900.2	1,729.6	170.6
incl.:			
commercial banks	1,839.8	1,549.3	290.5
BNB	60.4	180.3	-119.9
July – December	2,402.0	2,521.7	-119.7
incl.:			
commercial banks	2,301.6	2,205.0	96.6
BNB	100.4	316.7	-216.3

Source: BNB.

In 2000 interbank trade in foreign currency rose by 43% compared with 1999. Again the BNB participated mostly as buyer and volumes reported a minimal decline.

INTERBANK SPOT MARKET IN 2000

(million EUR)

	Bought	Sold	Balance
Total	4,144.6	3,607.0	537.6
incl.:			
commercial banks*	3,633.9	3,606.5	27.4
BNB with commercial banks	510.7	0.5	510.2
January – June	1,756.5	1,492.3	264.2
incl.:			
commercial banks*	1,509.8	1,492.3	27.4
BNB with commercial banks	246.7	0.0	246.7
July – December	2,388.1	2,114.7	273.4
incl.:			
commercial banks*	2,124.1	2,114.2	9.9
BNB with commercial banks	264.0	0.5	263.5

* Some imperfections in reporting lead to a minimal difference between the Bought and Sold columns.

Source: BNB.

The BNB share of the total interbank market volume stood close to its 1999 level at 7.2%. Reduced BNB participation in the interbank market in absolute terms, and its even stronger reduction in relative terms, was compensated with considerably increased volumes of transactions with final customers, particularly in forex sales to the MF for foreign debt service. As regards banknote sales and purchases at tills, turnover declined by about 18% on the previous year, with a decisive prevalence of purchases over sales.

BNB SPOT TRANSACTIONS IN 2000

(million EUR)

	Bought	Sold	Balance
Total	671.5	497.5	174.0
BNB with commercial banks	510.7	0.5	510.2
BNB with final customers	160.8	497.0	-336.2
incl.:			
with companies and budget organizations	97.0	93.3	3.7
with MF for foreign debt service	0.0	398.4	-398.4
cash operations at tills	63.8	5.3	58.5
January – June			
BNB with commercial banks	246.7	0.0	246.7
BNB with final customers	60.4	180.3	-119.9
incl.:			
with companies and budget organizations	37.6	46.8	-9.2
with MF for foreign debt service	0.0	130.6	-130.6
cash operations at tills	22.8	2.9	19.9
July – December			
BNB with commercial banks	264.0	0.5	263.5
BNB with final customers	100.4	316.7	-216.3
incl.:			
with companies and budget organizations	59.4	46.5	12.9
with MF for foreign debt service	0.0	267.8	-267.8
cash operations at tills	41.0	2.4	38.6

Source: BNB.

**Market
Structure by
Currency**

Within the forex market structure, the US dollar continued ceding positions to the euro and its components, whose share increased from 49% in 1999 to 56% in 2000. Prevalence was significant in the interbank market: about 72% against 60% in the previous year. The dollar still dominated trade with final customers (52% in purchases and 55% in sales) against 40% for the euro.

**Business under
the Foreign
Exchange Law**

BNB transactions between residents and nonresidents began being registered under the Foreign Exchange Law, in force since 1 January 2000.

Registered credits in the Bulgarian National Bank amounted to BGN 2,250.8 million, calculated at the exchange rate on the day of registration, including de-

clared and registered credits by nonresidents to residents in the amount of BGN 2,180.2 million or USD 992.7 million, including loans under the Program for Modernization of Units V and VI of the Kozloduy Nuclear Power Station. The reverse flow: credits by residents to nonresidents, totaled just BGN 69.6 million or USD 31.7 million.

Registered credits from the European Monetary Union had the largest share: BGN 1,201.6 million (USD 547.1 million), comprising 55.1% of credits to residents. Other countries' participation in registered credits was distributed as follows: Cyprus with BGN 206.1 million (USD 93.8 million); Russia with BGN 156.5 million (USD 80 million); Switzerland with BGN 150.2 million (USD 68.4 million); the UK with BGN 144.9 million (USD 66 million); and the USA with BGN 11.1 million (USD 5.04 million).

In terms of currency structure, registered credits in US dollars had the largest share: BGN 1,180.8 million or USD 54.2%; followed by those registered in euro, with BGN 652.6 million or 29.9%; and Deutschemarks, with BGN 280.6 million or 12.9%.

As regards other transactions between residents and nonresidents, *collateral established in favor of nonresidents* had the largest share (BGN 134.9 million or USD 61.4 million). High-value security was provided by oil companies and companies preparing for tobacco crop procurement.

Registered accounts with banks outside Bulgaria totaled BGN 12.1 million. Filed and registered accounts of legal entities for settlements with foreign counterparts had the largest share in terms of value, while in terms of number physical persons' savings accounts at banks outside Bulgaria were most numerous. Enhanced confidence in the banking system within Bulgaria and the improved quality of services provided by local banks are major factors for the low interest in such transactions.

Transactions with government securities issued by nonresidents amounted to BGN 25.8 million (USD 11.7 million), with pharmaceutical enterprises and financial houses' portfolio investments occupying the largest shares.

Registered transactions of investments in foreign companies and their derivatives had an insignificant share due to the loose listing regime for these investments (only transactions ensuring 20% of the general meeting votes are subject to listing).

The following trends emerged in the context of limited practice:

- EU countries and other West European countries dominated cash flows to Bulgaria.
- Transactions on extending financial credit from nonresidents to residents prevailed, comprising 90% of total transactions subject to registration.
- The US dollar prevailed in transactions with 56.9% of total registered transactions, followed by the euro with 26.9%.

The Equity and Corporate Debt Securities Market

The generally rather cautious and even negative attitude of economic agents to stock-exchange transactions did not change in 2000. Market capitalization remained very low and did not have any macroeconomic effect. The banking sector has remained the only source of financing. The average daily volumes of trade in the review period totaled BGN 500,000 which barely covered the overhead expenses of the Bulgarian Stock Exchange. A certain recovery occurred in the last three months of 2000 when the biggest trade volumes were reported.

Trade Performance

The bulk of transactions concluded and registered on the Bulgarian Stock Exchange were dominated by equity and corporate debt securities, and the trading system in the *bourse* allowed for secondary market transactions in particular types of government securities.

A slight decrease in equity trade, accounting for the biggest share, coupled with several increases in the smaller share of bonds, and employment of pioneer derivative instruments helped preserve the previous year's Bulgarian Stock Exchange turnover at BGN 133.8 million. As in 1999 the stock-exchange trade inten-

sified by the turn of the year, and the average daily turnover amounted to BGN 0.5 million.

BULGARIAN STOCK EXCHANGE TURNOVER IN 2000

(million BGN)

Types of transactions	Segments	Equity market		Debt securities market			
		Official	Free	Official			Free
		segments A, B, C	free equity market	government securities	municipal bonds	corporate bonds	free bond market
Primary instruments, incl.:		31.2	99.0	0.2	-	3.3	-
ordinary		8.3	23.4	0.2	-	3.3	-
block and other		22.4	69.4	-	-	-	-
privatization		0.5	6.2	-	-	-	-
Derivatives, incl.:			0.1				
ordinary		-	0.1	-	-	-	-

Source: Reuters.

The Law on Public Offering of Securities, in force from the end of January 2000, replaced the 1995 *Law on Securities, Stock Exchanges and Investment Companies*. New Bulgarian Stock Exchange Rules came in force on 1 September 2000, and a new automated computerized trade system was launched on 23 October 2000.

Equity

Stock-exchange trade in equity instruments totaled BGN 130.3 million, including transactions in shares of over BGN 130.2 million (a decrease of 2% on 1999). As a result stock-exchange transactions accounted for 93% of total Bulgarian equity transactions (both *bourse* and over-the-counter trade totaling BGN 139.9 million) plus transactions in Bulgarian depository certificates (BDC) of some BGN 0.1 million.

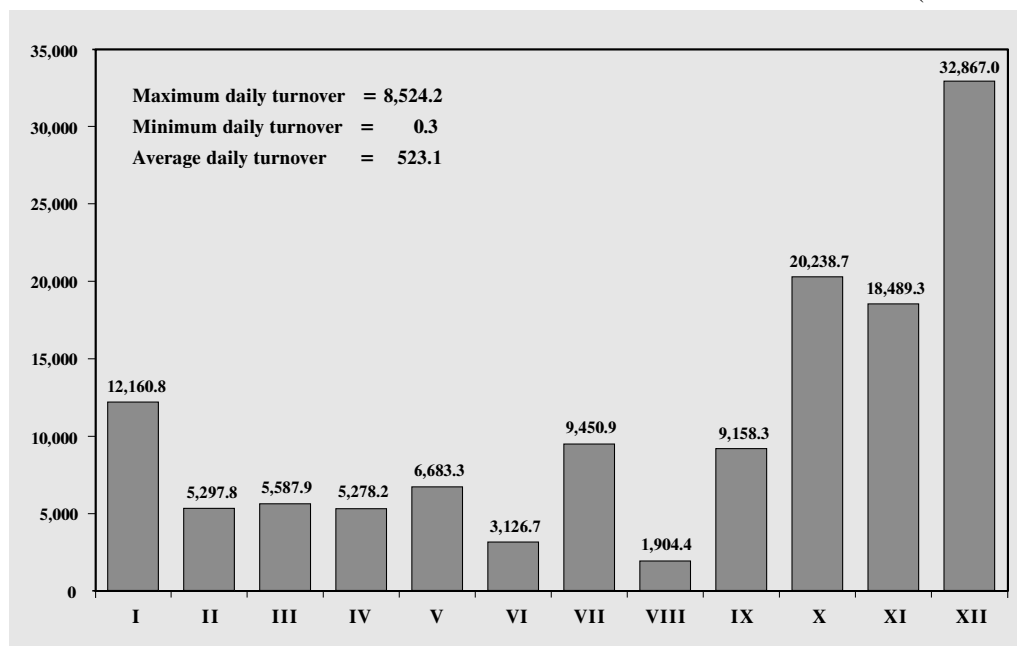
As in 1999 the bulk of the turnover (over 70% of equity trade) was produced by block transactions: transactions for a sizable volume of securities or securities comprising the bulk of equity of a particular company bilaterally agreed off the *bourse* floor and off *bourse* trading hours. (Such transactions are treated as *bourse* after their announcement on the stock exchange.) In this group, corporate share transactions, considered as free market transactions on the Bulgarian Stock Exchange, exceeded transactions in shares included in the list of Bulgarian Stock Exchange official market. In compliance with the amendments to the *Bulgarian Stock Exchange Rules* in late November, all securities transactions treated as a trade on the Bulgarian Stock Exchange shall be effected, or in particular cases registered, on the stock exchange. Daily announcements of Bulgarian Stock Exchange block transactions were later expanded, also providing information on smaller transactions registered on the stock exchange.

Despite the smaller volume of ordinary transactions compared with block transactions, ordinary transactions had a day-by-day character. The turnover varied daily with no dramatic deviations in general. Since the start of Bulgarian Stock Exchange operation the turnover low (BGN 255) was reported on 1 September and the high on 19 December (BGN 8.3 million), entirely attributable to one free market transaction of BGN 8.25 million (the biggest for 2000).

The first depository certificates transactions were concluded under the *Bulgarian Depository Certificates Program*, started on 1 November 2000. Between 1 November and 31 December 2000 these instruments, treated as derivatives of German companies' shares, were traded daily in the *Bulgarian Stock Exchange free market*.

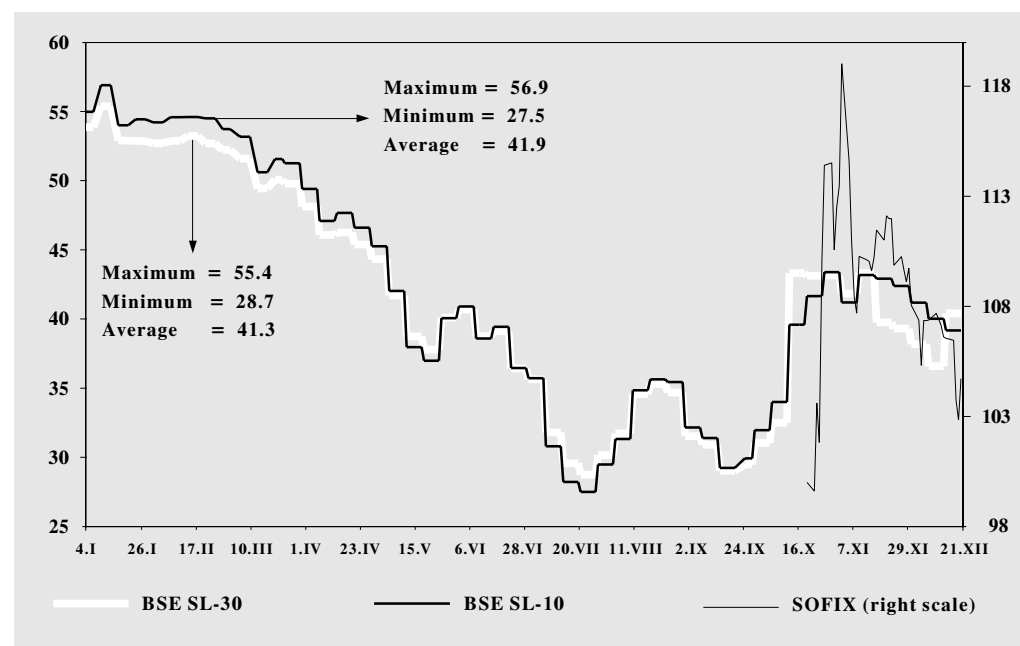
EQUITY TURNOVER ON THE BULGARIAN STOCK EXCHANGE IN 2000

(BGN '000)



Source: Reuters.

BOURSE PRICE INDICES IN 2000



Source: Bulgarian Stock Exchange.

The general price level of Bulgarian shares, measured through the weekly price index of *BSE Sofia Warburg* shares (renamed the *BSE Sofia Lazard* in August), indicated significant fluctuations over 2000. On 27 July the index fell to its lowest value (28.7 points), reflecting the downward trend in share prices. Given the impact of internal factors and global trends in equity prices, the index had experienced a number of serious fluctuations prior to the EU decision to lift the petrol embargo against Yugoslavia which boosted prices of Bulgarian shares, following a surge in oil-processing stocks.

The *Bulgarian Stock Exchange* continued to cooperate in computing the *BSE Sofia Lazard* weekly index launching its own daily price index of shares: *SOFIX*

(with a base value of 100.00 points as of Friday, 20 October, and first quoting on Monday, 23 October).

Bonds *Bourse* transactions in bonds approximating BGN 3.6 million were concluded only in the *official market*.

Corporate bond transactions accounted for the biggest portion of the official market turnover (94%), amounting to more than BGN 3.3 million (a sevenfold increase on 1999). As a result *bourse* transactions comprised 85% of total corporate bond transactions in Bulgaria (BGN 3.9 million, including *bourse* and over-the-counter transactions). In addition to the five-year corporate issue (the sole one traded on the Bulgarian Stock Exchange in 1999) a new 18-month corporate bond issue by the same issuer (a computer and software company) and a two-year bond issued by an industrial batteries maker appeared on the Bulgarian Stock Exchange.

The newly established segment for *government securities* trade in the *official bond market* was launched in November. Nevertheless, the bulk of government securities transactions took in the form of over-the-counter transactions, and particular issues were registered on the Bulgarian Stock Exchange by the end of the year.

The Payment System and Settlement

Payments through BISERA In 2000 noncash bank settlements through the BISERA network numbered 19,393,785 (daily average 76,960), totaling BGN 55,490 million (daily average BGN 220.2 million). Budget payments accounted for 72.7% of the total settlements and 51.7% of the total value. An increase of 48.76% in settlements number and 23.16% in value was reported in 2000 compared with the previous year.

Between January and June 2000 the number of payments rose by 9% from the second half of 1999 to reach 9,070,907, while the total amount of payments fell by 3% amounting to BGN 24,348 million. Average daily values over the review period were 71,991 in number, and BGN 193.2 million in volume. During the second half of the year these values traditionally improved reaching 10,322,928 in number (daily average 81,928) and BGN 31,142 million (daily average BGN 247.2 million).

By the end of 2000 the number of direct participants in the interbank settlement system was 686, an increase of 54 on 1999.

Payments through BORICA In 2000 transactions through the system for card payments numbered 7,195,350, totaling BGN 589,343,144. This indicated an increase of 204% in number and 222% in volume compared with 1999. By the end of 2000 the number of ATMs was 420 installed in 80 urban centers. Of them, 150 are in Sofia. The number of POS-terminals totaled 1,087 and the number of cards issued, 560,934.

Payments on Corporate Securities Transactions In 2000 payments on corporate securities transactions numbered 9,171, amounting to BGN 27,289,576. Of this, the number of *bourse* transactions was 7,864 (worth BGN 22,694,792), and over-the-counter transactions 1,307 (worth BGN 4,594,785).

Between January and June 2000 Bankservice AD and the Ministry of Finance continued work on consolidating funds of budget organization accounts at the BNB in the *Single Account* system. A new BUS 1302000 regulating budget organization payments under the single account, and changes to the existing banking unified standards were prepared. In accordance with these changes new payment documents were introduced: slips for payments into the budget (consistent with MF reporting requirements, effective as of 1 October 2000), and budget disbursement forms for budget organizations' payments. To control compliance with budget organizations' limits a special System for Electronic Budget tRANSfers (SEBRA) was developed. The new documents and SEBRA were tested in banks and bank branches and were readied for launch when preparations in the budget sector are complete. Between July and December 2000 amendments to Regulation No. 3 on payments intended to bring this Regulation into line with the Law on Commerce and reduce paper documentation exchange between commercial banks were approved.

During the second half of 2000 the BNB designed Terms of Reference for Real Time Gross Settlement in the BNB (RTGS) which replaced the BISERA 4 project. The Terms of Reference establish the structure and major characteristics of the future Bulgarian payment system:

- the RTGS system will process all payments of systemic importance and provide final settlement;
- in order to transfer netted results, at certain times of the day the RTGS system will be connected with: the BISERA system for small payments operated by Bankservice AD; the BORICA system for card payments operated by BORICA EOOD; and the system for corporate securities transactions operated by the Central Depository AD. A direct real time connection will be provided between the government securities transactions system operated by the BNB Fiscal Services Department and the RTGS system.

With RTGS system commissioning Bulgaria's payment system will approach those of EU member countries.

3. Credit Register

Credits Extended by Domestic Commercial Banks

According to the provisions of Regulation No. 22 the Central Credit Register includes claims exceeding BGN 10,000. Credit indebtedness under the above amount shall be reported as consolidated information with breakdowns on four indicators: currency, sector, classification (standard, watch, etc.), branch.

Over 2000 claims on disbursed credits stood relatively constant. The number of insolvent banks decreased, reflecting the shift of these banks to the Government Claims Agency. Data obtained by the end of 2000 indicates the following:

- The total number of operating commercial bank claims (including also claims of less than BGN 10,000) is 445,959,000, with the total balance sheet exposure amounting to BGN 4,372,366,000, and off-balance sheet exposure amounting to BGN 876,274,000.
- In terms of maturity of the credit contract, the share of credits with a term of up to one year is the greatest: at 50.5%. The share of credits with a term of up to three years comes next (27%).
- In terms of currency, balance sheet exposure in levs accounts for 50% of the total.
- Claims on the real economy total BGN 3,354,119,000. This comprises 76.7% of total claims (including the financial and nonfinancial sectors). Claims on *the processing industry* totaling BGN 1,094,327,000 (25%) occupy the biggest portion in total claims on the real economy.
- Claims on the finance, credit and insurance sector total BGN 1,018,248,000, accounting for 23.3% of total balance sheet exposure. It is pertinent to note that under the provisions of Regulation No. 22 on the Central Credit Register of Banks, only interbank claims with a term of over 30 days are subject to reporting.

V. The Banking Sector and Banking Supervision

1. Major Trends in the Banking Sector

In 2000 return on assets (ROA) in the banking sector, accounting for 2.8% on an annual basis, almost matched the previous year's level (2.4%). Return on equity increased to 22.6% at current data from 1999 (20.9%). The slight increase is mostly associated with commercial bank intent to increase the share of interest-bearing (correspondingly earning) assets, and to improve their structure through prudent lending.

Group I including the three largest Bulgarian banks³⁵ (Bulbank, DSK Bank and the United Bulgarian Bank) sustained its big share in total banking sector assets: approximately 50%, including 36% from lending, 61% from claims on banks and financial institutions, and 75% from securities in the investment portfolio. This group's share in placement of trading portfolio securities decreased from 56% by end-1999 to 44%. These banks' capital and reserves accounted for 53% of the banking system total and attracted 56% of the deposits from the nonfinancial sector and the public.

During the first half of 2000 BNP Dresdnerbank (renamed BNP Paribas) joined Group II: banks with assets ranging from BGN 300 to 500 million (Biochim, the Bulgarian Post Bank, Societe Generale Expressbank, and Hebrosbank). As a result the market share of this group rose to some 22%. Loans extended by this group to nonfinancial institutions accounted for 22%. Credits extended by Group II banks to nonfinancial institutions came to about 22%, and investment and working portfolios accounted for 23% and 27% of the total banking sector. Accumulated deposits comprised 25% of total commercial bank deposits.

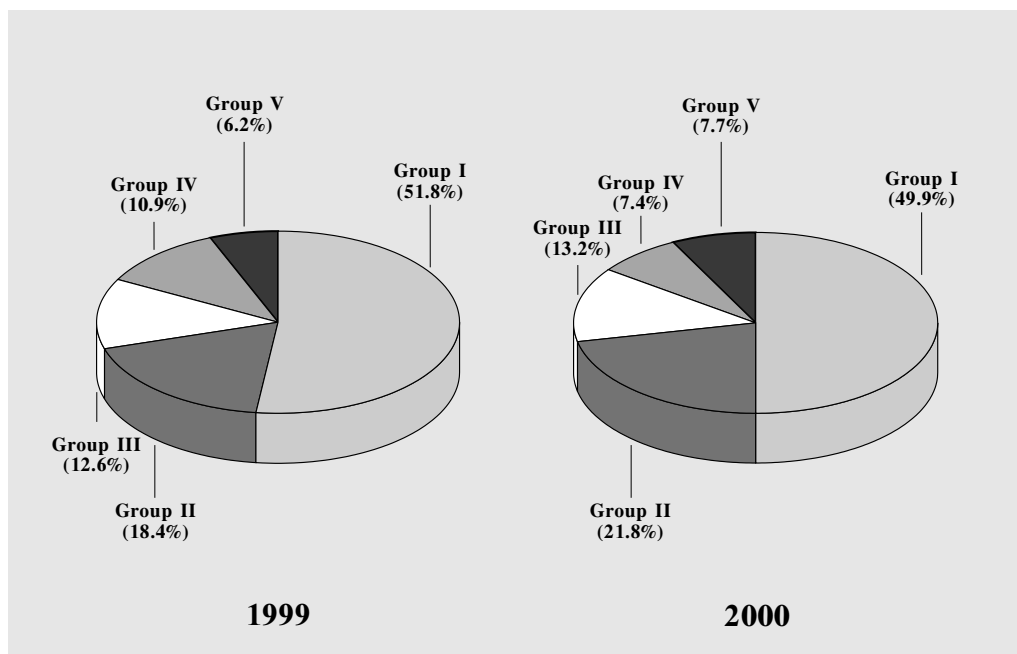
The share of Group III rose by over 13% reflecting the shift of two banks from Group IV because their assets consistently exceeded the limit of BGN 100 million: the Economic and Investment Bank (formerly BRI Bank) as a result of the takeover of the insolvent Economic Bank, and Roseximbank. The market share of credits stayed high at 18%, due to the relatively big share of credits in the assets of most Group III banks.

The market share of Group IV banks (with assets up to BGN 100 million) fell to 7.5% of total bank assets. The share of credits extended by the 13 smaller banks included in this Group comprised 10% of total credits extended to nonfinancial institutions and other clients. The share of Group IV deposits in total attracted funds by banks was relatively small: 4%.

During 2000 in the group of foreign banks' branches, Hypovereinsbank (Bulgaria) and Citibank N. A. (opened in the second half of 2000) significantly raised the volume of transactions and the amount of their assets. As a result the market share of Group V matched the level of Group IV.

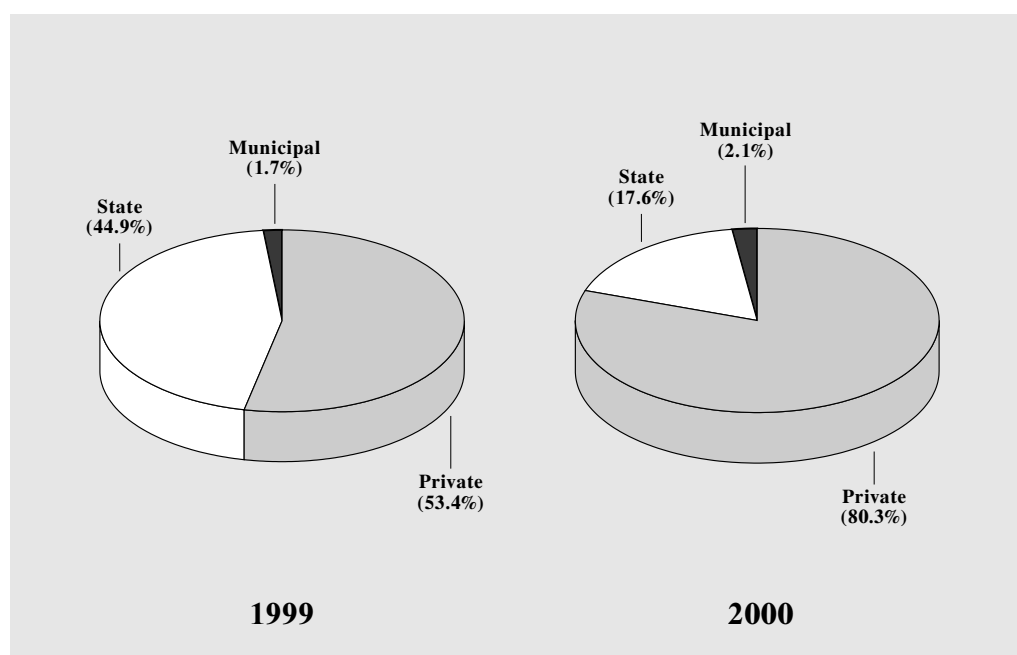
³⁵ To ensure precise monitoring of changes and their dynamics within the system, in 1999 commercial banks were reclassified into five groups from the previous three. This was intended to improve the precision of market share surveys, the nature of business profile and comparability in terms of supervisory regulations. Based on these criteria commercial banks were divided into four classification groups according to balance sheet size: Group I – over BGN 500 million; Group II – from BGN 300 million to BGN 500 million; Group III – between BGN 100 million and BGN 300 million; and Group IV – up to BGN 100 million; Group V comprises foreign banks' branches.

ASSETS BY BANK GROUP



Source: BNB.

ASSETS BY TYPE OF OWNERSHIP



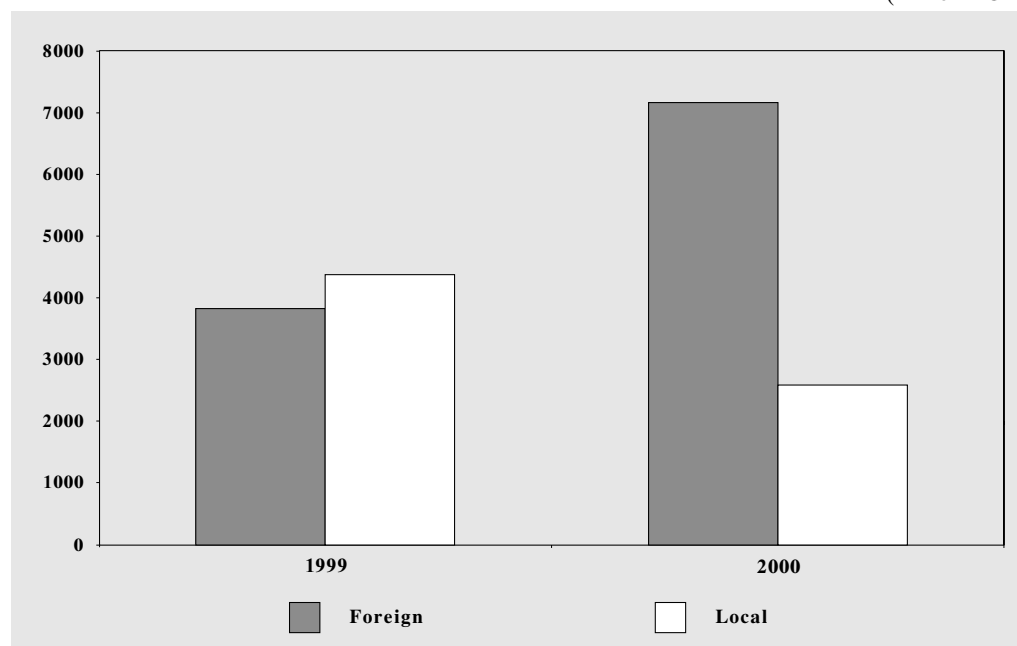
Source: BNB.

Banking system structural reform continued in conformity with the government program and in coordination with international financial institutions. Privatization of Hebrsbank was finalized in early 2000 and Bulbank was sold to UniCredito Italiano and Allianz Insurance of Germany in the second half of 2000. As a result state ownership in the banking system remained at 17.6%, and municipal at 2.1%. The share of private banks in total bank assets rose from 53.4% at end-1999 to 80.3% at end-2000. As a result of these privatizations the share of assets owned by foreign banks reached 56.5% against 18% in 1999. Together with the participation of other foreign investors in Bulgarian banks, the share of bank assets owned by foreign banks and investors accounted for 73.3%.

During 2000 no mergers between banks or banks and other financial institutions were reported in the Bulgarian market. As a result of sales four of the biggest Bulgarian banks were included in international bank and financial groups between 1999 and 2000: Bulbank into UniCredito Italiano, the United Bulgarian Bank into the National Bank of Greece, Expressbank into Societe Generale, Hebros Commercial Bank into First Regent Group Ltd. The share of these banks in the banking sector assets accounted for 47.5%. This prompted changes in competitive conditions and encouraged consolidation of smaller local banks to improve their competitiveness.

BANK ASSETS CONTROLLED BY LOCAL AND FOREIGN INVESTORS

(million BGN)



Source: BNB.

Bank Assets and Liabilities

By the end of 2000 total banking system assets increased nominally by BGN 1,550 million (19%) to BGN 9,740 million, a significant increase on 1999. The lev component of assets showed a growth of 11.3% (BGN 404 million), and the forex component reported a real increase of 15.7% (USD 372 million) against a decrease of 2.5% in 1999. In lev terms forex component growth was still bigger (24.9%) due to continued US dollar appreciation. Therefore, the proportion of forex to the lev component of assets changed to 3:2 in favor of the latter (2.8:2.2 by end-1999).

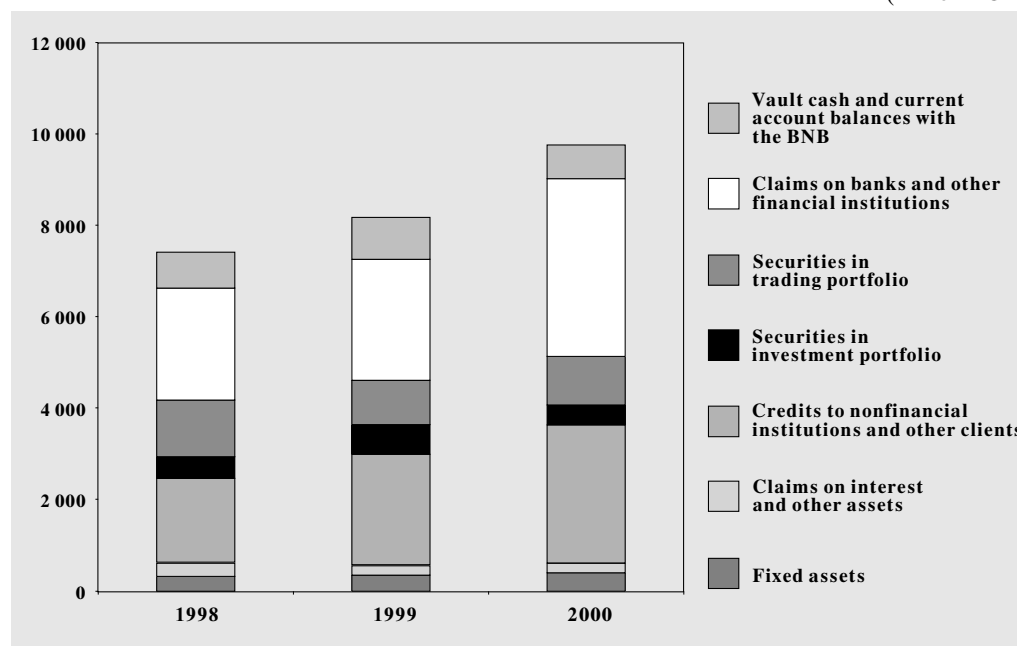
Placements, mostly in foreign banks, indicated a sizable rise of over USD 450 million in volume and 34.9% in weight in banking sector assets. Total earning assets of Group I banks exceeded the amount of their liabilities. These structural changes reflected the reduced minimum required reserves from 11% to 8% in the second half of 2000.

Lending to nonfinancial institutions and other clients rose by approximately BGN 600 million. The share of credits in total assets remained within 30%, with the bulk of this disbursed to private companies. Lending to households and individuals increased more slowly. The improved qualitative parameters as a result of economic restructuring coupled with sustainable and high economic growth, give grounds for expecting a rise in lending to enterprises and individuals.

Extension of new credits was in line with commercial bank policy for assets restructuring. This involved an annual average reduction of securities in investment and trading portfolios by BGN 100 million. The manner of assets restructuring in 1999 and 2000 clearly indicated that banks intended to increase their revenue without taking additional risks.

VOLUME AND STRUCTURE OF ASSETS IN THE BANKING SECTOR

(million BGN)



Source: BNB.

In 2000 banking system liabilities reported a nominal increase of BGN 1,350 million in borrowed funds, reaching BGN 8,250 million (19.5%). Over the year accumulated deposits from nonfinancial institutions and the public grew by approximately USD 160 million (10.6%) on 1999. Deposits of nonfinancial institutions, organizations and individuals in national currency rose by BGN 330 million (13%). During 1999 and 2000 total lev deposits of nonfinancial institutions and other clients grew by BGN 530 million (23%) compared with end-1998.

The proportion between forex and lev components of deposits stayed almost unchanged from end-1999 (2.8:2.2). In addition to restored depositor confidence, real growth in incomes and savings is seen as more essential for the future increase in banks' attracted funds (which are currently mostly short-term). Low incomes and savings are among the reasons behind the inability of banks to improve their results. Provision of hybrid savings and insurance products (savings deposits, house building deposits, extra pension and health insurance, *etc.*) may encourage the shift of a portion of short-term deposits into long-term.

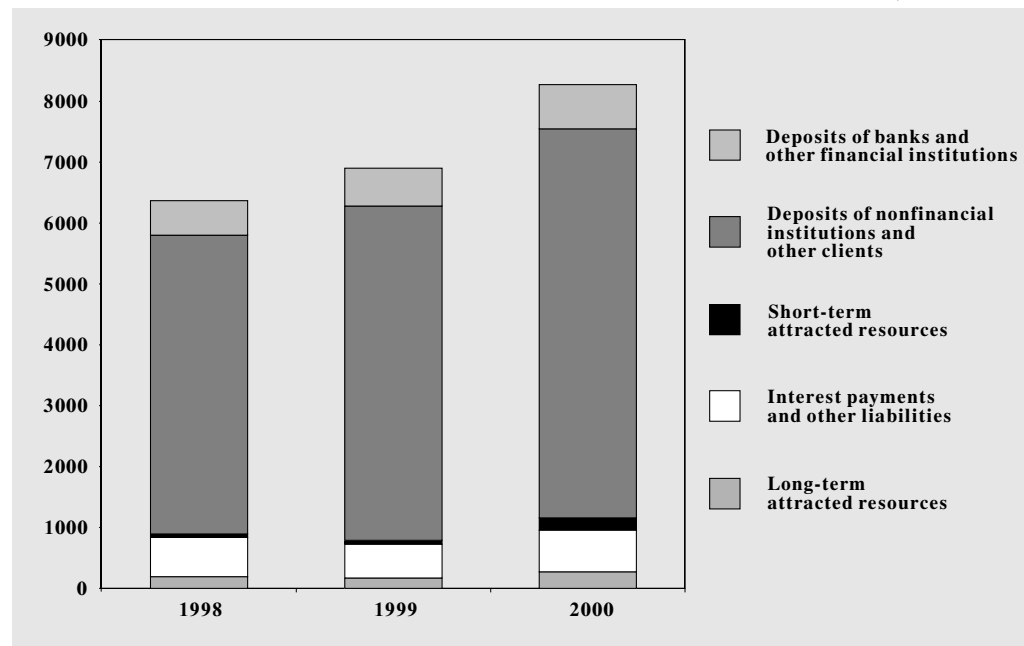
The amount of long-term funds borrowed from foreign financial institutions remained small. The share of borrowed private funds was insignificant, consistent with the poor utilization of long-term projects in the market. Foreign creditors continued to require government guarantees on their claims.

Interest payments and other liabilities increased significantly: by approximately BGN 80 million (14.3%). This was attributable to increased interest payments by several Group I and Group II banks, responsible for the bulk of deposit growth in the banking system. Furthermore, additional specific provisions against loss risks were allocated on individual off-balance sheet commitments.

Banks increased moderately off-balance sheet liabilities in their part of credit substitutes (bank guarantees, documentary letters of credit and cash collection, acceptances, *et alia*). This is ascribable to the small number of prime-rate customers for whom banks may undertake commitments. Payments on the bulk of foreign trade volume continued to be effected by direct transfers, and a smaller portion by rescheduled payment due to the unfavorable position of Bulgarian traders in negotiating terms and conditions in foreign transactions.

VOLUME AND STRUCTURE OF LIABILITIES IN THE BANKING SECTOR

(million BGN)



Source: BNB.

The volume of derivative transactions decreased by about USD 75 million (34%) from end-1999 to USD 140 million. This was attributable mostly to conversion of bank clients' transactions into euro which reduced the need of banks extensively involved in international payments to use foreign exchange or mixed derivatives for risk hedging.

Revenue, Expenditure and Profit

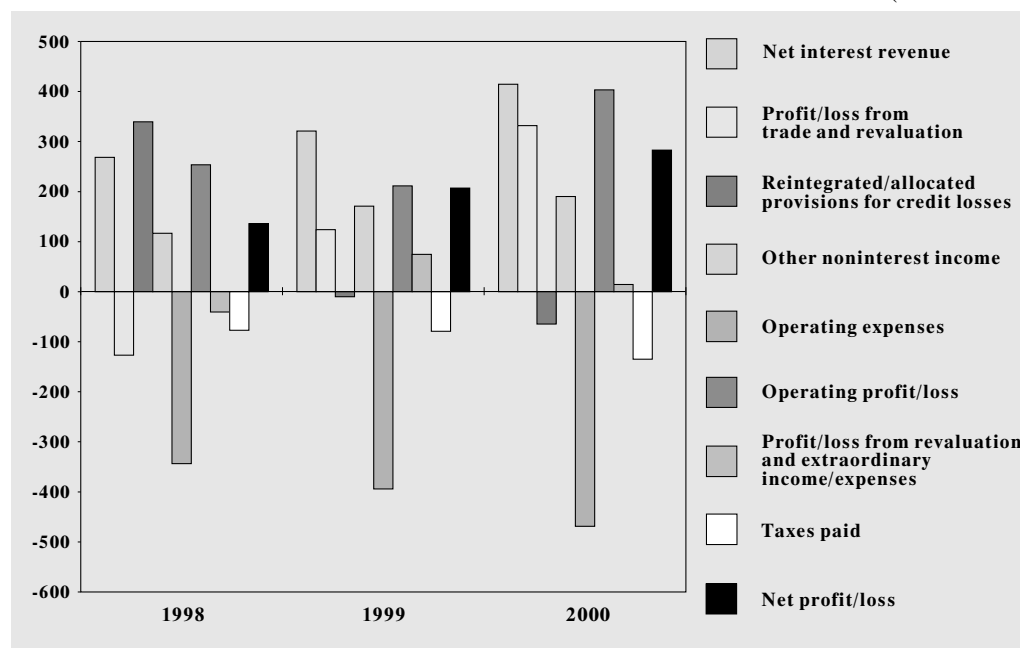
In 2000 the Bulgarian banking system reported a net profit of BGN 274 million, an increase of 32.4% on 1999 (BGN 207 million). Group I profit comprised 85% of the total. During 1999 and 2000 banking system profit doubled due to the obviously very low 1998 level following the 1996 – 1997 crisis. Operating profit in 2000, a direct result of operations and an indicator of the efficiency of major banks' activity, reached BGN 393 million, significantly exceeding the profit posted in 1999.

Despite the moderate increase in bank credit portfolios, in general the net interest income proved insufficient to cover banking system operating expenses. The only exception was Group I: banks from this group concentrated the bulk of banking system interest-bearing assets. The total volume of the net interest income rose by BGN 93 million (29%), reflecting the increased volume of claims on foreign banks in the form of overnight and one-week deposits and modestly enhanced lending. The general banking system ratio of *net interest income to operating expenses* improved (88%) from 1999 (81%). The net interest income of particular banks proved insufficient. They faced difficulties in covering operating expenses and risks. The *interest rate spread* by the end of 2000 increased by 5.7% on the previous year, and *net profit from earning assets* by 7.4% attributable to the increased volume of earning assets (including interest-bearing).

Banks more than doubled profit from trade and revaluation, reflecting commercial operations in securities from the investment portfolio in the amount of approximately BGN 200 million. This indicates a twentyfold growth from 1999 attributable primarily to Bulbank. No essential changes occurred in the remaining elements: gains on securities in the trading portfolio and foreign currency transactions.

REVENUE AND EXPENDITURE OF THE BANKING SYSTEM

(million BGN)



Source: BNB.

Income from fees and commissions amounting to BGN 195 million (*Other noninterest income*) ranked second in significance in operating profit, accounting for 29% prior to including operating expenses, and excepting Bulbank income from the sale of a sizable volume of securities in the investment portfolio. Banks remained strongly dependent on interest-bearing operations due to the insufficient volume of documentary payments on foreign trade transactions and other services offered. The ratio of *off-balance sheet credit substitutes to extended loans* stayed at about 25%. It should be noted that the results of some banks significantly diverged from the general picture dependent on credit portfolio quality, trading portfolio indicators, and policy pursued.

Limited opportunities and alternatives for profitable bank operations reflect insufficient financing sources and instruments. High credit risk, coupled with insufficiency of sound clients able to encourage growth, limited competition in the banking sector to a contest for a small number of big clients.

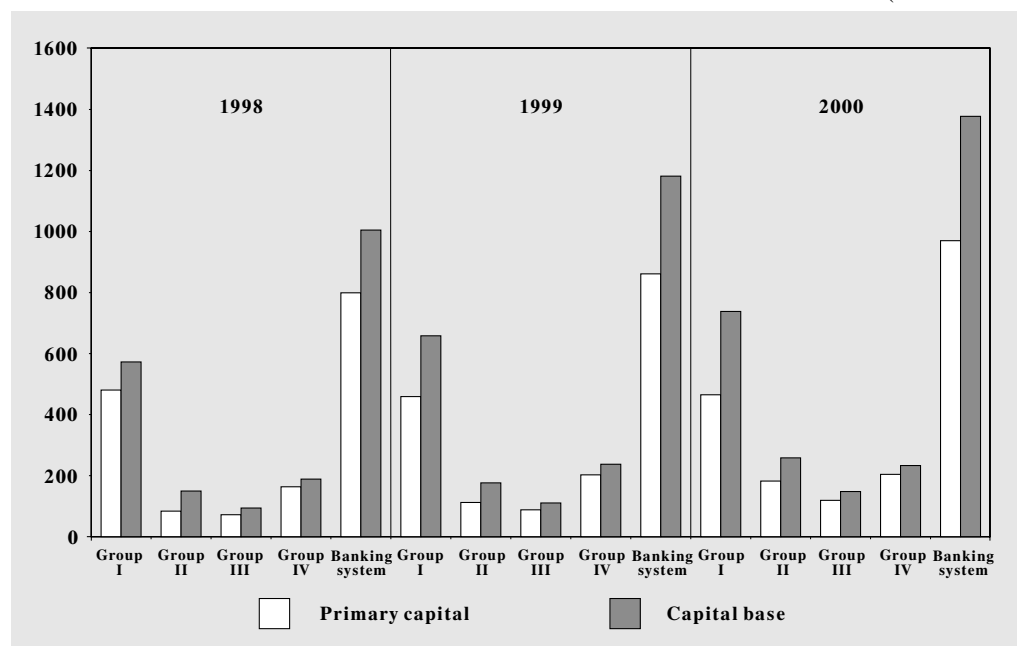
2. Compliance with Supervisory Requirements

In 2000 the *capital adequacy ratio (solvency coefficient)* of the Bulgarian banking system stayed significantly above the minimum required 12%, irrespective of the slight fall to 35.5% against end-1999 (41.3%). This reflects the decrease in the indicators of most banks of systemic importance from Group I and Group II, consistent with the increased risk component of their assets. Own capital of these banks is absolutely sufficient in view of their risk profile.

The total risk component of banking system assets rose to approximately BGN 3,880 million, an increase of 35% from end-1999. This exceeds the capital base which grew by BGN 190 million (16%) on 1999 to reach BGN 1,380 million.

PRIMARY CAPITAL AND CAPITAL BASE

(million BGN)



Source: BNB.

Capital base growth reflects mostly the increased shareholder capital of several banks and the higher current profit of Bulbank compared with 1999.

CAPITAL ADEQUACY RATIOS FOR THE TOTAL BANKING SYSTEM³⁶ AND BY BANK GROUP

(%)

Commercial banks	Total capital adequacy		Primary capital adequacy		Degree of asset coverage	
	1999	2000	1999	2000	1999	2000
Group I	50.0	42.0	34.9	26.3	15.5	15.2
Group II	28.8	27.4	18.4	19.3	11.2	12.2
Group III	22.3	20.5	17.7	16.5	10.7	11.4
Group IV	52.8	51.3	45.6	44.8	26.0	31.7
Total	41.3	35.5	30.3	24.9	15.3	15.2

Source: BNB.

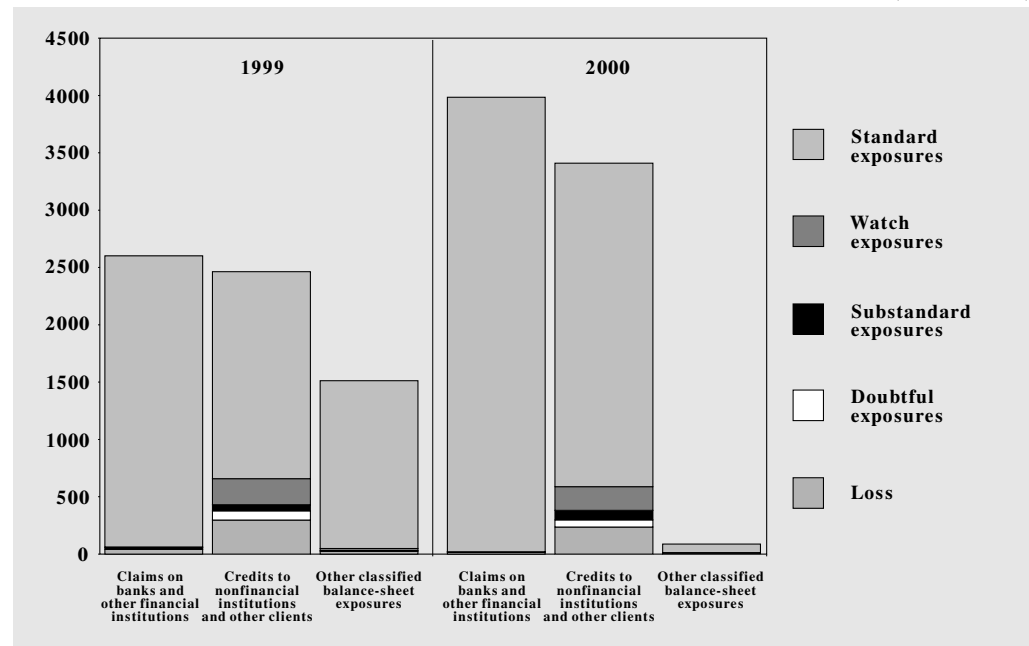
Most Group IV banks again reported the highest capital adequacy ratios: 51% on average for Group IV. More than one-third of these banks' operations were financed internally. This only appears favorable as the deposit base of most of these banks is small and they work in a limited permanent customer circle.

High capital adequacy ratios reflected the conservative policy of placing funds into low-risk investments pursued by commercial banks of systemic importance. The degree of assets risk stayed constant due to the slight improvement of *credit portfolio quality*. The good quality of newly disbursed credits at the end of 1998 had a positive effect on the classification of claims. Consequently, the ratio of overdue credits (the sum total of all overdue credits) to the capital and provisions dropped to 30.4% by end-2000 on a quarterly average weighted basis, against 39.3% by end-1999.

³⁶ Foreign bank branches comprising Group V are not subject to banking supervision regarding capital adequacy.

VOLUME AND STRUCTURE OF RISK EXPOSURES IN THE BANKING SYSTEM³⁷

(million BGN)



Source: BNB.

During 2000 there were no banks violating the requirement for limiting risk concentration. Total *big exposures* to the banking system capital base (62.4%) almost matched their end-1999 level (60.3%) which was well below the admissible 800%. Nevertheless, deviations of over 25% of own funds occurred in the individual exposures of some banks. If there is current capital risk, it reflects the changed quality of individual big exposures, some of them being to related persons.

Foreign exchange placements of commercial banks, securities trading and investment portfolios in 2000 were *relatively less vulnerable to market risks* as most banks invested in debt instruments of prime-rate central banks and government securities issued by OECD member countries. *Sensitivity* of lev placements to domestic market risk was also insignificant due to sustained methods of setting the base rate, consistent with the government's fiscal policy under currency board arrangements. Concurrently, there were no big issuers in the money market able to rival the government and create real prerequisites for movements in interest rate levels, and correspondingly securities prices.

In 2000 total banking system *foreign exchange risk* based on the ratio of the *net open foreign exchange position to the own capital* was minimized. It remained short: -5.04% of the capital base, matching the end-1999 level. The major characteristics of the net open foreign exchange position stayed stable. This reflects banks' improved management of foreign currency positions and security against foreign exchange risk through hedging, consistent with international forex market developments.

During 2000 banks maintained *comparatively high levels of primary and secondary liquidity*. Particular banks tended to gradually decrease their primary liquidity from end-1999 and placed more funds in earning assets, which was stimulated by the reduction of minimum required reserves and the resulting drive to optimize profitability and liquidity. Banks authorized to act as government securities primary dealers maintained their primary and secondary liquidity within required levels. If there was any threat of liquidity risk, it was associated mostly with maturity mismatches between a portion of liabilities and liquid assets. There were no banks with liquidity deficiencies during the review period. Demirbank (Bulgaria) was the only

³⁷ The great reduction reported in the *Other classified balance-sheet exposures* is due to a methodological change in banks' reports under BNB Regulation No. 9 providing for more precise classification.

bank exposed to customer pressure. This reflected the problems of the parent Demirbank T.A.S. associated with the severe banking crisis in Turkey. The dramatic run was covered only by the bank's own funds. This was in a sense a liquidity pressure test. There were several banks with negative net cumulative cash flows in time horizons of up to six months. These banks were paid special attention by banking supervision, employing the Early Warning System.

In 2000 the average amount of deposits did not change. The minimum balance on *short liabilities* varied within 50% – 80% for individual banks, which gives ground to consider it a sound source for financing operations.

3. Banking Supervision

Licensing and Permits

As a result of ongoing privatization and subsequent ownership transformations, significant structural changes evolved in the banking sector. In March 2000 a permit was granted to Regent Group Ltd. to acquire 98% of the capital of Hebrosbank. With regard to the procedure for privatization of Bulbank, the National Bank of Greece was cleared by the BNB to acquire initially 90% and subsequently all voting shares in UBB. UniCredito Italiano was cleared to acquire 93% of Bulbank capital. Citibank N.A. of New York was licensed to conduct bank transactions in Bulgaria through a branch. Permits to open branches in Macedonia and Mongolia were granted to Bulgarian banks.

During the review year all banks' licenses were amended or supplemented to reflect changes in the Law on Public Offering of Securities, and those of some banks were amended with regard to smartcard permits granted for management. DSK Bank was granted a permit consistent with its restructuring and the conduct of forex operations. Forty-two certificates of qualification and professional experience in banking were issued.

Supervisory Cooperation

In view of the need to exchange supervisory information on the business and state of Bulgarian banks' branches abroad, and foreign banks' subsidiaries and branches in Bulgaria, two agreements on supervisory cooperation were signed with the banking supervision authorities of Austria and Cyprus.

Negotiations for signing agreements with other countries are at an advanced stage. They are in the context of banking supervision on a consolidated basis regarding the business and state of banks and financial groups conducting international operations, and the timely identification of external sources of risk for the banking system.

Banks in Bankruptcy

During the review period the Banking Supervision Department monitored the process of liquidation of banks in bankruptcy through their reports. Despite limited banking supervision powers, June 1999 amendments to the Law on the BNB accelerated the liquidation of banks closed during the 1996-'7 crisis. The Government Claims Agency assumed the assets of some banks in bankruptcy. Six banks were completely liquidated and deleted from the commercial register, having a considerable share in the total assets of closed banks. Two of these banks were sold. Yorset Holdings – Bulgaria EOOD bought the assets of First Private Bank without rights to preserve it, and Economic Bank was bought as a going concern by BRIBank. The remaining assets of the other banks were transferred to the Government Claims Agency.

After the license of Balkan Universal Bank was revoked in early 2000 the procedure for its liquidation was executed in compliance with the amendments to the Law on Banks and the Law on Bank Deposit Guarantee with the participation of the Bank Deposit Insurance Fund (the BDIF). The Fund repaid the insured amount of deposits with Credit Bank and Balkan Universal Bank.

Banking Regulation

In the pursuit of a policy of adopting best international practice, the Banking Supervision Department's priorities involved adaptation of Bulgaria's banking laws and regulations with international standards and EU legislation, in compliance with the principles of prudent banking. The Banking Supervision Department improved its current work in compliance with the resolutions and recommendations for effective banking supervision of the Basle Committee on Banking Supervision. Applying these requirements and experience of them marked significant progress in 2000.

Based on the amendments to the licensing section in the Law on Banks in June 1999, a new Regulation No. 2 on the licenses and permits granted by the BNB was issued (published in the State Gazette, issue 14 of February 2000). The Regulation repeals the minimum capital requirement for a foreign bank's branch in Bulgaria. Branches operating within Bulgaria are obliged to publish annual financial statements of the foreign bank on an individual and consolidated basis, as well as an auditor's report of the bank in at least one national Bulgarian daily newspaper. Basic definitions in the Regulation correspond with those in European legislation.

Regulation No. 8 of the BNB on the capital adequacy of banks was amended (State Gazette, issue 41 of May 2000) in connection with the new BNB Regulation No. 2 eliminating the capital requirement for foreign banks' branches. Synchronization of regulations concerning risk weights of balance sheet and off-balance sheet items was achieved.

With a view to monitoring and controlling the concentration of risk in accordance with BNB Regulation No. 7 and determining the amount of big exposures, the Banking Supervision Department issued new instructions on the preparation and submission of reports and notifications on the big exposures of banks. The latter cover assets and off-balance sheet commitments in a bank's exposure to an individual client or group of related persons.

The introduction of banking supervision on a consolidated basis is a step toward harmonizing Bulgarian legislation with European Law. BNB Regulation No. 12 regulating this area was adopted in July 2000 (State Gazette, issue 62 of July 2000). It regulates the conditions and procedure for exercising supervision on a consolidated basis over banks, bank groups and financial holdings based on their financial statements and supervisory solvency requirements. It determines the scope, the requirements for consolidated reporting and internal procedures, the conditions and methods of consolidating persons subject to consolidated supervision. It introduces the basic principles and requirements of Directive 92/30/EC on supervision of credit institutions on a consolidated basis.

A number of opinions and instructions on the uniform application of accounting standards in bank reports, and on specific bank transactions and financial instruments were issued.

Off-site Banking Supervision

During 2000 the Banking Supervision Department continuously improved its risk approach to off-site supervision over banks through the Early Warning System. This approach ensures timely identification of risk areas and its major task is to allow enforcement of measures against high-risk banks for the system. Improved analytical reports on compliance with supervisory regulations and measures imposed by the Banking Supervision Department were introduced and regularly prepared. Work on presenting current analytical reviews on the state and trends in the development of the banking system improved.

Assigning CAEL ratings intended to fine-tune supervisory profile with individual component values of the rating within the supervisory cycle, continued.

In order to process in due time currently reported information from banks for the purposes of off-site supervision, and to ensure its maintenance for future supervisory needs and other users, the work on improving and optimizing banking supervision information technology continued.

The Banking Supervision Department played a key role in current monitoring indicators of commercial banks servicing external credit lines guaranteed by the Bulgarian government. During the reporting period some banks were selected to operate as primary dealers of government securities and the evaluation of their in-

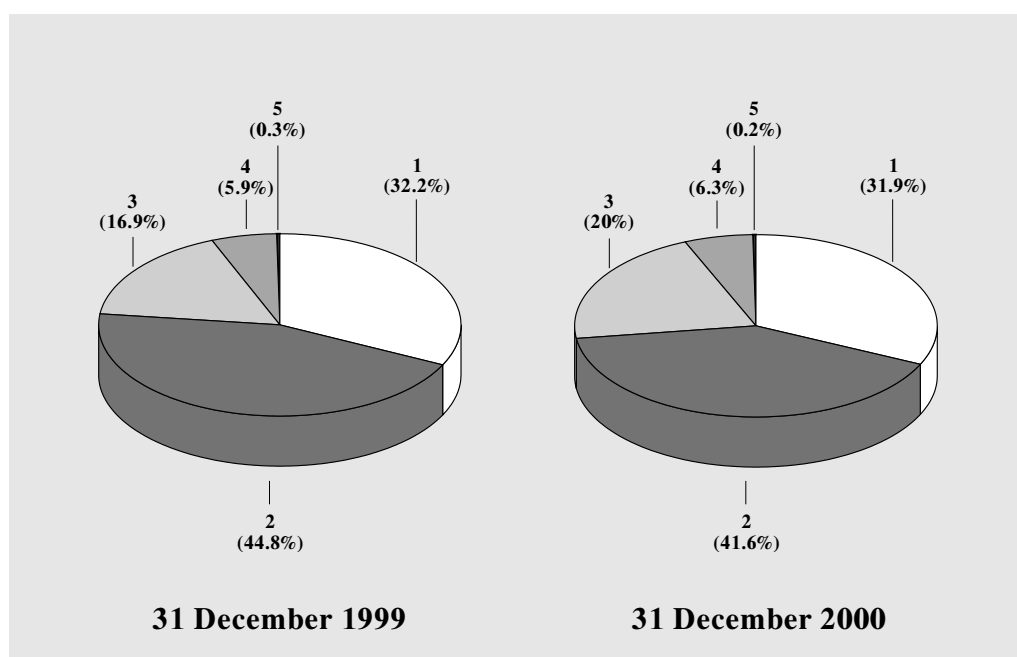
dicators confirmed their generally good liquidity state. This warranted problem-free financing and liquidity of the government budget.

A positive step toward improving the transparency of banks' financial performance is the periodical publication of reporting information, and aggregate information on selected banking system indicators in the new quarterly BNB bulletin, *Commercial Banks in Bulgaria*.

On-site Supervision (Inspections)

During the review year 20 comprehensive inspections were carried out encompassing banks from all classification groups, including one bank from Group I, one from Group II, five from Group III, 12 from Group IV, and a foreign bank's branch. All examined banks were assigned CAMELS/AIM ratings. The system of a risk-based approach to financial performance assessment was applied for the second consecutive year. Compared with 1999, the ratings of ten banks were changed and two banks were assigned ratings for the first time.

CAMELS/AIM RATINGS BASED ON BANKING SECTOR ASSETS³⁸



Source: BNB.

The improved ratings of some of these banks are a direct result from the positive steps taken by their managements to overcome inconsistencies found by previous supervisory inspections. These measures centered on improved risk management systems, positive trends in the levels of income and capital, and efficient internal control systems.

Findings from inspections reveal the following risks:

Most of the examined banks were well capitalized and no serious risks of reducing their capital adequacy existed. However, in some banks findings revealed high concentrations of shareholder capital, mostly owned by offshore companies on which there is no reliable information. The capital structure of these banks makes it difficult to establish shareholder relatedness and is a condition for non-transparency.

Asset quality in most banks is good. Asset composition is diversified and favors generation of steady income. Overall, credit portfolio evaluations comply with requirements and are adequately provisioned. Findings from inspections in several

³⁸ Encouragement Bank AD and Demirbank, Bulgaria AD were not assigned ratings for 1999, and Citibank N.A. for 2000 due to incomplete year. Their assets were not weighted in total assets.

banks, which do not have key significance for the banking system, revealed inadequately low credit risk evaluations. As a result, additionally allocated provisions affected their capital adversely. A number of banks had inadequately balanced asset growth strategies and capitalization plans, which were too general and did not specify capital sources.

A typical weakness in lending was the still unsatisfactory review of borrower financial status. Quite often the only criterion for credit evaluation and classification was the period of delay, disregarding the other major criterion for credit risk weighting: the analysis of customer financial status and cash flows. Some banks did not maintain comprehensive information on borrowers (mainly periodical financial information and current analyses) which impeded precise risk evaluation.

The systems and procedures for credit risk assessment and management in some banks were still unsatisfactory. Credit committees on risk monitoring, evaluation, classification and provisioning in some banks faced difficulties in carrying out their duties. As a result, their work was inefficient and internal lending rules were being breached. A portion of credit portfolios was insufficiently provisioned, reflecting incorrect credit classification. The share of nonperforming credits was relatively low due to the increasing number of new credits extended in the past two years. The small number of nonperforming credits also reflected negotiated schedules of single repayment at maturity. In some cases no repayment plans were prepared which created conditions for poor credit and default risk management.

Bigger banks maintained control systems for reporting and management of major bank transactions and risks. However, their organizational structure was inconsistent with the scope and complexity of their business, though banking laws and supervisory regulations were generally discharged. Management information and risk monitoring systems were created and updated to remove inconsistencies with specific risk profiles of individual banks. Internal controls did not identify all types of risk for banking, and were sometimes lacking in number and qualification. Bank managements still overlooked the need for continuous staff training and retraining.

Most banks maintained a high proportion of earning assets with relatively good characteristics to ensure a steady return on assets and equity. Income generated was mostly from core activity and almost matched or exceeded operating expenses and provisions. Despite the positive trend in income growth from core activity in comparison with the preceding year, in a number of cases it was still insufficient. Some banks reported high incomes from core activity in comparison with average assets for the system. Profits were also affected by additional spending on provisions and excessively high operating expenses, including maintaining of inefficient branches and offices. Therefore profits cannot be considered a reliable source of capital growth.

In most of the examined banks liquidity risk management was satisfactory. They maintained sizeable high-liquid asset portfolios, seeking to expand and maintain a stable and diversified deposit base.

Supervisory inspections confirmed the findings of previous reporting periods that interest and foreign currency risks had little impact on results from commercial operations. Major reasons for this were a smooth and predictable base interest rate movement, and an increasing share of bank operations in euro. Derivatives operations were still insignificant. Market risk affected more significantly banks with sizeable asset holdings for which there was no liquidity market and which were exposed to greater price volatility: corporate securities, compensatory notes and bills, and assets for resale.

Special Supervision

In 2000 the Banking Supervision Department continued conducting inspections on the structure of bank shareholder capital. A key supervisory task was to collect data on direct and indirect investments in banks reporting changes in ownership and management in a comprehensive information system. Inconsistencies were found in the keeping of shareholders' books and in recording changes in ownership.

The importance of preventing the banking system from being used for money laundering required banking supervision to focus on improving the abilities of banks

and financial houses to identify doubtful operations. During the reporting year eight banks were examined on compliance with the Law on the Measures against Money Laundering, the Rules for its Enactment, and the provisions of Regulation No. 3 on payments. Based on the findings recommendations and instructions were issued on improving bank internal control rules and doubtful operations criteria.

The work on licensing, regular monitoring and assessment of financial house status and risk profile continued. In compliance with Article 3, para. 3 of the Foreign Exchange Law and Regulation No. 26 of the BNB on financial houses' foreign currency transactions, documentary examinations were carried out and permits (licenses) were granted to 62 financial houses. Supervisory inspections were carried out in 53 financial houses on compliance with capital formation, internal rules and procedures, current commercial operations and foreign currency transactions.

Supervisory Measures

In 2000, in compliance with prudent banking requirements and banking laws and regulations, the Banking Supervision Department enforced 13 supervisory measures for breaches and violations found. The most severe supervisory measure, license revocation, was enforced on one bank (Balkan Universal Bank) due to insolvency. The business of two banks was restricted and deadlines were set for breach removal. Informal measures were imposed on ten banks, including the signing of memoranda of agreement on undertaking rehabilitation measures. Supervisory measures proved efficient.

The Banking Supervision Department reviewed and analyzed amendments to the Articles of Association of almost all licensed commercial banks, issued formal opinions on the amended Articles of Association, and sent copies to court to prevent the adoption of amendments inconsistent with the law.

VI. European Integration and International Activity

1. European Integration: One Year of EU Accession Negotiations

By the European Council resolution passed on 10 – 11 December 1999 in Helsinki Bulgaria and five other countries were invited to start EU accession negotiations. Negotiations were officially launched at the intergovernmental conference in Brussels on 15 February.

The start of official negotiations for Bulgaria's accession to EU set the priority task for the central bank to create the necessary conditions for the performance of the Copenhagen economic criteria.

The basis for Bulgaria's relationships with the European Union is the Europe Association Agreement, effective since 1 February 1995, and banking is given priority in achieving convergence. In fulfillment of the Europe Association Agreement several documents have been prepared: the National Strategy for EU Accession, the National Program for the Adoption of the *Acquis Communautaire* (NPAA) and the Accession Partnership. These determine Bulgaria's strategy and priorities in achieving nominal and real convergence with the EU.

The central bank is directly involved in the process of adopting the European model of market economy in the following aspects: the freedom to provide services in the field of banking; the free movement of capital; the economic and monetary union; statistics; and bank accounting.

In fulfillment of the priority goals for integration into European structures, the BNB has the possibility for active legal and administrative intervention. The central bank is mandated powers to issue regulations on the implementation of laws within its competence. The BNB has the initiative of drafting laws in relevant areas. The central bank facilitates the process through adequate enforcement of adopted legislation, establishment of the necessary administrative structure, and training high quality staff.

In 2000 banking law was improved as regards the right of establishment, the activity and supervision of credit institutions. Since 1997 the BNB has been revising methodically all major regulations within its competence, aiming at full compliance with internationally recognized standards and EU Law and practices. In 2000 two regulations were adopted and several current BNB regulations were amended. The changes comply fully with European Directive 2000/12/EC and the Treaty on European Union in the field of establishment of foreign banks, monitoring and control over admissible risk concentration for banks and bank groups, the evaluation of banks' risk exposures, and formation of provisions to cover the risk of losses. The new Regulation on Supervision on a Consolidated Basis established the requirements of the EU Directive for supervision of credit institutions on a consolidated basis in terms of banks, bank groups and financial holding companies.

The new Foreign Exchange Law, in force since 1 January 2000, led to substantial liberalization of the capital movement. A major principle in it is the abolishment of the permit regime on transactions and payments between residents and nonresidents, cross-border transfers and payments, transactions in foreign currency in the line of business, transactions in precious metals and precious stones in the line of business, and the export and import of levs and foreign currency in cash. In its capacity as an institution responsible for supervising the implementation of the For-

eign Exchange Law on the one hand, and in charge of compiling Bulgaria's balance of payments on the other, the BNB organizes and maintains a reporting system that records adequately and in due time cross-border capital flows and ensures their monitoring and analysis.

The issues of data collection and processing for the purposes of balance of payments statistics, general macroeconomic statistics, and financial and banking statistics are crucial in determining performance of the criteria for membership in the EU and the Economic and Monetary Union (EMU). Bulgaria needs to prove its readiness for accession by adopting and applying the principles of statistical reporting developed by Eurostat and the European Central Bank. The BNB believes that it has contributed significantly to the acceleration of the process. In the field of monetary and financial statistics and balance of payments statistics, harmonization is carried out by the BNB within a unified process managed by the European Central Bank.

The Bank plays a specific role in maintaining the stability of the financial system by establishing and regulating payment mechanisms. There is interdependence between payment system stability and security, and financial markets and banking sector stability. Bulgaria's strategic goal is to operate a payment system that complies fully with international and European standards and practices, including its integration into TARGET, the payment system of the European System of Central Banks. A real time gross settlement system (RTGS) project is being developed in compliance with the principles of operation of systemically important payment systems defined by the Committee on Payment and Settlement Systems at the Bank for International Settlements in Basle, and with the principles adopted by the European Central Bank for the eurozone.

The central bank plays a key role in introducing and enacting legislation on the Economic and Monetary Union and in formulating Bulgarian monetary and forex policies. As of the date of EU accession national central banks become members of the European System of Central Banks, and their governors become members of the General Council of the ECB (as the country becomes a member state with derogation). In compliance with *acquis* the financial sector of the newly admitted countries will benefit from the Four Freedoms, and the principles of the single market, by gaining direct or indirect access to the eurozone.

Bulgaria's officially announced stance on EMU accession involves maintenance of the currency board arrangement (CBA) until full EMU membership. This means maintenance of the CBA until the date of EU accession and during membership with derogation in EMU. In this sense, and in view of Bulgaria's economic interests, the country should join the eurozone shortly after EU accession. Bulgaria's strategy is for maximum convergence with legal, institutional and economic requirements prior to EU accession.

The Bulgarian position was presented for the first time at the meeting of candidate countries' central bank governors with ECB representatives and eurozone countries' central bank governors in Helsinki in November 1999. The stance was also discussed during the official visit of a BNB delegation to the ECB. At its meeting in April 2000 the ECB adopted its stance on countries with currency boards and published it. It states euro-based CBA compatibility with ERM II principles under a unilateral central bank commitment to maintaining the fixed exchange rate to the euro. The European Commission supported this stance in August and ECOFIN did so in November.

The BNB is directly involved in preparing Position Papers for launching negotiations on the Chapters within BNB competence, and in drafting materials and comments for the EU Commission's Regular Report on the progress towards accession and the National Program for the Adoption of the *Acquis*. In the second half of 2000, during the French Presidency, the European Union launched negotiations on three negotiation Chapters within BNB competence: the Free Movement of Capital, Statistics, and Company Law. The Statistics chapter was closed almost immediately.

2. Relationships with International Financial Institutions

Bulgaria's relationship with the International Monetary Fund as a Fund member are based on Article IV of the IMF Articles of Agreement on economic consultations, and the three-year standby agreement. In 2000 Bulgaria was visited by several regular and technical IMF missions. Consultations of Fund experts with BNB experts addressed banking supervision, the introduction of the single account, the development of the payment system, the balance of payments statistics, improvement of accounting in the BNB, introduction of the single credit register, and the new legal framework of bank bankruptcy.

The central bank's relationships with international financial institutions were realized in the context of close cooperation focused on avoiding financial crises. The central bank was involved in implementing international financial institutions' recommendations concerning statistics dissemination, banking supervision, and monetary policy.

Bulgaria expressed its consent to participate in the IMF project on publishing the consultative report under Article IV of the IMF Articles of Agreement relating to the annual national economic review. In March 2000 the Report on Observance of Standards and Codes for Bulgaria was published. BNB experts assisted assessments of monetary and fiscal policies transparency, statistics dissemination, and compliance of Bulgarian banking supervision practice with Basle principles. Bulgaria's progress on compliance with international standards and practices has been included in the report's update. As a result of cooperation with the IMF in May Bulgaria started participating in the General Data Dissemination System, a statistics dissemination system.

3. Bilateral Relations with Central Banks

BNB's cooperation with central banks intensified in 2000, including EU member countries, the European Central Bank, and the central banks of EU accession countries, in the form of bilateral meetings, and participation in conferences and seminars.

A BNB delegation visited the European Central Bank in April 2000. The visit was organized at the initiative of the ECB International and European Relations Directorate and the BNB International Relations and European Integration Directorate. The purpose of the visit was to intensify contacts with the management of counterpart ECB directorates, to exchange information, and to study specific ECB requirements for central banks in relation to EU and EMU membership negotiations.

A seminar on 'Currency Boards: Experience and Perspectives' was held in Tallinn in May. Representatives from countries with currency boards, the ECB, and international financial institutions discussed the results of currency board introduction, aspects of monetary and forex policies in the process of negotiation, compliance with EU and EMU accession criteria, and possible options for participating in the ERM II.

In the field of technical cooperation representatives of French, German, Hungarian and Dutch central banks visited the BNB. A number of meetings were held with Bank experts and the management with a view to identifying specific needs for technical assistance by different Bank units.

As a result of the visit of experts from the Deutsche Bundesbank, the BNB, Bankservice AD and the Deutsche Bundesbank organized a seminar on payments systems, focusing on European payments systems, the German real time gross settlement system, and the project for developing the Bulgarian payments system (RTGS).

With BNB and Ministry of Finance assistance the European Commission organized an international seminar on the liberalization of capital movement and reporting systems in Sofia. The seminar emphasized the increasing significance of the system of reporting capital movement in the process of liberalization. The Bulgarian, French, Greek and Swedish reporting systems were presented.

In December a three-day seminar on free capital movement and freedom to provide services was organized in Sofia by the European Commission, the Ministry of Finance, the Danish European Institute, and the Danish Ministry of Finance.

VII. BNB Financial Statements

1. Annual Financial Statement

Auditors' Report to the Managing Board of the Bulgarian National Bank

We have audited the financial statements of the Bulgarian National Bank for the year ended 31 December 2000, which are set out on pages 97 to 114.

Respective responsibilities of the Managing Board and auditors

As set out in the Statement of Responsibilities on page 98, these financial statements are the responsibility of the Managing Board. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Managing Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Qualified opinion

As described in the accounting policies, the Bank values its monetary gold in accordance with the Law on the Bulgarian National Bank at the lower of either market value or DEM 500 per troy ounce. At 31 December 2000, the value of monetary gold was in excess of DEM 500 per troy ounce. Under International Accounting Standards, monetary gold in the balance sheet should be carried at market value. The effect of doing so would be to increase its recorded value by BGN 93 million, increasing net income from ordinary activities and transfers to special reserves by the same amount.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements give a true and fair view of the financial position of the Bulgarian National Bank as at 31 December 2000 and of the results of its operations and its cash flows for the year then ended and have been prepared in accordance with International Accounting Standards.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
London
20 April 2001

KPMG Bulgaria OOD

KPMG Bulgaria OOD
Chartered Accountants
Sofia
20 April 2001

Statement of Responsibilities of the Managing Board of the Bulgarian National Bank

The Law on the Bulgarian National Bank requires the Managing Board of the Bulgarian National Bank to prepare financial statements each year to present the financial position of the Bulgarian National Bank and the profit or loss for the period.

The financial statements prepared by the Bulgarian National Bank are based on the accounting principles approved by the Managing Board in compliance with International Accounting Standards.

The Managing Board of the Bulgarian National Bank is responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bulgarian National Bank. It has a general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Bulgarian National Bank and to prevent or detect fraud and other irregularities.



Svetoslav Gavriiski
Governor of the BNB

**Balance Sheet
of the Bulgarian National Bank
as of 31 December 2000**

	Notes	2000	1999
		BGN '000	BGN '000
ASSETS			
Cash and amounts due from banks	9	1,950,677	1,251,736
Gold and other precious metals	10	731,266	732,601
Securities	11	4,702,929	4,371,489
Loans to banks and other financial institutions	12	17	13
Interest receivable	14	61,456	74,797
Receivable from Government	15	2,560,928	2,203,159
Equity investments and quota in IMF	16	1,756,047	1,624,139
Property, plant and equipment	17	141,395	148,722
Other assets	18	<u>28,477</u>	<u>7,933</u>
Total assets		<u>11,933,192</u>	<u>10,414,589</u>
LIABILITIES			
Due to banks and other financial institutions	19	515,938	638,112
Government deposits and current accounts	20	2,608,517	2,694,175
Borrowings against Bulgaria's IMF participation	21(a)	1,659,202	1,533,975
Borrowings from general resources of IMF	21(b)	2,778,646	2,430,830
Other borrowings	22	680,298	411
Currency in circulation	23	2,504,693	2,082,918
Accruals and other liabilities	24	<u>193,177</u>	<u>148,630</u>
Total liabilities		<u>10,940,471</u>	<u>9,529,051</u>
Equity			
Capital	25	20,000	20,000
Reserves	26	<u>972,721</u>	<u>865,538</u>
Total liabilities and Equity		<u>11,933,192</u>	<u>10,414,589</u>

The accompanying notes on pages 102 to 114 form an integral part of these financial statements.

The BNB Managing Board approved the 2000 BNB financial statements on 19 April 2001.



Svetoslav Gavriiski
Governor of the BNB

Income Statement

	Notes	2000	1999
		BGN '000	BGN '000
Interest and similar income	5	226,734	161,785
Interest expense and similar charges	5	<u>(25,800)</u>	<u>(17,046)</u>
Net interest income		<u>200,934</u>	<u>144,739</u>
Dividend income		3,415	3,123
Net fees and commissions		1,135	1,245
Net gains arising from securities		38,261	28,094
Foreign exchange gains/(losses)	6	32,649	6,918
Other operating income	7	45,667	15,748
Operating expenses	8	(42,038)	(45,617)
Bad debt recoveries	13	5,407	29,713
Net income from ordinary activities		<u>285,430</u>	<u>183,963</u>
Transfer from/ (to) special reserves		(44,674)	725
Net income after special reserve transfer		<u>240,756</u>	<u>184,688</u>
Contribution to the State Budget	24	<u>(178,159)</u>	<u>(136,669)</u>
Transfer to other reserves	26	<u>62,597</u>	<u>48,019</u>

The accompanying notes on pages 102 to 114 form an integral part of these financial statements.

Statement of Recognized Gains and Losses

	Notes	2000	1999
		BGN '000	BGN '000
Surplus on revaluation of noncurrent assets	26	<u>-</u>	<u>3,766</u>
Net gains not recognized in the income statement		-	3,766
Transfer to other reserves	26	<u>62,597</u>	<u>48,019</u>
Total recognized gains and losses		<u>62,597</u>	<u>51,785</u>

The accompanying notes on pages 102 to 114 form an integral part of these financial statements.

Statement of Cash Flows

	Notes	2000	1999
		BGN '000	BGN '000
Net cash flow from operating activities			
Net income from ordinary activities		285,430	183,963
Adjustment for noncash and nonoperating items:			
Dividend income		(3,415)	(3,123)
Bad debt recoveries		(5,407)	(29,713)
Depreciation	7, 17	11,120	8,574
Profit on disposal of noncurrent assets		(12,161)	-
Exchange losses/(gains) on working capital		<u>(58,133)</u>	<u>131,167</u>
Net cash flow from operating activities before changes in operating assets and liabilities		217,434	290,868
Change in operating assets			
(Increase)/decrease in gold and other precious metals		(4,035)	(371)
(Increase)/decrease in securities		(335,023)	(2,872,787)
Increase in receivable from government		(366,955)	(304,630)
Decrease in loans to banks and other financial institutions		-	1,337
Increase in interest receivable and other assets		(7,203)	(56,093)
Change in operating liabilities			
Increase/(decrease) in due to banks and other financial institutions		(118,899)	86,616
Increase in government deposits and current accounts		(64,615)	654,360
Increase in borrowings from IMF		357,002	640,868
Increase in currency in circulation		421,775	237,862
Increase/(decrease) in other borrowings		679,887	-
Increase/(decrease) in accruals and other liabilities		<u>44,547</u>	<u>36,727</u>
Net cash flow from operating activities		823,915	(1,285,243)
Cash flow from investing activities			
Purchase of noncurrent assets		(4,373)	(13,373)
Proceeds from sale of noncurrent assets		12,306	101
Dividends received from associated undertakings		3,415	3,123
(Increase)/decrease in equity investments and quota in IMF		-	<u>(336,238)</u>
Net cash flow from investing activities		11,348	(346,387)
Cash flow from financing activities			
Payment to government		(136,669)	(89,719)
Other payment (from)/to reserves		347	1,120
Net cash flow from financing activities		(136,322)	(88,599)
Net (decrease)/increase in cash and cash equivalents		698,941	(1,720,229)
Cash and cash equivalents at beginning of year		<u>1,251,736</u>	<u>2,971,965</u>
Cash and cash equivalents at end of year	9	<u>1,950,677</u>	<u>1,251,736</u>

The accompanying notes on pages 102 to 114 form an integral part of these financial statements.

Notes to the Financial Statements

1. Organization and operation

The Bulgarian National Bank (the 'Bank') is 100% owned by the Bulgarian State.

The Bank is the central bank of Bulgaria. The operation of the Bank is governed by the Law on the Bulgarian National Bank, which has been effective from 10 June 1997.

Under this law, the primary objectives of the Bank may be summarized as:

- maintaining the stability of the national currency;
- the exclusive right to issue banknotes and coins; and
- regulation and supervision of other banks' activities.

The principal operations as a result of this law may be summarized as:

- the Bank may only provide funds to the Government in accordance with rigid criteria;
- the Bank may only lend to commercial banks in accordance with very stringent terms and conditions;
- the Bank may not deal in Bulgarian government bonds;
- the Bank may not issue Bulgarian levs in excess of the Bulgarian lev equivalent of the gross international foreign currency reserves;
- the Bank must prepare its accounts in accordance with International Accounting Standards (IAS); and
- under terms agreed upon with the Minister of Finance, the Bank acts as agent for public debts or for debts guaranteed by the State. Accordingly the Bank acts as Central Depository of government securities.

2. Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards issued by the International Accounting Standards Committee (IASC).

3. Basis of preparation

The financial statements are presented in Bulgarian levs (BGN) rounded to the nearest thousand. They are prepared under the historical cost convention as modified for by the revaluation of certain assets and liabilities to fair value.

The accounting policies applied by the Bank are consistent with those used in the previous year.

4. Summary of significant accounting policies

(a) *Interest income and expense*

Interest income and expense are recognized on an accrual basis.

(b) *Fee and commission income and expense*

Fee and commission income and expense are recognized in the income statement at the date earned or incurred.

(c) *Securities*

Investment securities are those securities where the intention is to hold them until maturity. These are valued at cost, with any premium or discount on acquisition being recognized on an accrual basis.

Trading securities are those foreign debt securities, which form part of the gross international foreign exchange reserves of the Bank. These securities are recorded at market value. Movements in the market value of these securities are initially recognized in the income statement and then transferred to a special reserve in accordance with the Law on the Bulgarian National Bank.

(d) *Loans and provisions for possible credit losses*

Loans are stated in the balance sheet at the amount of principal outstanding less any provision for bad and doubtful debts. A provision is made for any amounts where recovery is uncertain. The provision is recognized as an expense in the income statement and deducted from the total carrying amount of the loans.

(e) Gold and other precious metals

In accordance with the Law on the Bulgarian National Bank, monetary gold is valued at the lower of DEM 500 per troy ounce or market value based on the official London fixing rate at the balance sheet date. Monetary gold is classified as gold in standard form.

Gold, including nonstandard gold, and other precious metals are valued at market value based on the official London fixing rate as of the balance sheet date.

(f) Equity investments

Details of investments held are set out in note 16.

The wholly owned trading subsidiaries are included in the financial statements at the cost of the investment and are not consolidated, as the effect of nonconsolidation of these subsidiaries is not material in the context of the financial statements taken as a whole.

Equity investments are included in the financial statements at the lower of cost or market value of the investment. Equity investments in Bulgarian institutions which are regarded as associates have been included at cost as any adjustments under the equity method are not considered material in the context of the financial statements taken as a whole.

(g) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at their purchase cost as modified by any revaluations, less accumulated depreciation and impairment losses.

• *Subsequent expenditure*

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the income statement as an expense as incurred.

• *Depreciation*

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land is not depreciated. The depreciation rates used are as follows:

	(%)
Buildings	4
Equipment	4 – 20
Fixtures and fittings	15
Motor vehicles	15

Property, plant and equipment in progress is not depreciated until completed or ready for use.

• *Calculation of recoverable amount*

The recoverable amount of the Bank's property plant and equipment is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Bank's incremental borrowing rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

• *Reversals of impairment*

In respect of property, plant and equipment, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Foreign currencies

Income and expenditure arising in foreign currencies is translated to BGN at the official rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the official exchange rate ruling on that day. Foreign exchange gains and losses are recognized in the income statement. Gains and losses are then transferred to or from a special reserve as permitted by the Law on the Bulgarian National Bank, see note 4 (k) below. Foreign currency-denominated nonmonetary assets and liabilities are valued at the historical rate at acquisition.

Open forward foreign exchange contracts are valued at market value.

The exchange rates of major foreign currencies at 31 December were:

Currencies	2000	1999
US dollar (USD)	1 : BGN 2.10191	1 : BGN 1.94687
Deutschemark (DEM)	1 : BGN 1.00000	1 : BGN 1.00000
Euro (EUR)	1 : BGN 1.95583	1 : BGN 1.95583
Special Drawing Rights (SDR)	1 : BGN 2.73860	1 : BGN 2.66906

(i) Taxation

The Bank is not subject to income tax on income from its main activities. It is required to contribute a portion of its net income to the Bulgarian State as described in note 4(k).

(j) Loans from International Monetary Fund (IMF)

The borrowings from the IMF are denominated in Special Drawing Rights (SDRs). Any unrealized exchange gains or losses are accounted for in accordance with note 4(k).

(k) Share capital and reserves

Share capital represents nondistributable capital of the Bank.

In accordance with the Law on the Bulgarian National Bank, the Bank is required to transfer to reserves 25% of the annual excess of revenue over expenditure. Special reserves are established as follows: 1% of the annual excess of income over expenditure; the net gains and losses arising on the revaluation of assets and liabilities denominated in foreign currencies or gold; or on a decision of the Managing Board.

After transfers to reserves and special funds, the balance of the revenue over expenditure is credited to the account of the State budget.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, nostro accounts, current accounts and term deposits with maturities of less than three months.

5. Interest income and expense

	2000 BGN '000	1999 BGN '000
Interest income		
Banks and financial institutions		
- in BGN	44	315
- in foreign currency	<u>226,690</u>	<u>161,470</u>
	<u>226,734</u>	<u>161,785</u>
Interest expense		
Banks and financial institutions		
- in BGN	5,809	2,281
- in foreign currency	<u>19,991</u>	<u>14,765</u>
	<u>25,800</u>	<u>17,046</u>

6. Foreign exchange gains/(losses)

	2000 BGN '000	1999 BGN '000
Revaluation of gold and precious metals	5,370	35,206
Foreign currency gains	13,771	10,864
Foreign currency losses	(5,685)	(3,221)
Net revaluation of foreign currency assets and liabilities	<u>19,193</u>	<u>(35,931)</u>
	<u>32,649</u>	<u>6,918</u>

7. Other operating income

	2000 BGN '000	1999 BGN '000
Revaluation of precious metal commemorative coins for sale	17,974	-
Disposal of noncurrent assets	12,507	101
Printing Works	8,496	2,166
Sale of coins	2,523	1,127
Income on withdrawal of banknotes not legal tender	2,137	-
Other income	<u>2,030</u>	<u>12,354</u>
	<u>45,667</u>	<u>15,748</u>

The BGN 11,740,000 income from disposal of noncurrent assets represents the proceeds on the sale of an administrative building.

8. Operating expenses

	2000 BGN '000	1999 BGN '000
Personnel costs	14,216	12,076
Administration	8,994	7,071
Depreciation	11,120	8,574
Printing Works expenses	6,178	17,041
Other expenses	<u>1,530</u>	<u>855</u>
	<u>42,038</u>	<u>45,617</u>

Personnel costs include salaries, social and health security contributions to the unemployment fund under the provision of local legislation.

The average number of employees during the year was 1,308.

9. Cash and amounts due from banks

	2000 BGN '000	1999 BGN '000
Foreign currency cash	38,802	33,921
Nostro and current accounts with other banks	324,313	482,223
Deposits in foreign currency	<u>1,587,562</u>	<u>735,592</u>
	<u>1,950,677</u>	<u>1,251,736</u>

10. Gold and other precious metals

	2000 troy ounces '000	2000 BGN '000	1999 troy ounces '000	1999 BGN '000
Gold bullion in standard form	1,031	515,611	1,031	515,611
Gold deposits in standard form	252	126,157	252	126,177
Gold in other form	-	66,575	-	72,204
Other precious metals	-	<u>22,923</u>	-	<u>18,609</u>
Total		<u>731,266</u>		<u>732,601</u>

Gold deposits in standard form include gold held with correspondents. This gold earns interest at rates between 0.5% and 0.7% per annum.

11. Securities

	2000 BGN '000	1999 BGN '000
<i>Market value of trading securities</i>		
Foreign treasury bills, notes and bonds	4,535,234	4,216,004
<i>Cost of investment securities</i>		
Foreign treasury bills	<u>167,695</u>	<u>155,485</u>
Total	<u>4,702,929</u>	<u>4,371,489</u>

The trading portfolio comprises both EUR- and USD-denominated coupon and discount securities. The EUR-denominated securities earn interest between 3% and 8.75% and securities in USD earn between 5.37% and 6.75%.

Investment securities are US Treasury bills held with the Federal Reserve Bank of New York. These are held as collateral for the annual interest payments under the Front Loaded Interest Reduction Bond (FLIRB) portion of the Bulgarian Brady bonds. The US Treasury bills are discount securities and have maturity within one year. These securities have been included as an asset of the Bank as it is not the intention of the Government to use these securities in order to extinguish the interest liability.

12. Loans to banks and other financial institutions

	2000 BGN '000	1999 BGN '000
Loans to domestic financial institutions:		
- in BGN	75,555	131,956
- in foreign currency	49,378	93,808
Provision for possible credit losses	<u>(124,916)</u>	<u>(225,751)</u>
Written down value of loans to domestic banks	<u>17</u>	<u>13</u>

During the year no interest has been accrued on these loans. They have a theoretical maturity within 1 year.

13. Provision for losses

	2000 BGN '000	1999 BGN '000
Provision against cash and amounts due from banks at 1 January 2000	-	-
Provision against equity investment at 1 January 2000	369	369
Provision against loans to banks and other financial institutions at 1 January 2000	<u>225,751</u>	<u>257,393</u>
Provision at 1 January 2000	<u>226,120</u>	<u>257,762</u>
Add charge for the year	-	-
Less recoveries	(5,407)	(29,713)
Less provisions on bad debts written off	<u>(95,797)</u>	<u>(1,929)</u>
Provision at 31 December	<u>124,916</u>	<u>226,120</u>

14. Interest receivable

	2000 BGN '000	1999 BGN '000
Interest on investments	58,349	73,014
Interest on cash accounts and loans	1,987	1,261
Other	<u>1,120</u>	<u>522</u>
Total	<u>61,456</u>	<u>74,797</u>

15. Receivable from the Government

	2000 BGN '000	1999 BGN '000
Receivable from the Government	<u>2,560,928</u>	<u>2,203,159</u>

The value of the receivable from the Government at 31 December 2000 was SDR 935 million (1999: SDR 825 million), see note 27(a).

The receivable bears interest at the same rates as those incurred on the borrowings from the IMF and is repayable as follows:

Year	BGN '000
2001	572,698
2002	433,783
2003	167,249
2004	193,625
2005	238,715
2006	238,715
2007	238,715
2008	238,715
2009	167,100
2010	<u>71,613</u>
Total	<u>2,560,928</u>

The ability of the Government to repay its liabilities according to the repayment schedule will depend on the performance of the Bulgarian economy.

16. Equity investments and quota in IMF

	2000 BGN '000	1999 BGN '000
Bulgaria's IMF quota	1,752,922	1,621,235
Equity investments in international financial institutions	832	840
Equity investments in Bulgarian institutions	2,662	2,433
Provision against investments in Bulgarian institutions	<u>(369)</u>	<u>(369)</u>
Total	<u>1,756,047</u>	<u>1,624,139</u>

None of the equity investments in international financial institutions exceeds 10% of the issued share capital of those entities. The significant equity investments in Bulgarian institutions may be analyzed as follows:

Name of institution	Holding %	Principal activity
<i>Subsidiaries</i>		
BORICA EOOD	100	Interbank settlement for ATM transactions
Bulgarian Mint EOOD	100	Minting coins
Agrobusinessbank AD	85	Banking institution in process of liquidation
Bank for Agricultural Credit AD	52	Banking institution in process of liquidation
<i>Associated companies</i>		
Bankservice AD	36	Interbank clearing
International Banking Institute	42	Financial training and research
Central Depository	20	Agent for corporate securities

17. Property, plant and equipment

	Land and and buildings BGN '000	Equipment BGN '000	Motor vehicles BGN '000	Fixtures and fittings BGN '000	Assets in progress BGN '000	Other BGN '000	Total BGN '000
Cost or valuation							
At 1 January 2000	57,371	87,817	2,345	3,373	13,919	1,527	166,352
Additions	2	60	-	118	4,253	1	4,434
Disposals	(2,374)	(2,824)	-	(2)	-	(9)	(5,209)
Transfers	6,338	8,325	-	625	(16,085)	797	-
At 31 December 2000	61,337	93,378	2,345	4,114	2,087	2,316	165,577
Depreciation							
At 1 January 2000	(2,809)	(12,507)	(1,093)	(809)	-	(412)	(17,630)
Charge for the year	(2,289)	(7,585)	(352)	(459)	-	(435)	(11,120)
On disposals	2,237	2,325	-	1	-	5	4,568
At 31 December 2000	(2,861)	(17,767)	(1,445)	(1,267)	-	(842)	(24,182)
Net book value at 31 December 2000	<u>58,476</u>	<u>75,611</u>	<u>900</u>	<u>2,847</u>	<u>2,087</u>	<u>1,474</u>	<u>141,395</u>
Net book value at 31 December 1999	<u>54,562</u>	<u>75,310</u>	<u>1,252</u>	<u>2,564</u>	<u>13,919</u>	<u>1,115</u>	<u>148,722</u>

BGN 97,306,000 (69%) of the net book value of property, plant and equipment of the Bank comprises assets of the Printing Works.

18. Other assets

	2000 BGN '000	1999 BGN '000
Precious metal commemorative coins for sale	17,974	-
Inventories	4,962	2,681
Spare parts for printing equipment	1,950	2,394
Accounts receivable	1,926	1,738
Refund from IMF	758	1,007
Prepaid expenses	907	113
Total	<u>28,477</u>	<u>7,933</u>

19. Due to banks and other financial institutions

	2000 BGN '000	1999 BGN '000
Demand deposits from banks and other financial institutions		
- in BGN	361,287	459,515
- in foreign currency	<u>154,651</u>	<u>178,597</u>
Total	<u>515,938</u>	<u>638,112</u>

The Bank does not pay interest on demand deposits from banks and other financial institutions. Included in demand deposits is BGN 441 million representing the mandatory reserves which all local banks are required to maintain at the Bank as part of their current accounts.

20. Government deposits and current accounts

	2000 BGN '000	1999 BGN '000
Government current accounts		
- in BGN	1,142,462	874,733
- in foreign currency	261,190	162,553
Government deposits accounts		
- in BGN	202,852	434,764
- in foreign currency	<u>1,002,013</u>	<u>1,222,125</u>
Total	<u>2,608,517</u>	<u>2,694,175</u>

Government deposits and current accounts with the Bank comprise funds held on behalf of Government budget organizations. No interest is payable on the current accounts. Government deposit accounts earn interest between 0.4% and 3%.

21. (a) Borrowings against Bulgaria's IMF participation

	2000 BGN '000	1999 BGN '000
Borrowings against Bulgaria's IMF participation	<u>1,659,202</u>	<u>1,533,975</u>

(b) Borrowings from general resources of IMF

	2000 BGN '000	1999 BGN '000
Compensatory and contingency financing	131,453	170,820
Standby facilities	1,029,234	1,189,800
Extended fund facility	1,432,288	837,551
Systematic transformation facility	<u>185,671</u>	<u>232,659</u>
Total	<u>2,778,646</u>	<u>2,430,830</u>
Total (a) and (b)	<u>4,437,848</u>	<u>3,964,805</u>

Borrowings from the IMF are denominated in SDRs and amounted to SDR 1,622 million at 31 December 2000 (31 December 1999: SDR 1,518 million). Borrowings related to Bulgaria's IMF quota are noninterest-bearing with no stated maturity, while borrowings from the general resources of IMF bear interest at rates set by the IMF, currently between 5% and 6%, and are repayable over a ten-year period.

Borrowings from the IMF are guaranteed by promissory notes, which have been co-signed by the Government and the Bank. The total promissory notes outstanding as at 31 December 2000 were BGN 4,602 million (31 December 1999: BGN 3,606 million), see note 31.

22. Other borrowings

	2000 BGN '000	1999 BGN '000
Guarantee funds	97	31
Other borrowings	<u>680,201</u>	<u>380</u>
Total	<u>680,298</u>	<u>411</u>

The other borrowings include EUR 345,000,000 (BGN 674,762,000) deposited by the Banking Consolidation Company, being the proceeds from the privatization of a state-owned bank. The maturity of the deposit is within one month.

23. Currency in circulation

	2000 BGN '000	1999 BGN '000
Coins and currency in circulation		
- banknotes	2,475,320	2,060,403
- coins	<u>29,373</u>	<u>22,515</u>
Total	<u>2,504,693</u>	<u>2,082,918</u>

The above balances represent the amount of BGN coins and banknotes issued by the Bank other than those held by the Bank itself. The movement of banknotes in circulation is as follows:

	2000 BGN '000	1999 BGN '000
Balance at 1 January 2000	2,060,403	1,839,327
Banknotes issued in circulation	415,454	632,427
Banknotes withdrawn from circulation and destroyed	<u>(537)</u>	<u>(411,351)</u>
Balance at 31 December 2000	<u>2,475,320</u>	<u>2,060,403</u>

24. Accruals and other liabilities

	2000 BGN '000	1999 BGN '000
Contribution payable to Government	178,159	136,669
Accrued interest payable	7,080	1,809
Salaries and social security payable	841	-
Prepayments	138	5,915
Other payables	<u>6,959</u>	<u>4,237</u>
Total	<u>193,177</u>	<u>148,630</u>

25. Capital

	2000 BGN '000	1999 BGN '000
Balance at 1 January and 31 December	<u>20,000</u>	<u>20,000</u>

The total authorized capital of the Bank is BGN 20 million.

26. Reserves

**Table of movement in reserves
for the year ended 31 December 2000**

(BGN '000)

	Asset revaluation reserve	Foreign exchange reserve	Commemo- rative coin revaluation reserve	Other reserves	Total
Balance at 1 January 2000	44,492	677,648	-	143,398	865,538
Transfer of unrealized gold revaluation gain	-	5,370	-	-	5,370
Transfer of net foreign exchange gain	-	19,193	-	-	19,193
Other transfers	(435)	-	-	347	(88)
Transfer of banknotes – not legal tender	-	-	-	2,137	2,137
Revaluation of commemorative coins	-	-	17,974	-	17,974
Transfers	-	(101,747)	-	101,747	-
Profit for the year	-	-	-	<u>62,597</u>	<u>62,597</u>
Balance at 31 December 2000	<u>44,057</u>	<u>600,464</u>	<u>17,974</u>	<u>310,226</u>	<u>972,721</u>

Table of movement in reserves for the year ended 31 December 1999

(BGN '000)

	Asset revaluation reserve	Foreign exchange reserve	Other reserves	Total
Balance at 1 January	40,726	678,373	97,012	816,111
Net asset revaluation	3,766	-	-	3,766
Transfer of unrealized gold revaluation gain	-	35,206	-	35,206
Transfer of net foreign exchange loss	-	(35,931)	-	(35,931)
Other transfers	-	-	(1,633)	(1,633)
Profit for the year	-	-	48,019	48,019
Balance at 31 December	44,492	677,648	143,398	865,538

27. Related party transactions

(a) Bulgarian Government

International Monetary Fund

The Bank and the Government of Bulgaria have borrowings with the IMF, both of which are undertaken through the Bank. The Government's IMF borrowings, as shown on the balance sheet of the Bank, have been matched by a receivable from the Government. In order to eliminate any exchange rate movements, the Government receivable is denominated in SDRs.

The interest on these borrowings is paid by the Government. Accordingly no interest revenue is included in these accounts for the receivable from the Government nor is interest expense included on the Government's portion of the IMF borrowings (see note 15).

The IMF quota is supported by promissory notes jointly signed by the Bank and the Government (see note 21(b)).

Government bank accounts

Government budget organizations and other government organizations have current accounts and term deposits with the Bank (see note 20).

Equity investments

The Bank has participations in various international financial institutions, including the Bank for International Settlements (see note 16).

(b) Bank accounts

The Bank holds deposits from its investments in local entities in accordance with the Law on the Bulgarian National Bank (see note 16).

28. Foreign currency positions

The amounts of assets and liabilities held in BGN and in foreign currencies can be analyzed as follows:

(BGN '000)

	31 December 2000		31 December 1999	
	BGN	Foreign currencies	BGN	Foreign currencies
Assets				
Cash and amounts due from banks	-	1,950,677	-	1,251,736
Gold and other precious metals	-	731,265	-	732,601
Securities	-	4,702,929	-	4,371,489
Loans to banks and other financial institutions	-	17	-	13
Interest receivable	-	61,457	-	74,797
Receivable from Government	-	2,560,928	-	2,203,159
Equity investments and quota in IMF	2,294	1,753,753	2,064	1,622,075
Property, plant and equipment	141,395	-	148,722	-
Other assets	27,719	758	7,933	-
Total assets	171,408	11,761,784	158,719	10,255,870
Liabilities				
Due to banks and other financial institutions	361,287	154,651	459,515	178,597
Government deposits and current accounts	1,307,044	1,976,235	1,309,497	1,384,678
Borrowings against Bulgaria's IMF participation	-	1,659,202	-	1,533,975
Borrowings from general resources of IMF	-	2,778,646	-	2,430,830
Other borrowings	112	5,424	411	-
Currency in circulation	2,504,693	-	2,082,918	-
Accruals and other liabilities	5,446	187,731	148,630	-
Total liabilities	4,178,582	6,761,889	4,000,971	5,528,080
Net assets/ (liabilities)	(4,007,174)	4,999,895	(3,842,252)	4,727,790

29. Maturity analysis

The assets and liabilities of the Bank analyzed over the remaining period from the balance sheet date to contractual repricing or intended maturity is as follows:

(BGN '000)

As at 31 December 2000	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Assets						
Cash and amounts due from banks	1,950,677	-	-	-	-	1,950,677
Gold and other precious metals	126,157	-	-	-	605,109	731,266
Securities	4,535,234	167,695	-	-	-	4,702,929
Loans to banks and other financial institutions	17	-	-	-	-	17
Interest receivable	61,456	-	-	-	-	61,456
Receivable from Government	83,527	42,585	446,586	1,033,371	954,859	2,560,928
Equity investments and quota in IMF	89,667	-	-	-	1,666,380	1,756,047
Property, plant and equipment	-	-	-	-	141,395	141,395
Other assets	-	-	28,477	-	-	28,477
Total assets	<u>6,846,735</u>	<u>210,280</u>	<u>475,063</u>	<u>1,033,371</u>	<u>3,367,743</u>	<u>11,933,192</u>
Liabilities						
Due to banks and other financial institutions	515,938	-	-	-	-	515,938
Government deposits and current accounts	2,327,853	-	280,664	-	-	2,608,517
Borrowings against Bulgaria's IMF participation	-	-	-	-	1,659,202	1,659,202
Borrowings from general resources of IMF	91,469	42,585	512,929	1,176,805	954,858	2,778,646
Other borrowings	680,298	-	-	-	-	680,298
Currency in circulation	-	-	-	-	2,504,693	2,504,693
Accruals and other liabilities	191,878	-	1,299	-	-	193,177
Capital	-	-	-	-	20,000	20,000
Reserves	-	-	-	-	972,721	972,721
Total liabilities	<u>3,807,436</u>	<u>42,585</u>	<u>794,892</u>	<u>1,176,805</u>	<u>6,111,474</u>	<u>11,933,192</u>
Maturity surplus/(shortfall)	<u>3,039,299</u>	<u>167,695</u>	<u>(319,829)</u>	<u>(143,434)</u>	<u>(2,743,731)</u>	<u>-</u>

30. Financial instruments

A financial instrument is defined by IAS 32 as any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The balance sheet of the Bank is largely comprised of financial instruments. These instruments expose the Bank to many risks, including interest rate risk, foreign exchange risk and credit risk.

Interest rate risk

Interest rate risk may be defined as the risk that the Bank is exposed to changes in the value of its financial assets and liabilities due to changes in interest rates. The size of this risk is a function of:

- the relevant financial asset or liability's underlying interest rate; and
- the maturity structure of the Bank's portfolio of financial instruments.

The majority of the financial assets of the Bank are interest bearing. The financial liabilities of the Bank include liabilities, which are both noninterest bearing and interest bearing. Those assets and liabilities of the Bank which are interest bearing are based on rates which have been set at or close to market levels. The maturity structure of the Bank's financial assets and liabilities is disclosed in Note 29.

Additional information about the maturity structure and interest sensitivity is disclosed on the following tables.

**Table of noninterest and interest-bearing assets and liabilities
as at 31 December 2000**

(BGN '000)

	Interest-bearing					Noninterest sensitive	Total
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years		
Assets							
Cash and amounts due from banks	1,911,543	-	-	-	-	39,134	1,950,677
Gold and other precious metals	125,719	-	-	-	-	605,547	731,266
Securities	4,535,234	-	-	-	-	167,695	4,702,929
Loans to banks and other financial institutions	14	-	-	-	-	3	17
Interest receivable	-	-	-	-	-	61,456	61,456
Receivable from Government	83,527	42,585	446,586	1,033,371	954,859	-	2,560,928
Equity investments and quota in IMF	19,457	-	-	-	-	1,736,590	1,756,047
Property, plant and equipment	-	-	-	-	-	141,395	141,395
Other assets	-	-	-	-	-	28,477	28,477
Total assets	<u>6,675,494</u>	<u>42,585</u>	<u>446,586</u>	<u>1,033,371</u>	<u>954,859</u>	<u>2,780,297</u>	<u>11,933,192</u>
Liabilities							
Due to banks and other financial institutions	-	-	-	-	-	515,938	515,938
Government deposits and current accounts	924,201	-	280,664	-	-	1,403,652	2,608,517
Borrowings against Bulgaria's IMF participation	-	-	-	-	-	1,659,202	1,659,202
Borrowings from general resources of IMF	91,469	42,585	512,929	1,176,804	954,859	-	2,778,646
Other borrowings	680,186	-	-	-	-	112	680,298
Currency in circulation	-	-	-	-	-	2,504,693	2,504,693
Accruals and other liabilities	-	-	-	-	-	193,177	193,177
Total liabilities	<u>1,695,856</u>	<u>42,585</u>	<u>793,593</u>	<u>1,176,804</u>	<u>954,859</u>	<u>6,276,774</u>	<u>10,940,471</u>
Total interest rate sensitivity gap	<u>4,979,638</u>	<u>-</u>	<u>(347,007)</u>	<u>(143,433)</u>	<u>-</u>	<u>(3,496,477)</u>	<u>992,721</u>

**Table of interest sensitivity of assets and liabilities
as at 31 December 2000**

(BGN '000)

	Fixed interest rate	Floating interest rate	Noninterest sensitive	Total
Assets				
Cash and amounts due from banks	1,593,128	318,415	39,134	1,950,677
Gold and other precious metals	125,719	-	605,547	731,266
Securities	4,535,234	-	167,695	4,702,929
Loans to banks and other financial institutions	14	-	3	17
Interest receivable	-	-	61,456	61,456
Receivable from Government	-	2,560,928	-	2,560,928
Equity investments and quota in IMF	-	19,457	1,736,590	1,756,047
Property, plant and equipment	-	-	141,395	141,395
Other assets	-	-	28,477	28,477
Total assets	<u>6,254,095</u>	<u>2,898,800</u>	<u>2,780,297</u>	<u>11,933,192</u>
Liabilities				
Due to banks and other financial institutions	-	-	515,938	515,938
Government deposits and current accounts	1,204,865	-	1,403,652	2,608,517
Borrowings against Bulgaria's IMF participation	-	-	1,659,202	1,659,202
Borrowings from general resources of IMF	-	2,778,646	-	2,778,646
Other borrowings	680,186	-	112	680,298
Currency in circulation	-	-	2,504,693	2,504,693
Accruals and other liabilities	-	-	193,177	193,177
Total liabilities	<u>1,885,051</u>	<u>2,778,646</u>	<u>6,276,774</u>	<u>10,940,471</u>
Total interest rate sensitivity gap	<u>4,369,044</u>	<u>120,154</u>	<u>(3,496,477)</u>	<u>992,721</u>

Foreign exchange risk

Foreign exchange risk may be defined as the risk that the Bank is exposed to changes in the value of its financial assets and liabilities due to changes in exchange rates. The size of this risk is a function of:

- the mismatch in the Bank's foreign currency assets and liabilities; and
- the underlying contract rates of outstanding foreign exchange transactions at year-end.

The exchange rate of the Bulgarian lev to the euro is fixed in accordance with the Law on the Bulgarian National Bank. In accordance with the Law, the Bank is required to match foreign currency assets and liabilities other than euro, to within 2%. Accordingly, foreign exchange exposure is limited.

Credit risk

Credit risk is defined by IAS 32 as the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss. Disclosure of credit risk enables the user of financial statements to assess the extent to which failures by counterparts to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The size and concentration of the Bank's exposure to credit risk can be obtained directly from the balance sheet, which describes the size and composition of the Bank's financial assets. In accordance with the Law on the BNB, the Bank deals only with international financial institutions that have been assigned one of the two highest ratings by two internationally recognized credit rating agencies. The Bank has not entered into collateral agreements in relation to their credit exposure.

Fair value

Fair value information is widely used in determining an enterprise's overall financial position and in making decisions about individual financial instruments. It is also relevant to users of financial statements since, in many circumstances, it reflects the judgment of the financial markets as to the present value of expected future cash flows.

The principal determinants of fair value for the Bank's assets and liabilities are commodity prices, interest rates, exchange rates and credit risk. In the case of marketable assets such as precious metals and foreign debt securities full fair values as at the balance sheet date are directly reflected in the balance sheet. In other cases the exchange rate element is specifically allowed for in the determination of carrying value. The fair values of loans and deposits, insofar as this is determinable by interest rates and, are not considered to be materially different from their carrying values. Where significant credit risk is considered to be present, it is allowed for in the provision for bad and doubtful debts.

As at the balance date the Bank did not have any significant exposure in off-balance sheet derivative transactions.

31. Commitments and contingencies

As at 31 December 2000 the Bank had BGN 0.5 million of commitments to purchase noncurrent assets.

The Bank has uncalled capital on its investment in the Bank for International Settlements amounting to 6,000 shares of 2500 gold francs each.

The IMF quota and borrowings are supported by promissory notes jointly signed by the Bank and the Government amounting to BGN 4,602 million (1999: BGN 3,606 million).

Otherwise, there were no other outstanding guarantees, letters of credit or commitments to purchase or sell either gold, other precious metals or foreign currency.

2. Report on the Execution of the BNB Budget

The BNB budget for 2000 was adopted by the 38th National Assembly on 15 December 1999 pursuant to Article 86 of the Constitution of the Republic of Bulgaria and Article 48 of the Law on the Bulgarian National Bank. The BNB budget includes two sections and assumes an exchange rate of BGN 1.80 per USD 1, and expected average annual inflation of 3.1% falling to 2.8% by the year's end. Throughout the year the BNB Board exercised its right to change particular indicators within the total budget.

BNB Operating Expenditure

Section I. Projected BNB *operating expenditure* totaled BGN 45,604,000 and reported expenditure was BGN 41,786,000, or 91.6%. Major expenditures include:

Banknote printing amounted at BGN 2,855,000, and coin minting of circulating and commemorative coins at BGN 3,108,000. Cost associated with currency in circulation service totaled BGN 6,178,000 against BGN 17,041,000 in 1999. This accounts for 77.5% of projected expenditure. Costs on banknote printing and circulating coin minting were calculated to ensure the normal service of the currency in circulation.

Expenditure projected on materials, services and depreciation totaled BGN 22,027,000; of this, BGN 20,114,000 (91.3%) was utilized.

The BNB continued to implement a policy of cutting operating expenses. Projected funds for heating, electricity, postal, telephone and other services have not been utilized in full.

Eighty five percent (BGN 1,045,000) of projected funds on Bloomberg, Telerate, Reuters and other systems used at the Bank were utilized during 2000. From the funds projected on equipment maintenance, lifts, *et alia*, 54.8% were used. Expenses on overhauls of the BNB building and BNB branches totaled BGN 941,000.

Projected depreciation expenses came to BGN 11,000,000 and reported costs, to BGN 11,120,000 or 101.1%. Overexpanding on depreciation reflects costs incurred on fixed assets additionally put into operation.

Expenses on salaries and employee benefits made up 31.4% of the Bank's total operating expenditure. Utilized funds under this indicator made up 99.9% of projected expenditure. The amount of BGN 13,135,000 on salaries and employee benefits included funds for compensating employees' leaves from previous years pursuant to IAS 19 'Incomes of the Employed'.

Other administrative expenses reported for 2000 totaled BGN 1,278,000, or 94.6% of projected costs. BNB spent money on travel associated with cash supply for commercial banks and their branches. Costs on travel abroad came to 94.8% of projections. Expenses were incurred on BNB employees' training in Bulgaria and abroad. The BNB took the opportunity of any invitation from other central banks and institutions for staff training.

Investment Expenses

Section II. Budgeted *investment expenses* under the investment program totaled BGN 20,760,000. Of this, BGN 4,373,000 (21.1%) was spent in 2000.

Expenses on reconstruction of the BNB's building were incurred. Refurbishment of the BNB's main building will continue in 2001. Expenses on the final reconstruction of the BNB's Burgas branch were also made. Costs incurred on new construction, reconstruction and modernization totaling BGN 1,359,000 account for 15.4%.

No expenses on machines servicing currency in circulation were incurred in 2000.

Compared with recent years expenditures on the BNB's Printing Works were smaller, reduced to purchase of equipment worth BGN 1,009,000. Investment expenditures incurred on the BNB Printing Works accounted for 23.1% of BNB total investment expenditures.

Budgeted funds for the purchase of special vehicles have not been spent and these funds have been carried over to 2001.

In 2000 replacement of individual obsolescent computers, software and other equipment continued, consistent with the Bank's equipment rollover program started in 1999. Expenses incurred on computerization accounted for just 32.9% of projected funds.

Expenses on office furniture and equipment totaled BGN 444,000, or 63.4% of projected spend. They reflected the purchase of a multifunction printing machine for the printing center, air-conditioning equipment, and furniture.

EXECUTION OF BNB BUDGET IN 2000

Indicators	Reporting 2000 (BGN '000)	Budget 2000 (BGN '000)	Execution (%)
Section I. BNB operating expenses			
Currency circulation expenses	6,178	7,972	77.5
Materials, services and depreciation expenses	20,114	22,027	91.3
Salaries and employee benefits	13,135	13,154	99.9
Social activity expenses	1,081	1,100	98.3
Other administrative expenses	1,278	1,351	94.6
Total Section I	41,786	45,604	91.6
Section II. Investment program			
Expenses on construction, reconstruction and modernization	1,359	8,820	15.4
Expenses on currency in circulation equipment	0	0	
Expenses on BNB Printing Works	1,009	3,520	28.7
Expenses on BNB security equipment	174	1,590	10.9
Expenses on special automobiles and other vehicles	0	1,920	0
Expenses on BNB computerization	1,387	4,210	32.9
Office furniture and equipment	444	700	63.4
Total Section II	4,373	20,760	21.1

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The methodology and scope of the respective indicators are comprehensively presented in 2000 BNB Monthly Bulletin issues.

GROSS DOMESTIC PRODUCT

Indicators	1998	1999	2000 ¹	Physical volume index 1999 = 100	Implicit deflators, %
	at current prices, million BGN				
Gross value added					
by economic sector ²	19203.2	19890.9	22532.6	106.7	106.2
Agriculture and forestry	4045.4	3440.4	3268.4	89.9	105.7
Industry	5508.7	5325.8	6263.0	115.3	102.0
Services	9649.1	11124.7	13001.3	107.8	108.4
By type of ownership					
Private	12241.8	12998.4	15618.4	114.2	105.2
Public	6961.4	6892.4	6914.2	92.6	108.3
Adjustments ³	2373.8	2885.6	2921.0	99.4	101.9
GDP by component of final demand	21577.0	22776.4	25453.6	105.8	105.6
Final consumption	18989.0	20648.7	22872.1	104.5	106.0
Individual	17227.2	18734.2	20337.8	103.0	105.4
Collective	1761.8	1914.4	2534.2	120.0	110.3
Gross capital formation	3636.4	4338.7	4213.3	-	-
In fixed capital	2850.8	3632.2	4111.3	108.2	104.6
Reserve change	785.6	706.5	102.0	-	-
Balance (exports – imports) ⁴	-630.4	-1764.5	-1421.6		
Exports of goods and services	10360.9	10054.0	14883.8	124.2	119.2
Imports of goods and services	10991.3	11818.5	16305.5	114.6	120.4
Statistical discrepancy	-418.1	-446.4	-210.1	-	

¹ NSI preliminary data.

² According to current national sectoral classification.

³ Including excise and VAT, import duties and indirectly measured services of financial agents.

⁴ Net exports of goods and services, travel services excluded.

Source: NSI.

EMPLOYMENT IN 1999 AND 2000

Sectors	Year average, persons						Employment rate, %					
	1999 – final data			2000 – preliminary data			1999 – final data			2000 – preliminary data		
	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector	Total	Public sector	Private sector
Total	1994284	1078048	916236	1780415	870682	909733	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry and fishery	101811	28961	72850	89463	19317	70146	5.1	2.7	8.0	5.0	2.2	7.7
Extracting industry	48288	43238	5050	39417	28695	10722	2.4	4.0	0.6	2.2	3.3	1.2
Processing industry	615829	177137	438692	526097	85053	441044	30.9	16.4	47.9	29.5	9.8	48.5
Electrical energy, gas and water	58365	58192	173	58787	57513	1274	2.9	5.4	0.0	3.3	6.6	0.1
Construction	105678	28101	67577	93747	26518	67229	5.3	2.6	7.4	5.3	3.0	7.4
Trade and repair	186250	15695	170555	177991	9695	168296	9.3	1.5	18.6	10.0	1.1	18.5
Hotelry and public catering	44853	12044	32809	38837	7913	30924	2.2	1.1	3.6	2.2	0.9	3.4
Transport and communications	171064	131989	39075	158431	119977	38454	8.6	12.2	4.3	8.9	13.8	4.2
Finance, credit and insurance	29904	16162	13742	27045	15464	11581	1.5	1.5	1.5	1.5	1.8	1.3
Operations in real estate and business services	78055	32922	45133	74787	30961	43826	3.9	3.1	4.9	4.2	3.6	4.8
State management	89316	89316	X	88330	88330	X	4.5	8.3	-	5.0	10.1	-
Education	228722	225096	3626	213400	210668	2732	11.5	20.9	0.4	12.0	24.2	0.3
Healthcare	162173	160909	1264	135663	134175	1488	8.1	14.9	0.1	7.6	15.4	0.2
Other services	73976	48286	25690	58420	36403	22017	3.7	4.5	2.8	3.3	4.2	2.4
Budget organizations and government-managed fund	541366	541366	X	481263	481263	X	27.1	50.2	-	27.0	55.3	-
Commercial companies, enterprises and organizations realizing business revenues	1368644	536636	832008	1281378	385698	895680	68.6	49.8	90.8	72.0	44.3	98.5

Source: NSI.

GROWTH IN CONSUMER PRICES BY COMPONENT

(%)

2000	On the previous month				On corresponding month of previous year (total)	On average annual prices of previous year			
	Total	Goods		Services		Total	Goods		Services
		Food	Nonfood				Food	Nonfood	
January	3.1	3.2	0.3	6.9	7.8	5.2	5.1	1.4	11.9
February	0.6	1.7	0.5	-1.5	9.2	5.7	6.9	1.9	10.2
March	-0.6	-1.6	0.7	-0.6	9.6	5.3	5.8	2.7	9.6
April	-0.9	-2.4	-0.2	1	9.4	4.4	3.2	2.5	10.7
May	0.2	-0.7	1.2	0.7	10.5	4.7	2.5	3.7	11.4
June	0.1	0	0.6	-0.2	11.1	4.8	2.5	4.3	11.2
July	0.5	1.4	-0.3	0.1	8.2	5.4	3.9	4	11.4
August	3	5.5	0.3	2.3	10.4	8.6	9.6	4.3	13.9
September	2.4	2.5	2.3	2.3	11.4	11.2	12.3	6.7	16.5
October	1.2	1.3	1.1	0.9	11.5	12.5	13.8	7.9	17.5
November	-0.2	0.1	0.8	-2.2	10.7	12.3	13.9	8.9	15
December	1.4	1.3	-0.5	4	11.4	13.8	15.4	8.3	19.6

Source: NSI.

EXPORTS BY COMMODITY GROUP

Commodity groups*	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
Textile, leather materials, clothing, footwear and other consumer goods, including:	953.3	23.8	1122.3	23.3	169.0	17.7
Chapter 62. Clothing and accessories to clothing other than knitwear	357.4	8.9	410.0	8.5	52.6	14.7
Chapter 61. Clothing and accessories to clothing from knitwear	219.3	5.5	289.3	6.0	70.0	31.9
Chapter 64. Shoes, gaiters and similar articles; their components	111.9	2.8	118.0	2.5	6.1	5.5
Chapter 94. Furniture; medical furniture; sleeping accessories and similar articles	59.5	1.5	67.4	1.4	7.8	13.1
Base metals and their products, including:	652.8	16.3	990.1	20.6	337.3	51.7
Chapter 72. Cast-iron, iron and steel	263.8	6.6	385.8	8.0	122.0	46.2
Chapter 74. Copper and its products	170.5	4.3	346.7	7.2	176.2	103.3
Chapter 79. Zink and its products	72.0	1.8	80.8	1.7	8.7	12.1
Chapter 73. Cast-iron, iron and steel products	61.6	1.5	70.3	1.5	8.7	14.1
Chapter 76. Aluminium and its products	23.0	0.6	46.9	1.0	23.9	104.3
Mineral products and fuels, including:	466.4	11.6	815.9	17.0	349.4	74.9
Chapter 27. Mineral fuels, mineral oils and distilled products	358.3	8.9	710.9	14.8	352.6	98.4
Chapter 25. Salt; sulphur; soil and stones; plaster, lime and cement	50.6	1.3	60.4	1.3	9.8	19.3
Chemical products, plastics and rubber, including:	496.5	12.4	627.9	13.0	131.4	26.5
Chapter 29. Organic chemical products	72.0	1.8	115.6	2.4	43.6	60.5
Chapter 28. Inorganic chemical products	86.0	2.1	95.3	2.0	9.3	10.8
Chapter 31. Fertilizers	37.3	0.9	94.7	2.0	57.4	154.2
Chapter 39. Plastics and plastic products	83.6	2.1	93.9	2.0	10.2	12.3
Chapter 33. Essential oils, perfumes and toiletries	79.5	2.0	83.8	1.7	4.3	5.4
Chapter 30. Pharmaceuticals	59.0	1.5	67.9	1.4	8.9	15.1
Machines, transport facilities, appliances, tools and weapons, including:	590.1	14.7	536.1	11.1	-54.0	-9.2
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	264.6	6.6	274.1	5.7	9.5	3.6
Chapter 85. Electrical machines and appliances	126.9	3.2	156.6	3.3	29.6	23.4
Animal and vegetable products, food, drink and tobacco, including:	631.6	15.8	490.4	10.2	-141.2	-22.4
Chapter 10. Cereals	95.6	2.4	79.0	1.6	-16.6	-17.3
Chapter 24. Tobacco and processed substitutes	102.1	2.5	77.5	1.6	-24.6	-24.1
Chapter 22. Soft and alcoholic drinks and vinegars	92.2	2.3	75.9	1.6	-16.3	-17.7
Wood, paper, earthenware and glass products, including:	215.6	5.4	229.6	4.8	14.0	6.5
Chapter 44. Wood and wood products; wood coal	100.0	2.5	93.4	1.9	-6.6	-6.6
EXPORTS, TOTAL (FOB)	4006.4	100.0	4812.3	100.0	805.9	20.1

* Commodity groups include chapters from the Harmonized System for Commodity Description and Coding.

Note: Final data for 1999; for 2000 – preliminary data as of 20 March 2001.

Source: Customs declarations data as of the moment of customs clearings, received from the Computing Center Directorate to the Information Service Ltd., processed by the BNB and supplemented with NSI information. Data coordinated with the NSI.

IMPORTS BY COMMODITY GROUP

Commodity groups*	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
Mineral products and fuels, including:	1454.6	26.4	2037.2	31.4	582.6	40.1
Chapter 27. Mineral fuels, mineral oils and distilled products	1189.0	21.6	1740.7	26.8	551.6	46.4
Chapter 26. Ores, slags and ashes	168.0	3.0	215.8	3.3	47.8	28.5
Machines, transport facilities, appliances, tools and weapons, including:	1726.3	31.3	1797.3	27.7	71.0	4.1
Chapter 84. Nuclear reactors, boilers, machines, appliances and machinery; spare parts	718.8	13.0	733.9	11.3	15.1	2.1
Chapter 87. Automobile transport	457.3	8.3	452.5	7.0	-4.8	-1.0
Chapter 85. Electrical machines and appliances	375.1	6.8	366.3	5.6	-8.8	-2.3
Chapter 90. Optical instruments and appliances	102.6	1.9	98.8	1.5	-3.9	-3.8
Textile, leather materials, clothing, footwear and other consumer goods, including:	793.1	14.4	921.8	14.2	128.7	16.2
Chapter 61. Clothing and accessories to clothing from knitwear	110.0	2.0	130.3	2.0	20.3	18.5
Chapter 55. Staple synthetic and artificial fibres	113.6	2.1	122.1	1.9	8.5	7.5
Chapter 52. Cotton	100.5	1.8	113.3	1.7	12.9	12.8
Chapter 54. Synthetic or artificial fibres	66.5	1.2	83.5	1.3	17.1	25.7
Chapter 51. Wool, sheer and coarse filaments; yarns and fabrics from manes and tails	54.8	1.0	70.3	1.1	15.5	28.3
Chapter 60. Knitted textiles	35.4	0.6	56.7	0.9	21.3	60.2
Chemical products, plastics and rubber, including:	676.8	12.3	731.1	11.3	54.3	8.0
Chapter 39. Plastics and plastic products	159.3	2.9	195.5	3.0	36.2	22.7
Chapter 30. Pharmaceuticals	111.4	2.0	118.2	1.8	6.8	6.1
Chapter 38. Miscellaneous products of chemical industry	79.2	1.4	78.1	1.2	-1.1	-1.4
Chapter 29. Organic chemical products	63.4	1.2	71.9	1.1	8.5	13.4
Chapter 33. Essential oils, perfumes and toiletries	64.2	1.2	69.6	1.1	5.4	8.5
Base metals and their products, including:	290.8	5.3	390.9	6.0	100.1	34.4
Chapter 72. Cast-iron, iron and steel	91.9	1.7	131.5	2.0	39.6	43.1
Chapter 73. Cast-iron, iron and steel products	77.8	1.4	97.6	1.5	19.8	25.5
Chapter 76. Aluminium and its products	59.5	1.1	80.5	1.2	21.0	35.4
Animal and vegetable products, food, drink and tobacco, including:	339.5	6.2	350.8	5.4	11.3	3.3
Chapter 17. Sugar and sugar products	55.3	1.0	52.8	0.8	-2.5	-4.6
Wood, paper, earthenware and glass products, including:	234.0	4.2	264.9	4.1	30.9	13.2
Chapter 48. Paper and cardboard; products of cellulose, paper and cardboard	129.1	2.3	145.5	2.2	16.4	12.7
IMPORTS, TOTAL (CIF)	5515.1	100.0	6493.9	100.0	978.9	17.7
(-) Freight expenditure	427.7		506.4			
IMPORTS, TOTAL (FOB)	5087.4		5987.5		900.1	17.7

* Commodity groups include chapters from the Harmonized System for Commodity Description and Coding.

Note: Final data for 1999; for 2000 – preliminary data as of 20 March 2001.

Source: Customs declarations data as of the moment of customs clearings, received from the Computing Center Directorate to the Information Service Ltd., processed by the BNB and supplemented with NSI information. Data coordinated with the NSI.

EXPORTS BY USE

Commodity groups	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
Consumer goods	1342.9	33.5	1437.1	29.9	94.1	7.0
Food	195.2	4.9	156.6	3.3	-38.6	-19.8
Cigarettes	38.0	0.9	32.3	0.7	-5.7	-15.0
Drink	91.7	2.3	75.7	1.6	-16.0	-17.4
Clothing and footwear	665.2	16.6	789.2	16.4	123.9	18.6
Medical goods and cosmetics	147.6	3.7	164.0	3.4	16.4	11.1
Housing and home furniture	100.6	2.5	104.6	2.2	4.0	4.0
Other	104.6	2.6	114.6	2.4	10.0	9.6
Raw material feedstocks	1682.6	42.0	2123.2	44.1	440.6	26.2
Cast-iron, iron and steel	263.8	6.6	385.8	8.0	122.0	46.2
Nonferrous metals	284.1	7.1	485.5	10.1	201.3	70.9
Chemical products	150.8	3.8	198.6	4.1	47.8	31.7
Plastics, rubber	121.9	3.0	126.0	2.6	4.1	3.3
Fertilizers	37.3	0.9	94.7	2.0	57.4	154.2
Textile materials	137.6	3.4	144.1	3.0	6.5	4.7
Food feedstocks	195.6	4.9	132.1	2.7	-63.5	-32.4
Wood and paper, cardboard	131.2	3.3	135.0	2.8	3.8	2.9
Cement	26.8	0.7	33.3	0.7	6.5	24.4
Tobacco	64.1	1.6	45.2	0.9	-18.9	-29.5
Other	269.4	6.7	342.9	7.1	73.5	27.3
Investment goods	612.5	15.3	551.7	11.5	-60.8	-9.9
Machines, tools and appliances	214.2	5.3	215.3	4.5	1.2	0.5
Electrical machines	57.5	1.4	62.0	1.3	4.5	7.8
Transport facilities	47.1	1.2	22.6	0.5	-24.5	-51.9
Spare parts and equipment	92.1	2.3	109.5	2.3	17.4	18.9
Other	201.6	5.0	142.2	3.0	-59.4	-29.5
Nonenergy commodities, total	3638.0	90.8	4111.9	85.4	473.9	13.0
Energy commodities	368.3	9.2	700.4	14.6	332.0	90.1
Petroleum products	289.8	7.2	536.9	11.2	247.0	85.2
Other	78.5	2.0	163.5	3.4	85.0	108.3
EXPORTS, TOTAL (FOB)	4006.4	100.0	4812.3	100.0	805.9	20.1

Note: Final data for 1999; for 2000 – preliminary data as of 20 March 2001.

Source: Customs declarations data as of the moment of customs clearings, received from the Computing Center Directorate to the Information Service Ltd., processed by the BNB and supplemented with NSI information. Data coordinated with the NSI.

IMPORTS BY USE

Commodity groups	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
Consumer goods	945.4	17.1	993.9	15.3	48.5	5.1
Food, drink and cigarettes	164.9	3.0	174.7	2.7	9.8	5.9
Housing and home furniture	142.7	2.6	148.5	2.3	5.8	4.0
Medical goods and cosmetics	170.3	3.1	190.2	2.9	19.9	11.7
Clothing and footwear	175.8	3.2	190.8	2.9	15.0	8.5
Automobiles	145.1	2.6	145.0	2.2	-0.1	-0.1
Other	146.6	2.7	144.7	2.2	-1.9	-1.3
Raw material feedstocks	1842.7	33.4	2141.8	33.0	299.1	16.2
Ores	168.0	3.0	215.8	3.3	47.8	28.5
Cast-iron, iron and steel	91.9	1.7	131.5	2.0	39.6	43.1
Nonferrous metals	38.1	0.7	62.8	1.0	24.7	64.8
Textile materials	493.8	9.0	588.0	9.1	94.2	19.1
Wood and paper, cardboard	135.6	2.5	155.5	2.4	20.0	14.7
Chemical products	161.2	2.9	170.5	2.6	9.4	5.8
Plastics, rubber	220.0	4.0	242.7	3.7	22.7	10.3
Food feedstocks	116.0	2.1	120.9	1.9	4.9	4.2
Leather and furs	42.7	0.8	55.0	0.8	12.3	28.9
Tobacco	33.6	0.6	27.3	0.4	-6.3	-18.8
Other	342.0	6.2	371.9	5.7	29.9	8.7
Investment goods	1492.1	27.1	1589.8	24.5	97.7	6.6
Machines, tools and appliances	595.1	10.8	609.9	9.4	14.8	2.5
Electrical machines	211.6	3.8	189.8	2.9	-21.9	-10.3
Transport facilities	304.7	5.5	321.9	5.0	17.3	5.7
Spare parts and equipment	207.9	3.8	206.6	3.2	-1.3	-0.6
Other	172.8	3.1	261.6	4.0	88.8	51.4
Nonenergy commodities, total	4280.2	77.6	4725.5	72.8	445.3	10.4
Energy commodities	1234.8	22.4	1768.4	27.2	533.6	43.2
Fuels	1178.7	21.4	1619.3	24.9	440.6	37.4
Crude oil and natural gas	995.2	18.0	1440.4	22.2	445.3	44.7
Coal	115.2	2.1	130.6	2.0	15.5	13.4
Other fuels	68.4	1.2	48.3	0.7	-20.1	-29.4
Other	56.1	1.0	149.1	2.3	93.0	165.8
Oils	56.1	1.0	149.1	2.3	93.0	165.8
IMPORTS, TOTAL (CIF)	5515.1	100.0	6493.9	100.0	978.9	17.7

Note: Final data for 1999; for 2000 – preliminary data as of 20 March 2001.

Source: Customs declarations data as of the moment of customs clearings, received from the Computing Center Directorate to the Information Service Ltd., processed by the BNB and supplemented with NSI information. Data coordinated with the NSI.

EXPORTS BY MAJOR TRADING PARTNER AND REGION

Countries	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
European Union, incl.:	2088.6	52.1	2464.3	51.2	375.7	18.0
Italy	558.2	13.9	687.5	14.3	129.3	23.2
Germany	395.1	9.9	436.7	9.1	41.6	10.5
Greece	346.0	8.6	376.0	7.8	30.0	8.7
Belgium	176.8	4.4	294.2	6.1	117.4	66.4
France	181.2	4.5	231.2	4.8	50.0	27.6
United Kingdom	100.3	2.5	114.2	2.4	13.9	13.9
Spain	108.2	2.7	101.3	2.1	-6.9	-6.4
Netherlands	83.3	2.1	86.1	1.8	2.8	3.4
Austria	68.3	1.7	68.2	1.4	0.0	0.0
EFTA, incl.:	61.2	1.5	54.5	1.1	-6.6	-10.8
Switzerland	48.8	1.2	47.2	1.0	-1.7	-3.4
Other OECD countries, incl.: ¹	496.9	12.4	734.3	15.3	237.4	47.8
Turkey	293.2	7.3	492.5	10.2	199.3	68.0
USA	146.6	3.7	189.3	3.9	42.7	29.1
Japan	23.6	0.6	17.6	0.4	-6.0	-25.3
Balkan countries, incl.: ²	316.5	7.9	522.8	10.9	206.3	65.2
Yugoslavia	164.0	4.1	374.6	7.8	210.6	128.4
Macedonia	105.4	2.6	110.4	2.3	5.0	4.7
CEFTA, incl.:	178.1	4.4	192.3	4.0	14.2	8.0
Romania	55.8	1.4	86.3	1.8	30.5	54.7
Hungary	24.8	0.6	28.7	0.6	3.9	15.5
Poland	29.5	0.7	27.6	0.6	-1.9	-6.4
Slovenia	44.6	1.1	27.3	0.6	-17.2	-38.7
Czech Republic	15.4	0.4	16.8	0.3	1.5	9.5
Slovakia	8.1	0.2	5.6	0.1	-2.5	-31.3
CIS and Baltic countries, incl.:	358.7	9.0	292.6	6.1	-66.1	-18.4
Russia	189.6	4.7	118.7	2.5	-70.9	-37.4
Ukraine	67.4	1.7	59.4	1.2	-8.0	-11.9
Other countries, incl.:	506.4	12.6	551.5	11.5	45.1	8.9
Southeast Asian countries ³	17.2	0.4	20.4	0.4	3.2	18.5
EXPORTS, TOTAL (FOB)	4006.4	100.0	4812.3	100.0	805.9	20.1

¹ Australia, Canada, New Zealand, the USA, Turkey and Japan are included.

² Albania, Bosnia and Herzegovina, Macedonia, Croatia and Yugoslavia are included.

³ Korea, Malaysia, Thailand, the Philippines and Indonesia are included.

Note: Final data for 1999; for 2000 – preliminary data as of 20 March 2001.

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IMPORTS BY MAJOR TRADING PARTNER AND REGION

Countries	January – December				Change on same period of previous year	
	1999		2000		million USD	%
	million USD	share, %	million USD	share, %		
European Union, incl.:	2668.1	48.4	2863.3	44.1	195.2	7.3
Germany	821.2	14.9	902.0	13.9	80.8	9.8
Italy	463.4	8.4	549.1	8.5	85.7	18.5
Greece	311.7	5.7	317.8	4.9	6.1	2.0
France	287.7	5.2	316.0	4.9	28.3	9.8
Austria	164.3	3.0	145.1	2.2	-19.1	-11.6
United Kingdom	132.5	2.4	138.6	2.1	6.1	4.6
Netherlands	110.8	2.0	109.4	1.7	-1.5	-1.3
Spain	74.9	1.4	98.0	1.5	23.1	30.9
Belgium	91.5	1.7	85.7	1.3	-5.8	-6.3
EFTA	82.8	1.5	89.2	1.4	6.4	7.7
Switzerland	74.4	1.3	82.4	1.3	8.0	10.7
Other OECD countries, incl.: ¹	441.6	8.0	488.9	7.5	47.2	10.7
Turkey	167.0	3.0	214.3	3.3	47.3	28.3
USA	193.8	3.5	190.7	2.9	-3.2	-1.6
Japan	65.5	1.2	62.6	1.0	-2.9	-4.4
Balkan countries, incl.: ²	43.1	0.8	52.9	0.8	9.8	22.8
Macedonia	25.2	0.5	25.8	0.4	0.6	2.6
Yugoslavia	15.5	0.3	23.0	0.4	7.5	48.7
CEFTA, incl.:	353.7	6.4	567.1	8.7	213.4	60.3
Romania	74.4	1.3	230.2	3.5	155.8	209.5
Czech Republic	99.6	1.8	118.2	1.8	18.6	18.7
Poland	75.7	1.4	89.3	1.4	13.6	18.0
Hungary	50.5	0.9	61.5	0.9	11.0	21.9
Slovakia	30.8	0.6	40.7	0.6	10.0	32.4
Slovenia	22.8	0.4	27.2	0.4	4.4	19.3
CIS and Baltic countries, incl.:	1293.5	23.5	1805.7	27.8	512.2	39.6
Russia	1109.7	20.1	1581.0	24.3	471.3	42.5
Ukraine	144.3	2.6	182.1	2.8	37.8	26.2
Other countries, incl.:	632.2	11.5	626.9	9.7	-5.3	-0.8
Southeast Asian countries ³	122.9	2.2	75.8	1.2	-47.1	-38.3
IMPORTS, TOTAL (CIF)	5515.1	100.0	6493.9	100.0	978.9	17.7

¹ Australia, Canada, New Zealand, the USA, Turkey and Japan are included.

² Albania, Bosnia and Herzegovina, Macedonia, Croatia and Yugoslavia are included.

³ Korea, Malaysia, Thailand, the Philippines and Indonesia are included.

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BALANCE OF PAYMENTS*

	(million USD)																	
	1999 Total	I	II	III	I quarter	IV	V	VI	II quarter	VII	VIII	IX	III quarter	X	XI	XII	IV quarter	Total
A. Current account¹	-651.7	-245.1	-100.7	-2.2	-348.0	-35.0	-72.4	27.5	-80.0	-27.8	115.7	-26.8	61.1	-133.3	-65.4	-135.8	-334.5	-701.4
Goods: credit (FOB)	4006.4	312.2	385.8	413.1	1111.0	355.5	373.5	442.4	1171.3	405.0	424.4	419.5	1248.8	424.7	462.7	393.7	1281.1	4812.3
Goods: debit (FOB)	-5087.4	-476.6	-493.0	-444.4	-1414.0	-402.8	-480.1	-522.1	-1405.1	-503.4	-474.2	-507.2	-1484.9	-588.6	-551.7	-543.3	-1683.6	-5987.5
<i>Trade balance²</i>	<i>-1081.0</i>	<i>-164.4</i>	<i>-107.2</i>	<i>-31.4</i>	<i>-303.0</i>	<i>-47.4</i>	<i>-106.5</i>	<i>-79.8</i>	<i>-233.7</i>	<i>-98.5</i>	<i>-49.8</i>	<i>-87.7</i>	<i>-236.0</i>	<i>-163.9</i>	<i>-89.0</i>	<i>-149.6</i>	<i>-402.5</i>	<i>-1175.3</i>
Services: credit	1788.4	123.0	125.0	153.2	401.1	116.1	161.8	226.5	504.4	299.4	322.2	205.3	826.8	146.7	143.6	151.9	442.3	2174.6
Transportation ³	521.7	38.4	42.2	45.6	126.2	37.5	47.7	63.2	148.4	78.7	80.4	59.7	218.8	46.2	45.6	46.1	137.9	631.2
Travel ⁴	931.7	48.8	51.9	57.3	158.0	46.4	80.5	126.6	253.4	189.8	189.5	114.4	493.7	58.3	48.8	62.0	169.1	1074.2
Other services	335.0	35.8	30.8	50.3	116.9	32.2	33.7	36.7	102.6	30.8	52.3	31.1	114.3	42.2	49.3	43.8	135.3	469.1
Services: debit	-1474.1	-113.7	-118.5	-131.7	-363.9	-125.3	-139.3	-144.9	-409.5	-144.4	-162.9	-155.4	-462.7	-142.6	-136.1	-154.2	-433.0	-1669.1
Transportation ³	-648.8	-55.3	-54.8	-54.0	-164.0	-49.9	-59.2	-64.2	-173.3	-65.2	-67.7	-67.9	-200.8	-69.0	-63.6	-61.8	-194.3	-732.4
Travel ⁴	-526.4	-36.3	-30.9	-39.2	-106.4	-37.7	-43.8	-46.9	-128.4	-53.2	-66.0	-59.8	-179.0	-45.7	-40.4	-38.0	-124.1	-538.0
Other services	-298.9	-22.1	-32.8	-38.6	-93.5	-37.6	-36.3	-33.8	-107.7	-26.0	-29.3	-27.7	-83.0	-28.0	-32.1	-54.5	-114.6	-398.8
Services, net	314.3	9.3	6.5	21.5	37.2	-9.3	22.5	81.7	94.9	155.0	159.3	49.8	364.1	4.1	7.5	-2.4	9.3	505.4
Goods and nonfactor services, net	-766.7	-155.1	-100.7	-9.9	-265.8	-56.6	-84.1	1.9	-138.8	56.5	109.4	-37.9	128.0	-159.8	-81.5	-151.9	-393.2	-669.8
Income: credit	265.8	43.0	21.1	26.0	90.1	18.8	21.2	26.7	66.7	41.7	25.0	20.8	87.5	22.2	25.2	31.2	78.6	323.0
Income: debit	-450.5	-150.9	-38.5	-36.9	-226.2	-12.6	-43.0	-37.9	-93.6	-160.2	-40.9	-29.4	-230.4	-17.2	-31.5	-45.3	-94.0	-644.2
Income, net	-184.7	-107.8	-17.3	-10.9	-136.1	6.1	-21.8	-11.2	-26.9	-118.5	-15.8	-8.6	-142.9	5.0	-6.4	-14.0	-15.4	-321.2
Goods, nonfactor services and income, net	-951.4	-263.0	-118.0	-20.9	-401.9	-50.5	-105.9	-9.3	-165.7	-62.0	93.6	-46.5	-14.9	-154.8	-87.9	-166.0	-408.6	-991.0
Current transfers, net ⁵	299.7	17.9	17.3	18.7	53.9	15.5	33.5	36.7	85.7	34.2	22.1	19.7	76.0	21.5	22.5	30.2	74.1	289.7
Current transfers, credit	328.7	21.8	20.4	23.5	65.6	22.2	37.7	41.4	101.3	39.5	29.0	24.3	92.8	26.5	28.8	39.1	94.3	354.0
Current transfers, debit	-29.0	-3.9	-3.1	-4.8	-11.8	-6.6	-4.2	-4.7	-15.6	-5.2	-6.9	-4.6	-16.7	-5.0	-6.3	-8.9	-20.3	-64.3

(continued)

(million USD)

	1999 Total	2000																
		I	II	III	I quarter	IV	V	VI	II quarter	VII	VIII	IX	III quarter	X	XI	XII	IV quarter	Total
B. Capital account^{1,6}	-2.4	12.0	0.0	0.0	12.0	13.0	0.0	13.0	0.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.9
Capital transfers, net	-2.4	12.0	0.0	0.0	12.0	13.0	0.0	13.0	0.0	13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.9
<i>Groups A and B, total</i>	<i>-654.1</i>	<i>-233.1</i>	<i>-100.7</i>	<i>-2.2</i>	<i>-336.0</i>	<i>-22.0</i>	<i>-72.4</i>	<i>27.4</i>	<i>-67.0</i>	<i>-27.8</i>	<i>115.7</i>	<i>-26.8</i>	<i>61.1</i>	<i>-133.3</i>	<i>-65.4</i>	<i>-135.8</i>	<i>-334.6</i>	<i>-676.4</i>
C. Financial account^{1,6}	795.1	12.8	24.3	-53.9	-16.8	172.9	-29.5	80.5	224.0	-107.1	-23.5	50.9	-79.7	432.4	146.9	176.5	755.8	883.2
Direct investment abroad ⁷	-17.1	-0.2	0.0	0.2	-0.1	0.0	0.0	-1.8	-1.8	4.8	0.4	-0.1	5.0	-1.1	0.0	-0.3	-1.4	1.8
Direct investment in Bulgaria ^{8,9}	818.8	64.9	36.7	24.9	126.5	55.7	53.7	49.9	159.3	130.8	43.1	47.9	221.9	336.9	80.7	76.2	493.8	1001.5
Portfolio investment – assets	-207.4	-17.2	-5.3	-22.0	-44.4	7.6	-28.5	-35.3	-56.3	19.1	-24.3	-9.6	-14.8	-15.6	73.3	-6.2	51.5	-63.9
Shares	0.0	0.5	0.1	0.1	0.6	0.3	-0.2	-0.2	-0.1	-1.0	0.2	-0.8	-1.6	0.2	-0.2	-7.1	-7.1	-8.2
Bonds	-207.4	-17.7	-5.3	-22.0	-45.1	7.3	-28.4	-35.1	-56.2	20.0	-24.5	-8.7	-13.2	-15.8	73.6	0.9	58.7	-55.8
Portfolio investment – liabilities	8.0	2.4	-2.6	1.2	1.0	-0.2	-37.8	6.5	-31.5	13.6	2.3	-4.2	11.8	-69.5	-25.7	-0.8	-95.9	-114.7
Shares	1.9	0.4	0.3	-2.0	-1.3	1.2	-0.1	4.7	5.8	-0.1	-0.1	0.3	0.2	-2.4	1.5	1.1	0.2	4.9
Bonds	6.2	1.9	-2.9	3.2	2.2	-1.4	-37.7	1.8	-37.3	13.7	2.4	-4.5	11.6	-67.1	-27.2	-1.8	-96.2	-119.6
Other investment – assets	21.9	-36.0	-39.5	-41.4	-117.0	76.4	-22.3	53.1	107.3	-321.2	19.0	-25.4	-327.6	169.2	2.3	29.0	200.6	-136.7
Trade credits, net	-0.6	68.4	41.0	14.0	123.4	-0.6	-0.6	0.1	-1.1	0.2	-0.1	-1.2	-1.1	0.0	0.2	-0.6	-0.3	120.8
Loans	11.2	-0.8	-2.2	-1.1	-4.0	-1.8	-0.5	0.1	-2.3	0.1	-1.2	0.0	-1.1	-0.2	0.2	0.0	0.0	-7.4
CB	0.0	-0.8	-2.2	-1.1	-4.0	-1.8	-0.5	0.1	-2.3	0.1	-1.2	0.0	-1.1	-0.2	0.2	0.0	0.0	-7.5
Other sectors	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and deposits	-48.4	-101.3	-85.7	-67.2	-254.1	69.9	-35.6	43.8	78.1	-316.9	-5.6	-44.0	-366.5	147.1	-24.5	-15.6	107.0	-435.5
CB	22.7	-122.3	-85.7	-67.2	-275.1	66.2	-35.9	23.4	53.8	-316.2	-11.3	-44.3	-371.8	146.5	-24.5	-15.4	106.6	-486.7
Other sectors ¹⁰	-71.1	21.0	0.0	0.0	21.0	3.6	0.4	20.3	24.3	-0.7	5.7	0.3	5.3	0.6	0.1	-0.2	0.5	51.1
Other currency and deposits ¹¹	74.1	15.2	7.3	9.0	31.6	7.7	13.1	9.1	30.0	14.7	22.7	14.6	52.0	18.0	25.1	38.7	81.8	195.3
Other assets	-14.5	-17.5	0.0	3.9	-13.7	1.2	1.3	0.1	2.6	-19.3	3.1	5.3	-10.9	4.3	1.3	6.5	12.1	-9.9
Other investment – liabilities	170.9	-1.0	34.9	-16.8	17.1	33.4	5.5	8.1	47.0	45.7	-64.0	42.2	24.0	12.4	16.2	78.6	107.2	195.3
Trade credits, net ¹²	79.7	0.0	0.0	0.0	0.0	17.6	15.6	9.6	42.7	0.0	-14.1	-7.0	-21.1	5.2	1.3	1.3	7.9	29.4
Loans	72.7	-7.4	15.2	-33.9	-26.1	18.1	2.7	16.0	36.8	19.9	-49.7	-38.4	-68.2	34.1	40.7	41.1	115.9	58.4
General government	-104.9	0.0	-31.4	-58.3	-89.7	0.0	-34.9	-2.4	-37.3	0.0	-31.0	-54.7	-85.8	0.0	-1.0	-2.5	-3.5	-216.2
CB	-0.1	2.0	1.1	1.1	4.2	1.0	7.5	1.9	10.4	-1.0	-2.1	2.7	-0.4	3.0	6.3	14.0	23.3	37.6
Other sectors ⁹	177.7	-9.4	45.5	23.3	59.4	17.1	30.1	16.5	63.7	20.9	-16.6	13.6	17.9	31.1	35.4	29.5	96.1	237.1

(continued)

(million USD)

	2000												Total					
	1999 Total	I	II	III	I quarter	IV	V	VI	II quarter	VII	VIII	IX		III quarter	X	XI	XII	IV quarter
Nonresidents' deposits	44.5	4.9	8.0	8.2	21.1	11.8	3.2	-12.8	2.1	48.1	-3.8	66.7	111.1	-48.8	-42.7	30.3	-61.2	73.1
Other liabilities	-26.0	1.5	11.8	8.8	22.1	-14.0	-15.9	-4.6	-34.6	-22.3	3.6	21.0	2.3	21.8	16.9	5.9	44.6	34.4
<i>Groups A, B and C, total</i>	<i>141.0</i>	<i>-220.3</i>	<i>-76.4</i>	<i>-56.1</i>	<i>-352.8</i>	<i>150.9</i>	<i>-101.9</i>	<i>108.0</i>	<i>157.0</i>	<i>-134.9</i>	<i>92.2</i>	<i>24.1</i>	<i>-18.6</i>	<i>299.1</i>	<i>81.5</i>	<i>40.6</i>	<i>421.2</i>	<i>206.8</i>
D. Errors and omissions	-45.4	65.9	55.5	36.8	158.2	-31.2	32.9	-15.6	-13.9	7.8	-91.8	-0.4	-84.4	20.2	-96.2	-53.4	-129.4	-69.5
OVERALL BALANCE (Groups A, B, C and D)	95.6	-154.4	-20.9	-19.3	-194.6	119.7	-69.0	92.4	143.1	-127.1	0.4	23.6	-103.1	319.4	-14.8	-12.8	291.8	137.3
E. Reserves and other financing	-95.6	154.4	20.9	19.3	194.6	-119.7	69.0	-92.4	-143.1	127.1	-0.4	-23.6	103.1	-319.4	14.8	12.8	-291.8	-137.3
BNB forex reserves ¹³	-527.2	173.4	20.9	19.3	213.6	-163.4	55.6	-162.0	-269.8	154.7	-51.2	-143.5	-40.0	-263.9	-42.3	-6.6	-312.9	-409.2
Use of Fund credits, net	162.1	-19.0	0.0	0.0	-19.0	43.7	0.0	69.6	113.3	-27.7	0.0	67.7	40.0	-55.4	57.1	0.0	1.7	135.9
Exceptional financing, net ¹⁴	269.5	0.0	0.0	0.0	0.0	0.0	13.5	0.0	13.5	0.0	50.9	52.2	103.1	0.0	0.0	19.4	19.4	136.0

* Analytical reporting of the balance of payments in accordance with IMF 5th edition of the Balance of Payments Manual.

¹ Preliminary data for 2000.² Customs declarations data as of the moment of customs clearings, received from the Computing Center Directorate to the Information Service Ltd., processed by the BNB and supplemented with NSI information. Data coordinated with the NSI. Final data for 1999; for 2000 – preliminary data as of 22 March 2001.³ BNB estimates.⁴ Data of the Ministry of Internal Affairs and estimates of the Ministry of Economy and the BNB.⁵ Including data provided by the Agency for Foreign Aid and the Bulgarian Red Cross.⁶ A minus sign denotes flight of capital (increase in assets or decrease in liabilities).⁷ Data for 1999 is based on the BNB survey among Bulgarian companies with direct investments abroad, conducted in March 2000. Data for 2000 will be revised to incorporate results from a 2001 survey.⁸ Data provided by the companies with foreign interest, Privatization Agency, specialized ministries, NSI, Central Depository and CB. The *Direct investment in Bulgaria* item also includes nonresidents' investments in real estate.⁹ Based on reports on residents' obligations on financial credits to nonresidents, received at the BNB.¹⁰ BIS data is used for 1999 and the January – June period of 2000. For the 2000 July – December period BNB data is used.¹¹ Including changes in forex deposits of households at local banks, net of valuation adjustments. A minus sign denotes a decrease of deposits and a positive sign an increase.¹² Based on reports on residents' obligations to nonresidents, received at the BNB.¹³ Excluding changes in BNB forex reserves due to valuation adjustments. A minus sign denotes an increase of forex reserves and a positive sign a decrease.¹⁴ Including loans extended for balance of payments support (incl. EU, the World Bank, etc.).

Changes in BNB forex reserves due to valuation adjustments: -165.5 243.0 42.3 61.7 347.1 -30.9 -4.7 -234.9 -270.6 245.4 44.6 -103.8 186.1 -153.8 -132.9 -214.6 -501.2 -238.6

Source: BNB.

GROSS FOREIGN DEBT

(million USD)

By debtor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000 ¹
Total (A + B)²	9601.6	9760.2	10274.3	10204.3	10364.3
A. Public sector (I + II + III + IV)	9396.8	9526.8	9946.4	9402.9	9246.7
<i>I. Government debt (1+2)³</i>	8796.9	8705.1	8964.4	8369.6	8234.3
1. Loans ⁴	3665.7	3647.0	3952.2	3392.2	3258.2
2. Bonds	5131.2	5058.2	5012.1	4977.4	4976.1
<i>II. Government guaranteed debt³</i>	258.5	384.3	504.9	581.6	632.4
1. Loans	258.5	384.3	504.9	581.6	632.4
<i>III. BNB³</i>	0.0	31.1	120.0	116.9	103.6
<i>IV. Other debtors</i>	341.5	406.3	357.1	334.8	276.4
Municipalities (1+2)	0.0	0.0	0.0	27.1	26.2
1. Loans	0.0	0.0	0.0	0.0	0.0
2. Bonds	0.0	0.0	0.0	27.1	26.2
Commercial banks (1+2) ⁵	326.1	264.9	309.6	200.7	107.3
1. Loans	326.1	264.9	281.4	169.6	100.2
2. Nonresidents' deposits	0.0	0.0	28.2	31.1	7.1
Companies (1+2) ^{3,6}	0.0	0.0	0.0	28.3	51.4
1. Intra company loans	0.0	0.0	0.0	0.1	0.2
2. Other loans	0.0	0.0	0.0	28.1	51.2
Other ⁷	15.4	141.4	47.5	78.7	91.5
B. Private sector (I + II)	204.8	233.4	327.9	801.4	1117.6
<i>I. Commercial banks (1+2+3)⁵</i>	97.2	90.3	88.0	147.7	269.2
1. Intra company loans	5.9	1.4	13.7	45.7	59.4
2. Other loans	8.5	3.6	3.2	3.4	42.5
3. Nonresidents' deposits	82.8	85.3	71.1	98.6	167.3
<i>II. Companies (1+2)⁶</i>	107.6	143.0	240.0	653.7	848.4
1. Intra company loans	0.0	0.0	120.4	331.9	369.0
2. Other loans	107.6	143.0	119.6	321.8	479.5

¹ Preliminary data.

² The USD equivalent is calculated at end of month exchange rates of respective currencies.

³ Source: *Debt Registration, Service and Management System* of the MF and the BNB.

⁴ Including drawings of IMF credits. In the BOP tables these credits are received and serviced by the BNB.

⁵ Commercial bank data.

⁶ Including only credits registered with the BNB, on which information is available.

⁷ Including government securities (denominated in BGN and USD) held by nonresidents, less Brady bonds held by residents.

(million USD)

By creditor	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000
GROSS FOREIGN DEBT (A + B)	9601.6	9760.2	10274.3	10204.3	10364.3
A. Long-term debt	8570.1	8557.4	9275.6	9609.2	9718.0
<i>I. Official creditors</i>	3188.4	3271.6	4043.9	4044.8	3941.2
1. International financial institutions	1983.8	2241.5	2774.4	2891.3	3011.6
IMF	584.6	936.3	1114.5	1248.6	1322.0
World Bank	455.8	540.4	711.6	896.6	917.8
European Union	495.5	286.4	421.8	401.8	428.0
Other international financial institutions	448.0	478.5	526.4	344.3	343.8
2. Bilateral credits	1204.5	1030.1	1269.6	1153.5	929.6
Paris Club and nonrescheduled debt	1034.5	877.9	1044.6	814.8	600.4
Other bilateral credits	170.0	152.2	225.0	338.7	329.2
<i>II. Private creditors</i>	5381.7	5285.8	5231.7	5564.4	5776.7
1. Brady bonds	4984.0	4977.4	4977.4	4977.4	4976.1
2. Other bonds	147.2	80.8	34.7	27.1	26.2
3. Other government securities	15.4	141.4	47.5	78.7	91.5
4. Commercial banks	155.9	1.4	13.7	46.3	93.3
5. Other sectors	79.3	84.8	158.4	434.8	589.7
B. Short-term debt	1031.5	1202.8	998.7	595.2	646.4
<i>I. Official creditors</i>	735.8	767.7	500.0	0.0	0.0
<i>II. Private creditors</i>	295.7	435.1	498.7	595.2	646.4
1. Commercial banks	267.4	353.7	383.9	302.1	283.3
2. Other private creditors	28.3	81.3	114.8	293.1	363.1

Source: BNB.

GROSS FOREIGN DEBT SERVICE, 2000

(million USD)

By debtor ¹	I quarter			II quarter			III quarter			IV quarter			2000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Total (A + B) ¹	148.9	202.3	351.2	111.6	49.5	161.1	165.2	206.9	372.1	229.2	56.6	285.8	655.0	515.3	1170.3
A. Public sector (I + II + III + IV)	132.5	194.5	327.1	82.5	44.9	127.4	137.0	201.6	338.6	82.9	48.4	131.3	435.0	489.4	924.4
<i>I. Government debt (1+2)</i> ²	108.7	178.5	287.1	63.7	33.8	97.5	109.6	186.7	296.3	65.2	39.2	104.4	347.1	438.2	785.3
1. Loans ³	108.7	42.4	151.0	63.7	33.8	97.5	109.6	42.1	151.7	65.2	39.2	104.4	347.1	157.5	504.6
2. Bonds	0.0	136.1	136.1	0.0	0.0	0.0	0.0	144.6	144.6	0.0	0.0	0.0	0.0	280.7	280.7
<i>II. Government guaranteed debt</i> ²	19.3	8.6	27.9	9.7	6.0	15.7	18.5	9.8	28.3	5.8	6.0	11.8	53.4	30.4	83.8
1. Loans	19.3	8.6	27.9	9.7	6.0	15.7	18.5	9.8	28.3	5.8	6.0	11.8	53.4	30.4	83.8
<i>III. BNB</i> ²	0.0	1.3	1.3	0.0	1.4	1.4	3.8	1.5	5.3	3.7	1.5	5.2	7.6	5.6	13.2
<i>IV. Other debtors</i>	4.5	6.2	10.7	9.1	3.8	12.9	5.1	3.6	8.6	8.2	1.7	9.9	26.9	15.3	42.2
Municipalities (1+2)	0.0	0.0	0.0	0.0	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.6
1. Loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Bonds	0.0	0.0	0.0	0.0	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.6
Commercial banks (1+2) ⁴	2.9	0.0	2.9	7.6	0.0	7.6	3.5	0.0	3.5	0.4	0.0	0.4	14.3	0.0	14.3
1. Loans	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.0	0.2
2. Nonresidents' deposits	2.9	0.0	2.9	7.5	0.0	7.5	3.5	0.0	3.5	0.3	0.0	0.3	14.1	0.0	14.1
Companies (1+2) ^{2,5}	1.7	0.7	2.4	1.5	1.2	2.7	1.6	0.2	1.8	7.9	1.7	9.5	12.6	3.9	16.5
1. Intra company loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Other loans	1.7	0.7	2.4	1.5	1.2	2.7	1.6	0.2	1.8	7.9	1.7	9.5	12.6	3.9	16.5
Other ⁶	0.0	5.4	5.4	0.0	0.0	0.0	0.0	3.3	3.3	0.0	0.0	0.0	0.0	8.8	8.8
B. Private sector (I + II)	16.4	7.8	24.2	29.2	4.5	33.7	28.2	5.3	33.5	146.3	8.2	154.5	220.0	25.9	245.9
<i>I. Commercial banks (1+2+3)</i> ⁴	0.5	1.2	1.7	17.9	0.5	18.4	4.2	0.6	4.8	91.2	1.1	92.3	113.8	3.5	117.3
1. Intra company loans	0.0	1.2	1.2	0.1	0.5	0.5	0.0	0.6	0.6	0.0	0.3	0.3	0.1	2.6	2.7
2. Other loans	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.0	0.2	0.0	0.8	0.8	0.2	0.9	1.1
3. Nonresidents' deposits	0.5	0.0	0.5	17.8	0.0	17.8	4.0	0.0	4.0	91.2	0.0	91.2	113.5	0.0	113.5
<i>II. Companies (1+2)</i> ⁵	15.9	6.6	22.4	11.3	4.0	15.3	24.0	4.7	28.7	55.0	7.2	62.2	106.2	22.4	128.6
1. Intra company loans	7.6	1.1	8.6	3.9	0.9	4.8	13.4	1.4	14.8	44.3	3.4	47.7	69.2	6.8	76.0
2. Other loans	8.3	5.5	13.8	7.4	3.1	10.5	10.6	3.2	13.8	10.7	3.8	14.5	37.0	15.6	52.6

¹ Preliminary data for 2000. The equivalent in US dollars is calculated at average monthly exchange rates of respective currencies

² Source: *Debt Registration, Service and Management System* of the MF and the BNB.

³ Including drawings of IMF credits. In the BOP tables these credits are received and serviced by the BNB.

⁴ Commercial bank data.

⁵ Including only credits registered with the BNB and on which information is available.

⁶ Including payments on government securities bought by nonresidents.

(continued)

By creditor	(million USD)														
	I quarter			II quarter			III quarter			IV quarter			2000		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
GROSS FOREIGN DEBT (A + B)	148.9	202.3	351.2	111.6	49.5	161.1	165.2	206.9	372.1	229.2	56.6	285.8	655.0	515.3	1170.3
A. Long-term debt	135.8	200.8	336.6	83.9	49.0	132.9	145.6	206.2	351.7	108.2	55.3	163.4	473.5	511.2	984.7
<i>I. Official creditors</i>	<i>127.6</i>	<i>53.2</i>	<i>180.8</i>	<i>71.7</i>	<i>41.1</i>	<i>112.8</i>	<i>133.8</i>	<i>54.6</i>	<i>188.4</i>	<i>74.1</i>	<i>47.5</i>	<i>121.5</i>	<i>407.1</i>	<i>196.4</i>	<i>603.6</i>
1. International financial institutions	46.2	31.5	77.7	36.8	36.4	73.2	56.5	35.5	92.0	73.1	43.3	116.3	212.5	146.7	359.3
IMF	19.0	13.5	32.5	26.4	14.5	40.8	27.7	16.5	44.1	65.4	17.8	83.2	138.4	62.3	200.7
World Bank	13.4	7.3	20.7	3.8	13.4	17.2	13.8	7.7	21.5	2.6	16.3	18.9	33.5	44.8	78.2
Other international financial institutions	13.8	10.7	24.5	6.7	8.5	15.1	15.1	11.3	26.4	5.0	9.1	14.1	40.6	39.6	80.3
2. Bilateral credits	81.4	21.7	103.1	34.9	4.7	39.6	77.2	19.1	96.3	1.0	4.2	5.2	194.6	49.7	244.3
Paris Club and nonrescheduled debt	77.1	20.0	97.1	2.9	1.5	4.4	72.8	17.5	90.4	1.0	1.3	2.3	153.9	40.3	194.2
Other bilateral credits	4.3	1.6	6.0	32.0	3.2	35.2	4.4	1.6	6.0	0.0	2.9	2.9	40.7	9.4	50.1
<i>II. Private creditors</i>	<i>8.2</i>	<i>147.6</i>	<i>155.8</i>	<i>12.2</i>	<i>7.9</i>	<i>20.1</i>	<i>11.8</i>	<i>151.5</i>	<i>163.3</i>	<i>34.1</i>	<i>7.8</i>	<i>41.9</i>	<i>66.4</i>	<i>314.7</i>	<i>381.1</i>
Brady bonds	0.0	136.1	136.1	0.0	0.0	0.0	0.0	144.6	144.6	0.0	0.0	0.0	0.0	280.7	280.7
Other bonds	0.0	5.4	5.4	0.0	2.6	2.6	0.0	3.3	3.3	0.0	0.0	0.0	0.0	11.4	11.4
Commercial banks	0.0	1.2	1.2	0.1	0.5	0.6	0.2	0.6	0.8	0.0	1.1	1.1	0.3	3.5	3.8
Other private creditors	8.2	4.8	13.0	12.2	4.8	16.9	11.6	2.9	14.5	34.1	6.7	40.8	66.1	19.2	85.3
B. Short-term debt	13.1	1.5	14.6	27.7	0.5	28.2	19.7	0.7	20.4	121.0	1.4	122.4	181.4	4.2	185.6

Source: BNEF.

GROSS FOREIGN DEBT PAYMENTS

(million USD)

	I quarter	II quarter	III quarter	IV quarter	2000 total
Principal	148.9	111.6	165.2	229.2	655.0
Interest	202.3	49.5	206.9	56.6	515.3
Total	351.2	161.1	372.1	285.8	1170.3

Source: BNB.

DEBT INDICATORS

(%)

	XII.1996	XII.1997	XII.1998	XII.1999	XII.2000
Gross foreign debt/GDP	102.9	96.0	83.8	82.3	84.0
Gross foreign debt/exports of goods and nonfactor services	145.3	139.2	171.8	176.1	148.4
Short-term debt/gross foreign debt	10.7	12.3	9.7	5.8	6.3
Short-term debt/GDP	11.1	11.8	8.1	4.8	5.4
Short-term debt/BNB forex reserves	130.1	48.6	32.7	18.5	18.8
Gross foreign debt service/GDP	11.6	8.8	9.7	8.4	9.7
Gross foreign debt service/exports of goods and nonfactor services	16.3	12.8	20.0	18.0	16.7

Note: GDP preliminary data for 1999; for 2000 – estimate.

Source: BNB.

CONSOLIDATED STATE BUDGET FOR 2000*

(BGN '000)

	Consolidated fiscal program	Republican budget					Social Security	Legal institutions	Municipalities	Higher schools	Bulgarian Academy of Sciences	Extra-budgetary accounts
		Total	Central republican budget	Ministries and agencies	National Audit Chamber							
I. REVENUE AND GRANTS	11 065 141.6	6 120 925.0	5 136 666.8	984 258.1	0.1	3 083 076.2	36 758.4	1 122 423.7	119 455.6	8 625.9	538 365.5	
Total revenue	10 861 443.5	6 068 785.3	5 087 366.9	981 418.2	0.1	3 083 068.1	36 758.4	1 122 167.2	118 305.9	8 609.6	388 437.6	
Current revenues	10 861 443.5	6 068 785.3	5 087 366.9	981 418.2	0.1	3 083 068.1	36 758.4	1 122 167.2	118 305.9	8 609.6	388 437.6	
Tax revenue	8 707 226.6	4 805 450.5	4 527 283.3	278 167.2	0.0	2 929 438.5	0.0	864 538.6	0.0	0.0	107 799.0	
Corporate tax	449 975.4	438 846.3	434 832.1	4 014.3	0.0	0.0	0.0	11 129.0	0.0	0.0	0.0	
Municipal tax	234 140.0	1 085.2	0.0	1 085.2	0.0	0.0	0.0	233 054.8	0.0	0.0	0.0	
Dividend and income tax	32 021.4	30 815.8	30 233.5	582.3	0.0	0.0	0.0	1 205.7	0.0	0.0	0.0	
Individual income tax	1 097 983.8	573 806.6	573 000.4	806.2	0.0	0.0	0.0	524 177.2	0.0	0.0	0.0	
Insurance and reinsurance tax	19 891.1	19 550.9	19 550.9	0.0	0.0	0.0	0.0	129.4	0.0	0.0	210.8	
Value added tax	2 358 982.1	2 344 286.2	14 695.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Excises	1 037 707.3	1 037 677.0	784 155.8	253 521.3	0.0	0.0	0.0	30.2	0.0	0.0	0.0	
Customs duties and fees	220 715.8	220 715.7	220 334.9	380.8	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
Social security revenues	2 943 810.5	374.8	374.4	0.3	0.0	2 929 438.5	0.0	0.0	0.0	0.0	13 997.2	
Other taxes	311 999.3	123 596.2	120 515.2	3 081.0	0.0	0.0	0.0	94 812.2	0.0	0.0	93 590.9	
Nontax revenues	2 154 216.9	1 263 334.8	560 083.6	703 251.0	0.1	153 629.5	36 758.4	257 628.6	118 305.9	8 609.6	280 638.7	
Property revenue and income	976 217.4	635 822.3	323 738.2	312 084.0	0.1	1 630.5	195.4	62 022.5	116 195.2	8 337.7	116 465.6	
State, municipal and court charges	578 012.8	253 098.6	28 545.1	224 553.6	0.0	175.1	36 552.1	135 302.8	7.6	0.0	152 876.6	
Fines and administrative penalties	379 655.5	202 466.4	182 633.2	19 833.2	0.0	147 971.5	0.0	26 587.4	75.5	0.5	2 553.6	
Revenue from foreign pension institutes	785.2	0.0	0.0	0.0	0.0	785.2	0.0	0.0	0.0	0.0	0.0	
Other nontax revenues	68 916.8	51 477.8	15 698.3	35 779.6	0.0	96.8	3.0	9 964.1	2 554.5	-0.4	4 642.0	
Valuation adjustments (net) (+/-)	12 946.0	10 567.3	10 412.2	155.1	0.0	-22.7	0.0	281.0	-63.8	-1.3	2 187.7	
Other nontax revenues	55 970.8	40 910.5	5 286.1	35 624.5	0.0	119.6	3.0	9 683.1	2 618.3	0.9	2 454.3	
Other revenues (net)	15 130.9	12 944.6	0.0	12 944.6	0.0	2 970.2	0.0	-133.4	-672.8	164.5	345.7	
Revenues from sale of government and municipal property	123 277.8	98 116.0	59.9	98 056.0	0.0	0.2	7.9	22 936.8	145.9	107.3	1 892.1	
Concession revenues	12 220.5	9 409.0	9 409.0	0.0	0.0	0.0	0.0	948.5	0.0	0.0	1 863.1	
Grants	203 698.0	52 139.7	49 299.8	2 839.9	0.0	8.1	0.0	256.5	1 149.7	16.3	149 927.9	
TOTAL EXPENDITURE (EXPENDITURES+TRANSFERS)	11 334 332.1	6 304 766.6	5 377 413.3	927 353.2	0.1	2 791 659.7	36 731.5	1 172 316.2	111 442.8	7 529.7	846 438.5	
II. EXPENDITURE	11 334 332.1	4 721 672.4	1 569 164.8	3 146 845.9	5 661.7	3 407 394.2	93 566.6	2 004 872.1	302 359.3	46 952.4	640 502.5	
Current expenditures	10 072 273.8	3 987 431.9	1 437 204.8	2 544 798.5	5 428.7	3 380 011.1	88 611.9	1 847 382.9	284 751.8	45 018.8	328 214.9	
Salaries and benefits	1 235 526.9	440 924.2	16 718.6	421 045.9	3 159.7	32 123.6	47 868.1	555 707.2	110 302.2	22 208.6	29 034.9	
Other remuneration	107 639.3	30 839.8	0.0	30 779.9	59.8	1 611.1	7 454.5	36 694.8	16 715.7	1 896.2	7 758.4	
Social security payments	704 512.1	166 040.5	6 511.7	158 491.3	1 037.4	213 205.0	16 193.7	238 083.6	49 245.0	8 628.8	6 603.4	
Scholarships	27 858.1	6 846.6	0.0	6 846.6	0.0	0.0	0.0	7 562.3	12 663.5	612.6	173.0	
Administrative costs	1 982 176.9	825 205.3	144 060.3	679 973.3	1 171.7	30 083.8	17 095.7	719 453.6	94 131.5	11 661.2	226 684.8	
Defence and security	1 114 075.3	1 075 027.2	162.7	1 074 864.5	0.0	0.0	0.0	13 707.1	0.0	0.0	1 076.1	
Subsidies to nonfinancial enterprises	263 601.4	240 359.9	219 680.2	20 679.6	0.0	0.0	0.0	8 957.3	0.0	0.0	14 284.2	
Subsidies to nonfinancial enterprises for current activities	213 793.5	194 607.3	173 927.7	20 679.6	0.0	0.0	0.0	8 597.1	0.0	0.0	10 589.2	
Subsidies to nonprofit organizations	31 652.6	16 406.4	1 811.2	14 595.2	0.0	0.0	0.0	14 020.2	0.0	0.0	1 226.0	
Membership fees	15 362.6	7 554.5	0.0	7 554.5	0.0	61.5	0.0	193.6	18.4	11.3	7 337.6	

(continued)

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(BGN '000)

	Consolidated fiscal program	Republican budget				Social Security	Legal institutions	Municipalities	Higher schools	Bulgarian Academy of Sciences	Extra-budgetary accounts
		Total	Central republican budget	Ministries and agencies	National Audit Chamber						
Interest, total	1 083 338.3	1 056 577.0	1 047 959.9	8 617.1	0.0	1 103.6	0.0	10 042.1	0.0	0.0	15 615.7
Interest on external loans	818 151.6	801 432.4	792 815.3	8 617.1	0.0	1 103.6	0.0	0.0	0.0	0.0	15 615.7
London Club	573 333.7	573 333.7	573 333.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
bond loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
World Bank	93 609.5	89 001.6	89 001.6	0.0	0.0	1 103.6	0.0	0.0	0.0	0.0	3 504.4
G-24	5 314.2	5 314.2	5 314.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Community	29 151.8	29 151.8	29 151.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Paris Club	85 597.9	85 597.9	85 597.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
International financial institutions	14 992.0	8 617.1	0.0	8 617.1	0.0	0.0	0.0	0.0	0.0	0.0	6 374.9
other	16 152.5	10 416.1	10 416.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5 736.4
Interest on internal loans	265 186.7	255 144.6	255 144.6	0.0	0.0	0.0	0.0	10 042.1	0.0	0.0	0.0
bonds (long-term and medium-term securities)	46 033.8	46 008.4	46 008.4	0.0	0.0	0.0	0.0	25.4	0.0	0.0	0.0
treasury bills (short-term securities)	22 293.9	22 293.9	22 293.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
debt to the BNB	121 875.8	121 875.8	121 875.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
securitized debt (BNB)	1.4	1.4	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
other banks	12 732.3	2 715.6	2 715.6	0.0	0.0	0.0	0.0	10 016.7	0.0	0.0	0.0
corporate debt under CMD No. 244/1991	162.5	162.5	162.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
corporate debt under CMD No. 234/1992	94.7	94.7	94.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
corporate debt under CMD No. 3/1994	33.7	33.7	33.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ZUNK bonds	46 604.5	46 604.5	46 604.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
bond loan (CMD No. 89/1995, amended CMD No. 106/1995)	266.7	266.7	266.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
on lev guaranty government securities	2 124.5	2 124.5	2 124.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
on forex guaranty government securities	12 962.9	12 962.9	12 962.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social security	3 486 530.4	121 650.6	300.0	121 350.6	0.0	3 101 822.6	0.0	242 961.0	1 675.4	0.0	18 420.8
Capital expenditures	1 036 517.1	564 637.8	54 840.4	509 564.4	233.0	27 547.1	4 954.7	157 929.1	17 606.0	1 933.5	256 779.5
State reserve growth and farm produce procurement	88 664.5	88 654.7	0.0	88 654.7	0.0	0.0	0.0	0.0	0.0	0.0	9.8
Financing (net)	31 221.4	-28 646.3	-29 529.6	883.3	0.0	-164.0	0.0	48.5	0.0	0.0	58 950.3
Contingency reserves	36 322.6	36 295.0	36 295.0	0.0	0.0	0.0	0.0	27.7	0.0	0.0	0.0
III. TRANSFERS (SUBSIDIES, CONTRIBUTIONS) FROM/TO REPUBLICAN BUDGET, BUDGET ACCOUNTS AND EXTRABUDGETARY FUNDS/ACCOUNTS (NET)	0.0	-177 294.6	31 962.6	-209 257.2	0.0	80 209.2	-2 264.2	74 537.0	191 061.1	39 422.7	-205 671.2
IV. TEMPORARY NONINTEREST-BEARING LOANS BETWEEN CENTRAL REPUBLICAN BUDGET, BUDGETARY AND EXTRABUDGETARY FUNDS AND ACCOUNTS (NET)	0.0	-11 760.2	-12 025.0	264.8	0.0	0.0	0.0	12 025.0	0.0	0.0	-264.8
V. SUBSIDIES (TRANSFERS) FROM CENTRAL REPUBLICAN BUDGET TO OTHER BUDGETS	0.0	-1 394 039.4	-3 828 186.1	2 428 485.1	5 661.5	535 525.3	59 099.3	745 993.9	-144.6	0.0	0.0

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(BGN '000)

	Consolidated fiscal program	Republican budget				Social Security	Legal institutions	Municipalities	Higher schools	Bulgarian Academy of Sciences	Extra-budgetary accounts
		Total	Central republican budget	Ministries and agencies	National Audit Chamber						
VI. DEFICIT (-)/SURPLUS (+)	-269 190.5	-183 841.6	-240 746.5	56 904.9	0.0	291 416.4	26.9	-49 892.5	8 012.8	1 096.2	-308 072.9
VII. FINANCING	269 190.5	183 841.6	240 746.5	-56 904.9	0.0	-291 416.4	-26.9	49 892.5	-8 012.8	-1 096.2	308 072.9
Foreign financing, net	-404 361.1	-502 381.1	-490 643.0	-11 738.0	0.0	9 252.1	0.0	0.0	0.0	0.0	88 767.9
Loans and bonds issued in international capital markets (+)	421 971.0	298 289.4	298 289.4	0.0	0.0	9 252.1	0.0	0.0	0.0	0.0	114 429.5
Repayments on credits extended to other countries (+)	25 726.3	25 726.3	25 726.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments on external loans (-), including:	-839 246.3	-813 584.7	-801 846.6	-11 738.0	0.0	0.0	0.0	0.0	0.0	0.0	-25 661.6
Paris Club	-326 462.8	-326 462.8	-326 462.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Refunded amounts by Bulbank – lev equivalent on bond loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments to National Ecological Trust Fund on the Swiss loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments on government guaranteed credits	-28 266.9	-11 738.0	0.0	-11 738.0	0.0	0.0	0.0	0.0	0.0	0.0	-16 528.8
World Bank	-60 029.6	-58 161.9	-58 161.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1 867.7
G-24	-68 889.9	-68 889.9	-68 889.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other repayments	-355 597.1	-348 332.0	-348 332.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-7 265.0
Deficits, net (-)	-12 812.2	-12 812.2	-12 812.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Internal financing, net	328 058.2	359 779.2	404 946.0	-45 166.8	0.0	-300 668.5	-26.9	49 892.5	-8 012.8	-1 096.2	200 255.2
Bank, net	328 058.2	359 779.2	404 946.0	-45 166.8	0.0	-300 668.5	-26.9	49 892.5	-8 012.8	-1 096.2	200 255.2
BNB, net	306 094.2	306 094.2	306 094.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Credits under Art. 45 of LBNB	589 571.9	589 571.9	589 571.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments to BNB	-283 477.7	-283 477.7	-283 477.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other banks and financial institutions, net	-86.0	207.5	296.4	-88.9	0.0	0.0	0.0	-293.5	0.0	0.0	0.0
Operations in government securities, net	-285 627.8	-285 627.8	-285 627.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits and cash on accounts (net)	269 988.2	343 451.7	385 517.7	-42 066.0	0.0	-309 499.9	147.0	-9 368.5	-6 883.6	-1 096.2	225 301.8
Other financing (+/-)	-6 701.3	-4 400.7	-769.9	-3 630.8	0.0	8 831.3	-174.3	2 679.6	-582.9	0.0	-13 054.4
Temporary deposits and guarantees, net (+/-)	527.3	36.4	-564.5	600.9	0.0	0.0	0.4	570.1	0.0	0.0	-79.6
Revenue from privatization	345 493.4	326 443.5	326 443.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19 049.8

* Final data.

Source: MF.

DOMESTIC GOVERNMENT DEBT

(BGN'000/EUR'000/USD'000)

Structure	Amount as of 31 December 1999	Change in 2000		Amount as of 31 December 2000
		increase	decrease	
I. DEBT ON GOVERNMENT SECURITIES ISSUED FOR BUDGET DEFICIT FINANCING				
1. Government securities issued in 1995	6 311.6		6 311.6	-
5-year	6 286.6		6 286.6	-
9-year	25.0		25.0	-
2. Government securities issued in 1996	845.8			845.8
5-year	845.8			845.8
3. Government securities issued in 1997	84 211.3		64 211.3	20 000.0
3-year	64 211.3		64 211.3	-
5-year	20 000.0			20 000.0
4. Government securities issued in 1998	79 200.3		71 731.8	7 468.5
2-year	71 731.8		71 731.8	-
3-year	3 377.6			3 377.6
5-year	4 090.9			4 090.9
5. Government securities issued in 1999	634 196.4		343 348.9	290 847.5
5.1. Short-term	341 768.9		341 768.9	-
3-month	64 074.5		64 074.5	-
6-month	10 242.3		10 242.3	-
12-month	267 452.0		267 452.0	-
5.2. Medium-term	292 427.5		1 580.0	290 847.5
2-year	289 767.8		1 580.0	288 187.8
5-year	2 659.7			2 659.7
6. Government securities issued in 2000		807 449.8	194 236.9	613 212.9
6.1. Short-term		371 516.4	193 240.9	178 275.5
3-month		257 527.3	193 240.9	64 286.4
12-month		113 989.1		113 989.1
6.2. Medium-term		435 933.5	996.1	434 937.4
2-year		256 214.0	996.1	255 217.9
3-year		139 929.7		139 929.7
5-year		39 789.7		39 789.7
TOTAL (I)	804 765.4	807 449.8	679 840.5	932 374.7
II. DIRECT DEBT TO THE BNB				
1. Debt denominated in SDR as per § 10 of the Transitional and Final Provisions of the Law on the BNB of 1997	225 043.7		79 245.83	145 797.9
2. SDR-denominated credits under Article 45 of LBNB/1997 Lev equivalent of SDR, total	600 400.0	209 200.0	20 275.0	789 325.0
	2 203 160.1			2 560 927.6
TOTAL (II)	2 203 160.1			2 560 927.6
III. DEBT ON OTHER GOVERNMENT SECURITIES ISSUED FOR STRUCTURAL REFORM				
A1. Long-term government bonds issued pursuant to CM Decree No. 244 of 1991	3 302.1		275.2	3 026.9
A2. Long-term government bonds issued pursuant to CM Decree No. 234 of 1992	2 301.9		127.9	2 174.0

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(continued)

(BGN'000/EUR'000/USD'000)

Structure	Amount as of 31 December 1999	Change in 2000		Amount as of 31 December 2000
		increase	decrease	
A3. Long-term government bonds issued				
pursuant to Articles 4 and 5 of ZUNK of 1993				
in BGN	8 346.7		547.3	7 799.4
denominated in USD	460 351.7		129 090.9	331 260.7
lev equivalent	896 244.9			696 280.3
denominated in EUR	25 701.8		1 289.1	24 412.6
lev equivalent	50 268.3			47 746.9
A4. Long-term government bonds issued				
pursuant to CM Decree No. 3 of 1994				
	884.8		53.1	831.7
TOTAL (A)	961 348.6			757 859.2
B1. Government bonds issued pursuant to				
Article 2 of CM Decree No. 89 of 1995				
	7 766.9		3 106.8	4 660.1
TOTAL (B)	7 766.9			4 660.1
C1. Government securities issued in BGN pursuant to				
Articles 8 and 9 of LSPDACB of 1996				
Government securities in 1996	61 432.9		22 682.4	38 750.5
Government securities in 1997	7 503.9		1 876.0	5 627.9
Government securities in 1998	48 135.5		15 012.9	33 122.6
Government securities in 1998	5 793.5		5 793.5	-
C2. Government securities issued in USD pursuant to				
Articles 8 and 9 of LSPDACB of 1996				
lev equivalent	82 890.3		78 184.6	4 705.7
Government securities in 1997	161 376.6			9 891.0
lev equivalent	78 184.6		78 184.6	-
Government securities in 1997	152 215.3			-
lev equivalent	4 705.7			4 705.7
Government securities in 1998	9 161.4			9 891.0
lev equivalent				
TOTAL (C)	222 809.5			48 641.5
TOTAL (III)	1 191 925.0			811 160.8
IV. GOVERNMENT BONDS ISSUED IN EUR				
UNDER § 10 OF TFP OF RBSBL/1999				
denominated in EUR, total	23 800.0		16 800.0	7 000.0
lev equivalent	46 548.8		32 857.9	13 690.8
TOTAL (IV)	46 548.8			13 690.8
V. INTERNAL GOVERNMENT GUARANTEES	920 099.4			9 984.1
GOVERNMENT DEBT, TOTAL	5 166 498.7			4 328 138.0

Notes:

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

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

- 31 December 1999: 1 USD/BGN 1.94687, 1 SDR/BGN 2.666906, 1EUR/BGN 1.95583
- 31 December 2000: 1USD/BGN 2.10191, 1 SDR/BGN 2.7386, 1EUR/BGN 1.95583.

Source: MF.

BALANCE SHEET OF THE BNB

ISSUE DEPARTMENT	30.XII.1999	31.I.2000	29.II.2000	31.III.2000	28.IV.2000	31.V.2000	30.VI.2000	31.VII.2000	31.VIII.2000	29.IX.2000	31.X.2000	30.XI.2000	29.XII.2000
ASSETS	627081	594989	5911913	5885221	6254959	6118298	6437161	6135970	6270247	6602828	7233133	7289930	7125565
1. Cash and nostro accounts in foreign currency	1641530	1161392	1736052	1726112	2098931	1939904	1672164	1353231	1939160	2242922	1912129	2058657	1735096
2. Monetary gold	641788	641693	641669	641584	641584	641801	641674	641620	641621	641655	641654	641685	641768
3. Foreign securities	3913582	4069546	3467917	3450003	3442266	3469949	4043795	4061787	3623691	3654903	4602323	4520061	4696771
4. Accrued interest receivable	75181	77358	66275	67522	72178	66644	79528	79332	65775	63348	77027	69527	51930
LIABILITIES	627081	594989	5911913	5885221	6254959	6118298	6437161	6135970	6270247	6602828	7233133	7289930	7125565
1. Currency in circulation	2082918	1971966	1969767	1920590	1997117	1923369	1974221	2171288	2193229	2223063	2187416	2202411	2590002
2. Bank deposits and current accounts	639450	715823	619790	660856	689756	664967	636898	422524	505018	545889	543931	581122	567948
3. Government deposits and accounts	2693288	2381735	2420996	2380250	2762440	2725498	3001593	2697809	2703427	2939350	2902890	2906661	2360247
4. Other depositors' accounts	369	1457	376	10627	510	393	405	473	403	407	675196	675246	675244
5. Accrued interest payable	148	154	152	119	286	517	764	1076	1367	1677	2517	3632	4533
6. Banking Department deposit	855908	878854	900832	912779	804850	803554	823280	842800	866803	892442	921183	920858	927591

ISSUE DEPARTMENT	30.XII.1999	31.I.2000	29.II.2000	31.III.2000	28.IV.2000	31.V.2000	30.VI.2000	31.VII.2000	31.VIII.2000	29.IX.2000	31.X.2000	30.XI.2000	29.XII.2000
ASSETS	5083020	5158466	5168083	5266251	5390114	5288569	5387378	5427416	5588121	5815454	5851949	5859102	5642335
1. Nonmonetary gold and other precious metals	90813	92111	95170	91906	97371	94795	90256	90745	93575	94460	96095	94389	89498
2. Investments in securities	155485	160147	152591	155992	164870	161858	158374	164594	171711	175347	183537	178776	167695
3. Loans and advances to banks, net of provisions	13	14	14	34	36	34	32	33	34	35	19	19	17
4. Receivables from government	2203159	2193256	2188412	2237909	2397489	2342744	2453684	2441358	2517250	2695660	2647534	2699962	2560928
5. Bulgaria's IMF quota and holdings in other international financial institutions	1622073	1642343	1638723	1675677	1725700	1686369	1663238	1688715	1741096	1759692	1806056	1754230	1664086
6. Accrued interest receivable	1	0	0	0	0	0	0	0	0	0	3	1	1
7. Equity investments in domestic entities	2066	2066	2066	2066	2066	2066	2066	2066	2066	2066	2294	2294	2294
8. Fixed assets	145530	147933	147443	146776	146107	145275	144563	144083	143361	142930	142172	141787	141382
9. Other assets	7972	41742	42832	43112	51625	51874	51885	53022	52225	52822	53056	51595	52682
10. Banking Department deposit	855908	878854	900832	912779	804850	803554	823280	842800	866803	892442	921183	936049	963752
LIABILITIES	5083020	5158466	5168083	5266251	5390114	5288569	5387378	5427416	5588121	5815454	5851949	5859102	5642335
Obligations	4063522	4090296	4079825	4159307	4378887	4275600	4362126	4372569	4504764	4703497	4702831	4693452	4451726
1. Borrowings from IMF	2430830	2423779	2418425	2473125	2639742	2579465	2687151	2670352	2753363	2934301	2883868	2929500	2778646
2. Liabilities to other financial institutions	1621278	1641534	1637916	1674844	1724831	1686095	1663272	1688726	1741069	1759452	1805854	1754065	1664287
3. Accrued interest payable	1639	2521	851	1824	2774	1051	2010	3067	1080	2116	3353	1094	1995
4. Other liabilities	9775	22462	22633	9514	11540	8989	9693	10424	9252	7628	9756	8793	6798
Equity	1019498	1068170	1088258	1106944	1011227	1012969	1025252	1054847	1083357	1111957	1149118	1165650	1190609
5. Capital	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000	20000
6. Reserves	814380	849368	853099	853589	927171	911817	905322	912362	921544	939352	949710	947208	940374
7. Retained profit	185118	198802	215159	233355	64056	81152	99930	122485	141813	158005	179408	198442	230235

Source: BNB.

MONETARY SURVEY

(BGN '000)

	XII.1999		I.2000		II.2000		III.2000		IV.2000		V.2000		VI.2000	
	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks
Exchange rate: BGN/1 USD	1.9469	1.9469	1.9976	1.9976	2.0134	2.0134	2.0474	2.0474	2.1528	2.1528	2.1024	2.1024	2.0467	2.0467
BGN/1 EUR	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
FOREIGN ASSETS (net)	6150639	-337315	6086467	-340340	6244703	-340182	6318111	-342443	6436796	-348529	6413246	-345827	6619254	-339609
Foreign currencies	9480119	122026	9481333	124781	9621261	126499	9789016	127945	10132787	133285	10049464	130417	10370245	124113
BNB international reserves	6272081	0	5949990	0	5911913	0	5885221	0	6254960	0	6118298	0	6437162	0
Other foreign assets	3208038	122026	3531343	124781	3709348	126499	3903795	127945	3877827	133285	3931166	130417	3933083	124113
Less: foreign liabilities	3329480	459341	3394866	465121	3376558	466681	3470905	470388	3695991	481814	3636218	476244	3750991	463722
NET DOMESTIC ASSETS	1200492	486674	1266034	490592	1208360	490984	1220236	494181	1258637	480379	1183550	476196	958560	456049
DOMESTIC CREDIT	4237393	890745	4560182	910043	4563067	922342	4625197	933726	4532629	939617	4451474	899721	4180215	881132
BGN	1075888	58231	1088291	58254	1173625	61469	890463	61562	749480	65165	777845	65710	620664	66525
Foreign currencies	3161505	832514	3471891	851789	3389442	860873	3734734	872164	3783149	874452	3673629	834011	3559551	814607
CLAIMS ON GOVERNMENT														
SECTOR (net)	156043	-300968	415303	-306487	423450	-339835	367259	-342751	114652	-337936	94222	-333594	-116329	-328131
BGN	-843632	-113747	-842355	-113737	-816872	-145393	-1159601	-145393	-1345888	-131497	-1339088	-131497	-1513352	-130824
Foreign currencies	999675	-187221	1257658	-192750	1240322	-194442	1526860	-197358	1460540	-206439	1433310	-202097	1397023	-197307
CLAIMS ON CENTRAL														
GOVERNMENT (net)	186796	-300241	460445	-305760	464842	-339105	422649	-342015	165572	-337180	143272	-332848	-50298	-327396
BGN	-785040	-113377	-771390	-113376	-749612	-145032	-1078178	-145032	-1268775	-131136	-1260373	-131136	-1434008	-130464
Foreign currencies	971836	-186864	1231835	-192384	1214454	-194073	1500827	-196983	1434347	-206044	1403645	-201712	1383710	-196932
CLAIMS ON STATE														
BUDGET (net)	561961	-296629	747402	-302057	751897	-335374	721377	-338224	431979	-333212	376238	-328970	188680	-323616
BGN	-550583	-113232	-618771	-113231	-600560	-144887	-909638	-144887	-1126345	-131001	-1143552	-131001	-1318881	-130329
Foreign currencies	1112544	-183397	1366173	-188826	1352457	-190487	1631015	-193337	1558324	-202211	1519790	-197969	1507561	-193287
Claims	3503928	50225	3508763	50627	3575623	50886	3506612	51662	3632299	54069	3568658	52917	3674366	51646
BGN	752753	3817	764630	3817	947967	3715	808844	3715	788602	3714	791347	3714	797799	3714
Foreign currencies	2751175	46408	2744133	46810	2627656	47171	2697768	47947	2843697	50355	2777311	49203	2876567	47932
Government securities	1247157	44596	1279785	44915	1216003	45237	1231434	45957	1190271	48192	1179018	47123	1172260	45943
Short-term (up to 12 months)	291145	0	278550	0	274899	0	251354	0	226178	0	231657	0	215896	0
BGN	291145	0	278550	0	274899	0	251354	0	226178	0	231657	0	215967	0
Foreign currencies	0	0	0	0	0	0	0	0	0	0	0	0	-71	0
Medium-term (up to 5 years)	506725	0	542314	0	589631	0	610015	0	596582	0	594488	0	608568	0
BGN	350371	0	379459	0	424222	0	439935	0	448915	0	450246	0	464843	0
Foreign currencies	156354	0	162855	0	165409	0	170080	0	147667	0	144242	0	143725	0
Long-term (over 5 years)	449287	44596	458921	44915	351473	45237	370065	45957	367511	48192	352873	47123	347796	45943
BGN	89471	1381	91840	1381	96664	1368	101066	1368	88878	1368	83261	1368	89805	1368
Foreign currencies	359816	43215	367081	43534	254809	43869	268999	44589	278633	46824	269612	45755	257991	44575
Credits	2203159	0	2193256	0	2188411	0	2237909	0	2397489	0	2342744	0	2453684	0
Foreign currencies	2203159	0	2193256	0	2188411	0	2237909	0	2397489	0	2342744	0	2453684	0
Other claims	53612	5629	35722	5712	171209	5649	37269	5705	44539	5877	46896	5794	48422	5703
BGN	21766	2436	14781	2436	152182	2347	16489	2347	24631	2346	26183	2346	27184	2346
Foreign currencies	31846	3193	20941	3276	19027	3302	20780	3358	19908	3531	20713	3448	21238	3357
Less: deposits	-2941967	-346854	-2761361	-352684	-2823726	-386260	-2785235	-389886	-3200320	-387281	-3192420	-381887	-3485686	-375262
BGN	-1303336	-117049	-1383401	-117048	-1548527	-148602	-1718482	-148602	-1914947	-134715	-1934899	-134715	-2116680	-134043
Foreign currencies	-1638631	-229805	-1377960	-235636	-1275199	-237658	-1066753	-241284	-1285373	-252566	-1257521	-247172	-1369006	-241219
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS (net)	-375165	-3612	-286957	-3703	-287055	-3731	-298728	-3791	-266407	-3968	-232966	-3878	-238978	-3780
BGN	-234457	-145	-152619	-145	-149052	-145	-168540	-145	-142430	-135	-116821	-135	-115127	-135
Foreign currencies	-140708	-3467	-134338	-3558	-138003	-3586	-130188	-3646	-123977	-3833	-116145	-3743	-123851	-3645

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	XII.1999		I.2000		II.2000		III.2000		IV.2000		V.2000		VI.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
Claims	6	0	6	0	6	0	7	0	9	0	10	0	10	0
BGN	6	0	6	0	6	0	7	0	9	0	10	0	10	0
Less: deposits	-375171	-3612	-286963	-3703	-287061	-3731	-298735	-3791	-266416	-3968	-232976	-3878	-238988	-3780
BGN	-234463	-145	-152625	-145	-149058	-145	-168547	-145	-142439	-135	-116831	-135	-115137	-135
Foreign currencies	-140708	-3467	-134338	-3558	-138003	-3586	-130188	-3646	-123977	-3833	-116145	-3743	-123851	-3645
CLAIMS ON LOCAL														
BUDGETS (net)	-30753	-727	-45142	-727	-41392	-730	-55390	-736	-50920	-756	-49050	-746	-66031	-735
BGN	-58592	-370	-70965	-361	-67260	-361	-81423	-361	-77113	-361	-78715	-361	-79344	-360
Foreign currencies	27839	-357	25823	-366	25868	-369	26033	-375	26193	-395	29665	-385	13313	-375
Claims	31750	0	29578	0	29558	0	29553	0	29658	0	32895	0	30976	0
BGN	2319	0	2146	0	1972	0	1799	0	1683	0	1465	0	1641	0
Foreign currencies	29431	0	27432	0	27586	0	27754	0	27975	0	31430	0	29335	0
Securities	28013	0	25972	0	25972	0	26033	0	26111	0	29148	0	29159	0
BGN	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currencies	28013	0	25972	0	25972	0	26033	0	26111	0	29148	0	29159	0
Credits	2318	0	2145	0	1971	0	1798	0	1594	0	1464	0	1498	0
BGN	2318	0	2145	0	1971	0	1798	0	1594	0	1464	0	1498	0
Other claims	1419	0	1461	0	1615	0	1722	0	1953	0	2283	0	319	0
BGN	1	0	1	0	1	0	1	0	89	0	1	0	143	0
Foreign currencies	1418	0	1460	0	1614	0	1721	0	1864	0	2282	0	176	0
Less: deposits	-62503	-727	-74720	-727	-70950	-730	-84943	-736	-80578	-756	-81945	-746	-97007	-735
BGN	-60911	-370	-73111	-361	-69232	-361	-83222	-361	-78796	-361	-80180	-361	-80985	-360
Foreign currencies	-1592	-357	-1609	-366	-1718	-369	-1721	-375	-1782	-395	-1765	-385	-16022	-375
CLAIMS ON NONGOVERNMENT														
SECTOR	4081350	1191713	4144879	1216530	4139617	1262177	4257938	1276477	4417977	1277553	4357252	1233315	4296544	1209263
BGN	1919520	171978	1930646	171991	1990497	206862	2050064	206955	2095368	196662	2116933	197207	2134016	197349
Foreign currencies	2161830	1019735	2214233	1044539	2149120	1055315	2207874	1069522	2322609	1080891	2240319	1036108	2162528	1011914
CLAIMS ON NONFINANCIAL														
STATE-OWNED ENTERPRISES	713078	312445	690528	315473	693662	328454	691139	331998	706298	343008	669709	337850	621055	329846
BGN	216071	70658	219101	70636	230870	82102	226630	82120	232449	82161	219081	82161	204898	82161
Foreign currencies	497007	241787	471427	244837	462792	246352	464509	249878	473849	260847	450628	255689	416157	247685
CLAIMS ON PRIVATE														
ENTERPRISES	2788777	845801	2883993	867378	2871349	899980	2980006	910516	3119395	909479	3084801	870566	3059843	854686
BGN	1177078	99291	1191693	99329	1240715	122739	1293622	122818	1315823	112623	1340913	113171	1359054	113310
Foreign currencies	1611699	746510	1692300	768049	1630634	777241	1686384	787698	1803572	796856	1743888	757395	1700789	741376
CLAIMS ON THE PUBLIC														
BGN	532436	3146	528850	3194	528411	3298	540432	3329	559262	3772	569900	3716	578601	3658
BGN	521593	210	517570	207	516412	202	527518	198	545075	203	554719	200	563234	197
Foreign currencies	10843	2936	11280	2987	11999	3096	12914	3131	14187	3569	15181	3516	15367	3461
CLAIMS ON NONBANK														
FINANCIAL INSTITUTIONS	47059	30321	41508	30485	46195	30445	46361	30634	33022	21294	32842	21183	37045	21073
BGN	4778	1819	2282	1819	2500	1819	2294	1819	2021	1675	2220	1675	6830	1681
Foreign currencies	42281	28502	39226	28666	43695	28626	44067	28815	31001	19619	30622	19508	30215	19392
OTHER ITEMS (net)	-3036901	-404071	-3294148	-419451	-3354707	-431358	-3404961	-439545	-3273992	-459238	-3267924	-423525	-3221655	-425083
BGN	-3195099	-475928	-3462615	-493667	-3515019	-491762	-3566342	-501400	-3439137	-519946	-3446976	-484072	-3429462	-483533
Foreign currencies	158198	71857	168467	74216	160312	60404	161381	61855	165145	60708	179052	60547	207807	58450
Own funds	-1436949	864334	-1622980	793975	-1660277	802137	-1683569	800009	-1665203	714011	-1673082	741245	-1740705	708888
Capital and reserves	-2126069	-191793	-2185044	-192341	-2216116	-192513	-2224592	-192880	-2290223	-200375	-2308218	-199811	-2304819	-198992
Financial result	689120	1056127	562064	986316	555839	994650	541023	992889	625020	914386	635136	941056	564114	907880
Other assets and liabilities (net)	-1543916	-1001126	-1582656	-944803	-1600622	-964870	-1617097	-969652	-1542898	-917738	-1511741	-910969	-1421567	-889126

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(BGN '000)

	XII.1999		I.2000		II.2000		III.2000		IV.2000		V.2000		VI.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
BROAD MONEY M3	7351114	149351	7352483	150239	7453024	150765	7538321	151731	7695403	131848	7596801	130355	7577770	116429
BGN	4475466	82770	4342301	82764	4427609	82769	4400309	82760	4480060	57138	4328213	57144	4400997	47955
Foreign currencies	2875648	66581	3010182	67475	3025415	67996	3138012	68971	3215343	74710	3268588	73211	3176773	68474
MONEY M1	2996636	0	2857414	0	2880212	0	2877390	0	2948834	0	2780733	0	2886063	0
Money outside banks	1957350	0	1859682	0	1864398	0	1824008	0	1902485	0	1817287	0	1874636	0
Demand deposits (in BGN)	1039286	0	997732	0	1015814	0	1053382	0	1046349	0	963446	0	1011427	0
State-owned enterprises	318194	0	308946	0	345255	0	399167	0	379471	0	294064	0	286760	0
Private enterprises	592415	0	553979	0	535374	0	517711	0	527386	0	534835	0	580911	0
Public	103972	0	105087	0	107397	0	112070	0	117924	0	112104	0	120256	0
Nonbank financial institutions	24705	0	29720	0	27788	0	24434	0	21568	0	22443	0	23500	0
MONEY M2 (M1 + quasi-money)	6914023	0	6953839	0	7040620	0	7115502	0	7298971	0	7212254	0	7225890	0
Quasi-money	3917387	0	4096425	0	4160408	0	4238112	0	4350137	0	4431521	0	4339827	0
Time deposits (in BGN)	924799	0	939781	0	960319	0	926729	0	965568	0	988664	0	975877	0
State-owned enterprises	118793	0	124218	0	126406	0	95340	0	127003	0	160627	0	146624	0
Private enterprises	69803	0	56231	0	64263	0	62072	0	68819	0	64164	0	67671	0
Public	684626	0	702536	0	717314	0	717957	0	712433	0	704765	0	701847	0
Nonbank financial institutions	51577	0	56796	0	52336	0	51360	0	57313	0	59108	0	59735	0
Savings deposits (in BGN)	387856	0	393095	0	405539	0	406322	0	407947	0	404449	0	409596	0
Foreign currency deposits	2604732	0	2763549	0	2794550	0	2905061	0	2976622	0	3038408	0	2954354	0
State-owned enterprises	273760	0	305741	0	332309	0	393553	0	355031	0	377554	0	356021	0
Private enterprises	526279	0	581283	0	561114	0	560064	0	576138	0	617002	0	580650	0
Public	1722474	0	1793221	0	1820655	0	1865014	0	1959626	0	1955143	0	1930715	0
Nonbank financial institutions	82219	0	83304	0	80472	0	86430	0	85827	0	88709	0	86968	0
MONEY M3 (M2 + money market instruments, restricted deposits and deposits in nonoperating banks)	7351114	149351	7352483	150239	7453024	150765	7538321	151731	7695403	131848	7596801	130355	7577770	116429
Money market instruments	56429	0	3804	0	5133	0	5375	0	5027	0	967	0	1210	0
BGN	13921	0	1264	0	1405	0	1862	0	1874	0	871	0	604	0
Foreign currencies	42508	0	2540	0	3728	0	3513	0	3153	0	96	0	606	0
Import and restricted deposits	231311	0	244601	0	256506	0	265713	0	259557	0	253225	0	234241	0
BGN	69484	0	67983	0	97365	0	105246	0	98699	0	96352	0	80902	0
Foreign currencies	161827	0	176618	0	159141	0	160467	0	160858	0	156873	0	153339	0
Deposits in nonoperating banks	149351	149351	150239	150239	150765	150765	151731	151731	131848	131848	130355	130355	116429	116429
BGN	82770	82770	82764	82764	82769	82769	82760	82760	57138	57138	57144	57144	47955	47955
Foreign currencies	66581	66581	67475	67475	67996	67996	68971	68971	74710	74710	73211	73211	68474	68474
State-owned enterprises	86769	86769	87554	87554	87811	87811	88343	88343	69843	69843	69082	69082	64762	64762
BGN	55510	55510	55523	55523	55531	55531	55547	55547	34607	34607	34624	34624	34324	34324
Foreign currencies	31259	31259	32031	32031	32280	32280	32796	32796	35236	35236	34458	34458	30438	30438
Private enterprises	41724	41724	41489	41489	41645	41645	41837	41837	41591	41591	41222	41222	32185	32185
BGN	20707	20707	20688	20688	20684	20684	20659	20659	17882	17882	17871	17871	9153	9153
Foreign currencies	21017	21017	20801	20801	20961	20961	21178	21178	23709	23709	23351	23351	23032	23032
Public	4395	4395	4382	4382	4384	4384	4390	4390	4438	4438	4426	4426	4397	4397
BGN	3863	3863	3863	3863	3863	3863	3863	3863	3879	3879	3878	3878	3860	3860
Foreign currencies	532	532	519	519	521	521	527	527	559	559	548	548	537	537
Nonbank financial institutions	16463	16463	16814	16814	16925	16925	17161	17161	15976	15976	15625	15625	15085	15085
BGN	2690	2690	2690	2690	2691	2691	2691	2691	770	770	771	771	618	618
Foreign currencies	13773	13773	14124	14124	14234	14234	14470	14470	15206	15206	14854	14854	14467	14467

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(BGN '000)

	VII.2000		VIII.2000		IX.2000		X.2000		XI.2000		XII.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
Exchange rate: BGN/1 USD	2.1160	2.1160	2.1961	2.1961	2.2314	2.2314	2.3237	2.3237	2.2522	2.2522	2.1019	2.1019
BGN/1 EUR	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
FOREIGN ASSETS (net)	7200927	-84160	7410991	-85494	7441612	-147607	8009242	-153273	7938380	-151713	7861895	-144871
Foreign currencies	10772714	127213	11072634	131353	11485262	69601	11913528	67332	11794597	66251	11614320	63417
BNB international reserves	6135971	0	6270247	0	6602828	0	7233134	0	7310019	0	7273153	0
Other foreign assets	4636743	127213	4802387	131353	4882434	69601	4680394	67332	4484578	66251	4341167	63417
Less: foreign liabilities	3571787	211373	3661643	216847	4043650	217208	3904286	220605	3856217	217964	3752425	208288
NET DOMESTIC ASSETS	825395	176032	855878	179600	941411	242387	1119142	248697	1108940	237084	1428850	226680
DOMESTIC CREDIT	4084612	566566	4153743	583917	4325116	589449	4451722	573001	4429204	564879	4654409	505635
BGN	768267	87754	771929	93312	934221	94080	860874	96024	921032	95507	1610436	91249
Foreign currencies	3316345	478812	3381814	490605	3390895	495369	3590848	476977	3508172	469372	3043973	414386
CLAIMS ON GOVERNMENT SECTOR (net)	138580	-305571	103456	-307797	137284	-310709	154616	-318728	126035	-312498	487748	-279879
BGN	-1352583	-61802	-1373765	-57418	-1272214	-57418	-1432065	-57111	-1406264	-57278	-719052	-53412
Foreign currencies	1491163	-243769	1477221	-250379	1409498	-253291	1586681	-261617	1532299	-255220	1206800	-226467
CLAIMS ON CENTRAL GOVERNMENT (net)	212913	-304828	179463	-307039	219274	-309945	241134	-317956	223686	-311738	547261	-279144
BGN	-1265755	-61447	-1282989	-57063	-1182172	-57063	-1336037	-56756	-1295949	-56923	-637035	-53057
Foreign currencies	1478668	-243381	1462452	-249976	1401446	-252882	1577171	-261200	1519635	-254815	1184296	-226087
CLAIMS ON STATE BUDGET (net)	349478	-300925	308881	-302994	345418	-305837	391011	-313809	347826	-307705	686354	-275352
BGN	-1252489	-61312	-1271914	-56928	-1169844	-56928	-1323395	-56590	-1283866	-56757	-625837	-52891
Foreign currencies	1601967	-239613	1580795	-246066	1515262	-248909	1714406	-257219	1631692	-250948	1312191	-222461
Claims	3605310	2423	3627861	2427	3834502	2427	3829150	2362	3818690	2193	3669745	1589
BGN	762080	1146	763194	1146	784302	1146	811516	1077	813340	910	826988	312
Foreign currencies	2843230	1277	2864667	1281	3050200	1281	3017634	1285	3005350	1283	2842757	1277
Government securities	1127145	2373	1074486	2377	1103997	2377	1102329	2313	1084760	2144	1068086	1560
Short-term (up to 12 months)	201141	0	192726	0	216106	0	194159	0	168043	0	149444	0
BGN	201260	0	192740	0	216119	0	194170	0	168069	0	149339	0
Foreign currencies	-119	0	-14	0	-13	0	-11	0	-26	0	105	0
Medium-term (up to 5 years)	613699	0	554709	0	565210	0	546888	0	564894	0	598000	0
BGN	455009	0	468917	0	479759	0	517313	0	548098	0	578545	0
Foreign currencies	158690	0	85792	0	85451	0	29575	0	16796	0	19455	0
Long-term (over 5 years)	312305	2373	327051	2377	322681	2377	361282	2313	351823	2144	320642	1560
BGN	87125	1096	81848	1096	70084	1096	80805	1028	78403	861	73924	283
Foreign currencies	225180	1277	245203	1281	252597	1281	280477	1285	273420	1283	246718	1277
Credits	2441358	0	2517250	0	2695660	0	2647534	0	2699962	0	2560928	0
Foreign currencies	2441358	0	2517250	0	2695660	0	2647534	0	2699962	0	2560928	0
Other claims	36807	50	36125	50	34845	50	79287	49	33968	49	40731	29
BGN	18686	50	19689	50	18340	50	19228	49	18770	49	25180	29
Foreign currencies	18121	0	16436	0	16505	0	60059	0	15198	0	15551	0
Less: deposits	-3255832	-303348	-3318980	-305421	-3489084	-308264	-3438139	-316171	-3470864	-309898	-2983391	-276941
BGN	-2014569	-62458	-2035108	-58074	-1954146	-58074	-2134911	-57667	-2097206	-57667	-1452825	-53203
Foreign currencies	-1241263	-240890	-1283872	-247347	-1534938	-250190	-1303228	-258504	-1373658	-252231	-1530566	-223738
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS (net)	-136565	-3903	-129418	-4045	-126144	-4108	-149877	-4147	-124140	-4033	-139093	-3792
BGN	-13266	-135	-11075	-135	-12328	-135	-12642	-166	-12083	-166	-11198	-166
Foreign currencies	-123299	-3768	-118343	-3910	-113816	-3973	-137235	-3981	-112057	-3867	-127895	-3626

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(BGN '000)

	VII.2000		VIII.2000		IX.2000		X.2000		XI.2000		XII.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
Claims	12	0	21	0	9	0	5	0	7	0	9	0
BGN	12	0	21	0	9	0	5	0	7	0	9	0
Less: deposits	-136577	-3903	-129439	-4045	-126153	-4108	-149882	-4147	-124147	-4033	-139102	-3792
BGN	-13278	-135	-11096	-135	-12337	-135	-12647	-166	-12090	-166	-11207	-166
Foreign currencies	-123299	-3768	-118343	-3910	-113816	-3973	-137235	-3981	-112057	-3867	-127895	-3626
CLAIMS ON LOCAL BUDGETS (net)	-74333	-743	-76007	-758	-81990	-764	-86518	-772	-97651	-760	-59513	-735
BGN	-86828	-355	-90776	-355	-90042	-355	-96028	-355	-110315	-355	-82017	-355
Foreign currencies	12495	-388	14769	-403	8052	-409	9510	-417	12664	-405	22504	-380
Claims	31580	0	33625	0	27252	0	29369	0	31830	0	31791	0
BGN	2010	0	1334	0	1228	0	1111	0	1065	0	930	0
Foreign currencies	29570	0	32291	0	26024	0	28258	0	30765	0	30861	0
Securities	29699	0	31725	0	25472	0	27294	0	29892	0	29828	0
BGN	500	0	0	0	0	0	0	0	100	0	101	0
Foreign currencies	29199	0	31725	0	25472	0	27294	0	29792	0	29727	0
Credits	1368	0	1218	0	1108	0	998	0	888	0	778	0
BGN	1368	0	1218	0	1108	0	998	0	888	0	778	0
Other claims	513	0	682	0	672	0	1077	0	1050	0	1185	0
BGN	142	0	116	0	120	0	113	0	77	0	51	0
Foreign currencies	371	0	566	0	552	0	964	0	973	0	1134	0
Less: deposits	-105913	-743	-109632	-758	-109242	-764	-115887	-772	-129481	-760	-91304	-735
BGN	-88838	-355	-92110	-355	-91270	-355	-97139	-355	-111380	-355	-82947	-355
Foreign currencies	-17075	-388	-17522	-403	-17972	-409	-18748	-417	-18101	-405	-8357	-380
CLAIMS ON NONGOVERNMENT SECTOR	3946032	872137	4050287	891714	4187832	900158	4297106	891729	4303169	877377	4166661	785514
BGN	2120850	149556	2145694	150730	2206435	151498	2292939	153135	2327296	152785	2329488	144661
Foreign currencies	1825182	722581	1904593	740984	1981397	748660	2004167	738594	1975873	724592	1837173	640853
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	479456	232555	462115	237983	446721	240265	453006	250003	448632	245637	421914	235312
BGN	162992	53978	157961	54434	155713	54419	156615	53288	154715	53308	143824	53072
Foreign currencies	316464	178577	304154	183549	291008	185846	296391	196715	293917	192329	278090	182240
CLAIMS ON PRIVATE ENTERPRISES	2849607	619042	2964837	633083	3109447	639198	3208989	620607	3214603	611136	3116426	540944
BGN	1384515	94395	1409370	95111	1469757	95896	1552015	98787	1583094	98490	1590973	90781
Foreign currencies	1465092	524647	1555467	537972	1639690	543302	1656974	521820	1631509	512646	1525453	450163
CLAIMS ON THE PUBLIC	583602	3671	589142	3751	596392	3786	601115	3846	606290	3774	604007	3601
BGN	567043	183	571714	183	574047	181	577760	174	582573	173	585480	147
Foreign currencies	16559	3488	17428	3568	22345	3605	23355	3672	23717	3601	18527	3454
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	33367	16869	34193	16897	35272	16909	33996	17273	33644	16830	24314	5657
BGN	6300	1000	6649	1002	6918	1002	6549	886	6914	814	9211	661
Foreign currencies	27067	15869	27544	15895	28354	15907	27447	16387	26730	16016	15103	4996
OTHER ITEMS (net)	-3259217	-390534	-3297865	-404317	-3383705	-347062	-3332580	-324304	-3320264	-327795	-3225559	-278955
BGN	-3499204	-438368	-3536081	-451013	-3635467	-410772	-3594583	-390771	-3576459	-382725	-3462660	-349796
Foreign currencies	239987	47834	238216	46696	251762	63710	262003	66467	256195	54930	237101	70841
Own funds	-2073352	421980	-2121857	416017	-2104163	462586	-2209691	418452	-2249511	424412	-2250015	433699
Capital and reserves	-2246932	-130750	-2258623	-130583	-2283388	-130366	-2298403	-129630	-2293290	-129624	-2292525	-129383
Financial result	173580	552730	136766	546600	179225	592952	88712	548082	43779	554036	42510	563082
Other assets and liabilities (net)	-1236745	-678986	-1229495	-685378	-1301138	-674315	-1153345	-603225	-1100176	-614147	-947802	-607459

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(BGN '000)

	VII.2000		VIII.2000		IX.2000		X.2000		XI.2000		XII.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
BROAD MONEY M3	8026324	91877	8266811	94090	8382966	94766	9128289	95416	9047317	85367	9290746	81798
BGN	4760582	23458	4877248	23462	4898561	23445	4827449	23448	4812858	14581	5174416	14569
Foreign currencies	3265742	68419	3389563	70628	3484405	71321	4300840	71968	4234459	70786	4116330	67229
MONEY M1	3160355	0	3236214	0	3272675	0	3253828	0	3258188	0	3632240	0
Money outside banks	2056613	0	2082252	0	2110327	0	2066949	0	2075204	0	2373610	0
Demand deposits (in BGN)	1103742	0	1153962	0	1162348	0	1186879	0	1182984	0	1258630	0
State-owned enterprises	304700	0	310311	0	288231	0	306233	0	322203	0	323050	0
Private enterprises	644368	0	684524	0	712898	0	718667	0	689172	0	741345	0
Public	130721	0	134794	0	139062	0	142703	0	151543	0	170221	0
Nonbank financial institutions	23953	0	24333	0	22157	0	19276	0	20066	0	24014	0
MONEY M2 (M1 + quasi-money)	7698476	0	7943506	0	8012066	0	8815440	0	8703932	0	8905935	0
Quasi-money	4538121	0	4707292	0	4739391	0	5561612	0	5445744	0	5273695	0
Time deposits (in BGN)	1072055	0	1103324	0	1087566	0	1045904	0	988481	0	960971	0
State-owned enterprises	227872	0	239801	0	238118	0	187695	0	129255	0	104766	0
Private enterprises	85224	0	103250	0	102243	0	106606	0	106348	0	89691	0
Public	703002	0	704269	0	701633	0	703825	0	704497	0	703554	0
Nonbank financial institutions	55957	0	56004	0	45572	0	47778	0	48381	0	62960	0
Savings deposits (in BGN)	417971	0	426788	0	427062	0	427940	0	432731	0	452241	0
Foreign currency deposits	3048095	0	3177180	0	3224763	0	4087768	0	4024532	0	3860483	0
State-owned enterprises	303159	0	318543	0	298367	0	989674	0	975741	0	995179	0
Private enterprises	668128	0	663750	0	691524	0	740137	0	690036	0	565750	0
Public	2013206	0	2124983	0	2186165	0	2301549	0	2302441	0	2250529	0
Nonbank financial institutions	63602	0	69904	0	48707	0	56408	0	56314	0	49025	0
MONEY M3 (M2 + money market instruments, restricted deposits and deposits in nonoperating banks)	8026324	91877	8266811	94090	8382966	94766	9128289	95416	9047317	85367	9290746	81798
Money market instruments	1238	0	1304	0	1349	0	3217	0	4765	0	65679	0
BGN	599	0	584	0	588	0	2415	0	3425	0	20266	0
Foreign currencies	639	0	720	0	761	0	802	0	1340	0	45413	0
Import and restricted deposits	234733	0	227911	0	274785	0	214216	0	253253	0	237334	0
BGN	86144	0	86876	0	87225	0	73914	0	115452	0	94129	0
Foreign currencies	148589	0	141035	0	187560	0	140302	0	137801	0	143205	0
Deposits in nonoperating banks	91877	91877	94090	94090	94766	94766	95416	95416	85367	85367	81798	81798
BGN	23458	23458	23462	23462	23445	23445	23448	23448	14581	14581	14569	14569
Foreign currencies	68419	68419	70628	70628	71321	71321	71968	71968	70786	70786	67229	67229
State-owned enterprises	43502	43502	44515	44515	44866	44866	44257	44257	34938	34938	33614	33614
BGN	15525	15525	15531	15531	15536	15536	15545	15545	6677	6677	6675	6675
Foreign currencies	27977	27977	28984	28984	29330	29330	28712	28712	28261	28261	26939	26939
Private enterprises	29539	29539	30137	30137	30345	30345	30969	30969	30556	30556	29421	29421
BGN	4431	4431	4431	4431	4430	4430	4425	4425	4424	4424	4413	4413
Foreign currencies	25108	25108	25706	25706	25915	25915	26544	26544	26132	26132	25008	25008
Public	3509	3509	3521	3521	3503	3503	3518	3518	3507	3507	3480	3480
BGN	2953	2953	2951	2951	2928	2928	2927	2927	2928	2928	2928	2928
Foreign currencies	556	556	570	570	575	575	591	591	579	579	552	552
Nonbank financial institutions	15327	15327	15917	15917	16052	16052	16672	16672	16366	16366	15283	15283
BGN	549	549	549	549	551	551	551	551	552	552	553	553
Foreign currencies	14778	14778	15368	15368	15501	15501	16121	16121	15814	15814	14730	14730

Source: BNB.

ANALYTICAL REPORTING OF THE BNB

(BGN '000)

	XII.1999	I.2000	II.2000	III.2000	IV.2000	V.2000	VI.2000	VII.2000	VIII.2000	IX.2000	X.2000	XI.2000	XII.2000
FOREIGN ASSETS													
International reserves	6432434	6115015	6069379	6046115	6424768	6285057	5314830	6305468	6446899	6783129	7421659	7493745	7445733
Monetary gold	6272081	5949990	5911913	5885221	6254960	6118298	5162228	6135971	6270247	6602828	7233134	7310019	7273153
Other foreign assets	515611	515611	515611	515611	515611	515611	510724	515611	515611	515611	515611	515611	515611
	160353	165025	157466	160894	169808	166759	152602	169497	176652	180301	188525	183726	172580
CLAIMS ON STATE BUDGET													
Foreign currencies	2203159	2193256	2188411	2237909	2397489	2342744	1925638	2441358	2517250	2695660	2647534	2699962	2560928
Credits	2203159	2193256	2188411	2237909	2397489	2342744	1925638	2441358	2517250	2695660	2647534	2699962	2560928
	2203159	2193256	2188411	2237909	2397489	2342744	1925638	2441358	2517250	2695660	2647534	2699962	2560928
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES													
BGN	2066	2066	2066	2066	2066	2066	2066	2066	2066	2066	2294	2294	2294
	2066	2066	2066	2066	2066	2066	2066	2066	2066	2066	2294	2294	2294
CLAIMS ON COMMERCIAL BANKS													
BGN	228621	226133	224944	224699	224701	224699	246026	223568	220748	220748	220733	220732	124932
Credits	134813	132326	131137	130872	130872	130872	142727	130789	130789	130789	130789	130789	67447
Overdue credits	46948	46948	45759	45494	45494	45494	51555	45414	45414	45414	45414	45414	23758
Other claims	46948	46948	45759	45494	45494	45494	51555	45414	45414	45414	45414	45414	23758
Foreign currencies	87865	85378	85378	85378	85378	85378	91124	85375	85375	85375	85375	85375	43689
Deposits	93808	93807	93807	93827	93829	93827	103299	92779	89959	89959	89944	89943	57485
Credits	1696	1696	1696	1716	1718	1716	2490	1715	1717	1717	1702	1701	17
Overdue credits	77283	77283	77283	77283	77283	77283	83645	76236	74307	74307	74307	74307	49361
Other claims	77283	77283	77283	77283	77283	77283	83645	76236	74307	74307	74307	74307	49361
	14829	14828	14828	14828	14828	14828	17164	14828	13935	13935	13935	13935	8107
OTHER ITEMS (net)	1878896	1937798	1938698	1972865	2037088	1995501	1772613	1995399	2049999	2067274	2115483	2061093	1967710
BGN	170873	208222	209680	210169	218940	219222	161664	220827	220269	218076	218319	217424	219010
Foreign currencies	1708023	1729576	1729018	1762696	1818148	1776279	1610949	1774572	1829730	1849198	1897164	1843669	1748700
RESERVE MONEY	2721676	2688847	2589581	2581463	2686942	2588833	2163013	2593872	2698263	2768973	2731401	2772476	3020646
Currency outside banks	1957350	1859682	1864398	1824008	1902485	1817287	1479052	2056613	2082252	2110327	2066949	2075204	2373610
Bank reserves	764317	828109	725159	757438	784389	771052	683945	537200	615996	658624	664398	697259	647021
BGN	585720	704463	560153	528414	514649	498249	426923	363923	402040	480931	429258	473804	492370
Minimum required reserves	387815	474409	438839	396872	365703	373501	243633	300222	260791	339380	273273	265542	341236
Excess reserves	75526	117769	15945	34959	54313	18664	75749	-50975	30271	28814	35517	94414	20050
Commercial bank cash	122379	112285	105369	96583	94633	106084	107541	114676	110978	112737	120468	113848	131084

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(BGN '000)

	XII.1999	I.2000	II.2000	III.2000	IV.2000	V.2000	VI.2000	VII.2000	VIII.2000	IX.2000	X.2000	XI.2000	XII.2000
Foreign currencies	178597	123646	165006	229024	269740	272803	257022	173277	213956	177693	235140	223455	154651
Minimum required reserves	178597	123646	165006	229024	269740	272803	257022	173277	213956	177693	235140	223455	154651
Other deposits of nonbank institutions and public in BGN	9	1056	24	17	68	14	16	59	15	22	54	13	15
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	328	331	332	334	339	337	324	338	342	344	675860	676981	678100
MONEY MARKET INSTRUMENTS AND RESTRICTED DEPOSITS	31	70	20	10276	103	42	112	76	46	41	33	108	97
FOREIGN LIABILITIES	2436460	2430291	2423267	2478941	2646507	2585061	2146781	2677964	2758988	2940962	2891766	2935139	2785186
DEPOSITS OF THE STATE BUDGET	2388558	2177091	2207146	2161992	2569096	2550923	1974556	2631332	2632140	2876568	2824436	2866772	2527642
BGN	1087391	1140396	1270694	1439085	1640764	1654209	1075974	1772672	1786996	1720467	1887330	1846710	1308857
Foreign currencies	1301167	1036695	936452	722907	928332	896714	898582	858660	845144	1156101	937106	1020062	1218785
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	304878	204801	214002	218376	193630	175092	237781	67553	72656	64457	80221	57634	82916
BGN	222119	132478	133975	146154	124632	102874	100022	0	0	0	0	0	0
Foreign currencies	82759	72323	80027	72222	68998	72218	137759	67553	72656	64457	80221	57634	82916
OWN FUNDS	1019502	1068170	1088258	1106943	1011227	1012972	932380	1054845	1083356	1111956	1149117	1165648	1190609

Source: BNB.

ANALYTICAL REPORTING OF COMMERCIAL BANKS

(BGN '000)

	XII.1999		I.2000		II.2000		III.2000		IV.2000		V.2000		VI.2000	
	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks	all banks	incl. nonope-rating banks
RESERVES	753468	5717	789598	6848	683360	6835	705824	6773	756700	6789	725602	6795	704605	6739
FOREIGN ASSETS	3047685	122026	3366318	124781	3551882	126499	3742901	127945	3708019	133285	3764407	130417	3769825	124113
CLAIMS ON STATE BUDGET	1300769	50225	1315507	50627	1387212	50886	1268703	51662	1234810	54069	1225914	52917	1220682	51646
BGN	752753	3817	764630	3817	947967	3715	808844	3715	788602	3714	791347	3714	797799	3714
Foreign currencies	548016	46408	550877	46810	439245	47171	459859	47947	446208	50355	434567	49203	422883	47932
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	6	0	6	0	6	0	7	0	9	0	10	0	10	0
BGN	6	0	6	0	6	0	7	0	9	0	10	0	10	0
CLAIMS ON LOCAL BUDGETS	31750	0	29578	0	29558	0	29553	0	29658	0	32895	0	30976	0
BGN	2319	0	2146	0	1972	0	1799	0	1683	0	1465	0	1641	0
Foreign currencies	29431	0	27432	0	27586	0	27754	0	27975	0	31430	0	29335	0
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	711012	312445	688462	315473	691596	328454	689073	331998	704232	343008	667643	337850	618989	329846
BGN	214005	70658	217035	70636	228804	82102	224564	82120	230383	82161	217015	82161	202832	82161
Foreign currencies	497007	241787	471427	244837	462792	246352	464509	249878	473849	260847	450628	255689	416157	247685
CLAIMS ON PRIVATE ENTERPRISES	2788777	845801	2883993	867378	2871349	899980	2980006	910516	3119395	909479	3084801	870566	3059843	854686
BGN	1177078	99291	1191693	99329	1240715	122739	1293622	122818	1315823	112623	1340913	113171	1359054	113310
Foreign currencies	1611699	746510	1692300	768049	1630634	777241	1686384	787698	1803572	796856	1743888	757395	1700789	741376
CLAIMS ON THE PUBLIC	532436	3146	528850	3194	528411	3298	540432	3329	559262	3772	569900	3716	578601	3658
BGN	521593	210	517570	207	516412	202	527518	198	545075	203	554719	200	563234	197
Foreign currencies	10843	2936	11280	2987	11999	3096	12914	3131	14187	3569	15181	3516	15367	3461
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	47059	30321	41508	30485	46195	30445	46361	30634	33022	21294	32842	21183	37045	21073
BGN	4778	1819	2282	1819	2500	1819	2294	1819	2021	1675	2220	1675	6830	1681
Foreign currencies	42281	28502	39226	28666	43695	28626	44067	28815	31001	19619	30622	19508	30215	19392
OTHER ASSETS	41271914	2436182	1533649	455440	1538266	448848	1586456	451700	1569604	452552	1550467	463927	1496655	448207
BGN	37535958	1779538	1040655	230884	1051164	237769	1086276	237255	1072473	231470	1084960	245789	1031944	235397
Foreign currencies	3735956	656644	492994	224556	487102	211079	500180	214445	497131	221082	465507	218138	464711	212810
DEMAND DEPOSITS (in BGN)	1039277	0	996676	0	1015790	0	1053365	0	1046281	0	963432	0	1011407	0
State-owned enterprises	318194	0	308946	0	345255	0	399167	0	379471	0	294064	0	286760	0
Private enterprises	592415	0	553979	0	535374	0	517711	0	527386	0	534835	0	580911	0
Public	103972	0	105087	0	107397	0	112070	0	117924	0	112104	0	120256	0
Nonbank financial institutions	24696	0	28664	0	27764	0	24417	0	21500	0	22429	0	23480	0
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	3917059	0	4096094	0	4160076	0	4237778	0	4349798	0	4431184	0	4339492	0
TIME DEPOSITS (in BGN)	924799	0	939781	0	960319	0	926729	0	965568	0	988664	0	975877	0
State-owned enterprises	118793	0	124218	0	126406	0	95340	0	127003	0	160627	0	146624	0
Private enterprises	69803	0	56231	0	64263	0	62072	0	68819	0	64164	0	67671	0
Public	684626	0	702536	0	717314	0	717957	0	712433	0	704765	0	701847	0
Nonbank financial institutions	51577	0	56796	0	52336	0	51360	0	57313	0	59108	0	59735	0
SAVINGS DEPOSITS (in BGN)	387856	0	393095	0	405539	0	406322	0	407947	0	404449	0	409596	0
FOREIGN CURRENCY DEPOSITS	2604404	0	2763218	0	2794218	0	2904727	0	2976283	0	3038071	0	2954019	0
State-owned enterprises	273432	0	305410	0	331977	0	393219	0	354692	0	377217	0	355686	0
Private enterprises	526279	0	581283	0	561114	0	560064	0	576138	0	617002	0	580650	0
Public	1722474	0	1793221	0	1820655	0	1865014	0	1959626	0	1955143	0	1930715	0
Nonbank financial institutions	82219	0	83304	0	80472	0	86430	0	85827	0	88709	0	86968	0
MONEY MARKET INSTRUMENTS, RESTRICTED DEPOSITS AND DEPOSITS IN NONOPERATING BANKS	437060	149351	398574	150239	412384	150765	412543	151731	396329	131848	384505	130355	351830	116429

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	XII.1999		I.2000		II.2000		III.2000		IV.2000		V.2000		VI.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
MONEY MARKET INSTRUMENTS	56429	0	3804	0	5133	0	5375	0	5027	0	967	0	1210	0
BGN	13921	0	1264	0	1405	0	1862	0	1874	0	871	0	604	0
State-owned enterprises	0	0	1001	0	1148	0	97	0	182	0	182	0	182	0
Private enterprises	13654	0	2	0	0	0	1512	0	1444	0	445	0	182	0
Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nonbank financial institutions	267	0	261	0	257	0	253	0	248	0	244	0	240	0
Foreign currencies	42508	0	2540	0	3728	0	3513	0	3153	0	96	0	606	0
State-owned enterprises	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Private enterprises	42118	0	2140	0	3359	0	3104	0	2776	0	10	0	473	0
Public	32	0	32	0	32	0	32	0	32	0	32	0	32	0
Nonbank financial institutions	358	0	368	0	337	0	377	0	345	0	54	0	101	0
IMPORT AND RESTRICTED DEPOSITS	231280	0	244531	0	256486	0	255437	0	259454	0	253183	0	234191	0
BGN	69453	0	67913	0	97345	0	94970	0	98596	0	96310	0	80852	0
State-owned enterprises	33724	0	34694	0	35802	0	35102	0	44371	0	43606	0	33048	0
Private enterprises	29882	0	27675	0	55276	0	53323	0	47403	0	45445	0	41276	0
Public	5464	0	5128	0	5128	0	5190	0	4862	0	5451	0	4923	0
Nonbank financial institutions	383	0	416	0	1139	0	1355	0	1960	0	1808	0	1605	0
Foreign currencies	161827	0	176618	0	159141	0	160467	0	160858	0	156873	0	153339	0
State-owned enterprises	84881	0	64058	0	64125	0	62303	0	64285	0	61733	0	69540	0
Private enterprises	67898	0	103487	0	85900	0	90610	0	88332	0	87240	0	75366	0
Public	6687	0	6877	0	7092	0	6749	0	7236	0	6939	0	6647	0
Nonbank financial institutions	2361	0	2196	0	2024	0	805	0	1005	0	961	0	1786	0
DEPOSITS IN NONOPERATING BANKS	149351	149351	150239	150239	150765	150765	151731	151731	131848	131848	130355	130355	116429	116429
BGN	82770	82770	82764	82764	82769	82769	82760	82760	57138	57138	57144	57144	47955	47955
State-owned enterprises	55510	55510	55523	55523	55531	55531	55547	55547	34607	34607	34624	34624	34324	34324
Private enterprises	20707	20707	20688	20688	20684	20684	20659	20659	17882	17882	17871	17871	9153	9153
Public	3863	3863	3863	3863	3863	3863	3863	3863	3879	3879	3878	3878	3860	3860
Nonbank financial institutions	2690	2690	2690	2690	2691	2691	2691	2691	770	770	771	771	618	618
Foreign currencies	66581	66581	67475	67475	67996	67996	68971	68971	74710	74710	73211	73211	68474	68474
State-owned enterprises	31259	31259	32031	32031	32280	32280	32796	32796	35236	35236	34458	34458	30438	30438
Private enterprises	21017	21017	20801	20801	20961	20961	21178	21178	23709	23709	23351	23351	23032	23032
Public	532	532	519	519	521	521	527	527	559	559	548	548	537	537
Nonbank financial institutions	13773	13773	14124	14124	14234	14234	14470	14470	15206	15206	14854	14854	14467	14467
FOREIGN LIABILITIES	893020	459341	964575	465121	953291	466681	991964	470388	1049484	481814	1051157	476244	1057285	463722
BGN	26986	579	29523	579	28787	579	30905	578	29133	360	45512	360	40982	251
Foreign currencies	866034	458762	935052	464542	924504	466102	961059	469810	1020351	481454	1005645	475884	1016303	463471
DEPOSITS OF THE STATE BUDGET	553409	346854	584270	352684	616580	386260	623243	389886	631224	387281	641497	381887	661066	375262
BGN	215945	117049	243005	117048	277833	148602	279397	148602	274183	134715	280690	134715	303993	134043
Foreign currencies	337464	229805	341265	235636	338747	237658	343846	241284	357041	252566	360807	247172	357073	241219
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	70293	3612	82162	3703	73059	3731	80359	3791	72786	3968	57884	3878	61250	3780
BGN	12344	145	20147	145	15083	145	22393	145	17807	135	13957	135	12961	135
Foreign currencies	57949	3467	62015	3558	57976	3586	57966	3646	54979	3833	43927	3743	48289	3645
DEPOSITS OF LOCAL BUDGETS	62503	727	74720	727	70950	730	84943	736	80578	756	81945	746	97007	735
BGN	60911	370	73111	361	69232	361	83222	361	78796	361	80180	361	80985	360
Foreign currencies	1592	357	1609	366	1718	369	1721	375	1782	395	1765	385	16022	375
OWN FUNDS	417447	-864334	554810	-793975	572019	-802137	576626	-800009	653976	-714011	660110	-741245	715452	-708888
Capital and reserves	1291688	191793	1315676	192341	1343017	192513	1351003	192880	1343052	200375	1376401	199811	1379497	198992
Financial result	-874241	-1056127	-760866	-986316	-770998	-994650	-774377	-992889	-689076	-914386	-716291	-941056	-664045	-907880

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(BGN '000)

	VII.2000		VIII.2000		IX.2000		X.2000		XI.2000		XII.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
RESERVES	499752	644	586251	774	596479	892	616201	751	645449	688	601722	603
FOREIGN ASSETS	4467246	127213	4625735	131353	4702133	69601	4491869	67332	4300852	66251	4168587	63417
CLAIMS ON STATE BUDGET	1163952	2423	1110611	2427	1138842	2427	1181616	2362	1118728	2193	1108817	1589
BGN	762080	1146	763194	1146	784302	1146	856298	1077	813340	910	826988	312
Foreign currencies	401872	1277	347417	1281	354540	1281	325318	1285	305388	1283	281829	1277
CLAIMS ON STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	12	0	21	0	9	0	5	0	7	0	9	0
BGN	12	0	21	0	9	0	5	0	7	0	9	0
CLAIMS ON LOCAL BUDGETS	31580	0	33625	0	27252	0	29369	0	31830	0	31791	0
BGN	2010	0	1334	0	1228	0	1111	0	1065	0	930	0
Foreign currencies	29570	0	32291	0	26024	0	28258	0	30765	0	30861	0
CLAIMS ON NONFINANCIAL STATE-OWNED ENTERPRISES	477390	232555	460049	237983	444655	240265	450712	250003	446338	245637	419620	235312
BGN	160926	53978	155895	54434	153647	54419	154321	53288	152421	53308	141530	53072
Foreign currencies	316464	178577	304154	183549	291008	185846	296391	196715	293917	192329	278090	182240
CLAIMS ON PRIVATE ENTERPRISES	2849607	619042	2964837	633083	3109447	639198	3208987	620607	3214603	611136	3116426	540944
BGN	1384515	94395	1409370	95111	1469757	95896	1552013	98787	1583094	98490	1590973	90781
Foreign currencies	1465092	524647	1555467	537972	1639690	543302	1656974	521820	1631509	512646	1525453	450163
CLAIMS ON THE PUBLIC	583602	3671	589142	3751	596392	3786	601115	3846	606290	3774	604007	3601
BGN	567043	183	571714	183	574047	181	577760	174	582573	173	585480	147
Foreign currencies	16559	3488	17428	3568	22345	3605	23355	3672	23717	3601	18527	3454
CLAIMS ON NONBANK FINANCIAL INSTITUTIONS	33367	16869	34193	16897	35272	16909	33996	17273	33644	16830	24314	5657
BGN	6300	1000	6649	1002	6918	1002	6549	886	6914	814	9211	661
Foreign currencies	27067	15869	27544	15895	28354	15907	27447	16387	26730	16016	15103	4996
OTHER ASSETS	1314070	233976	1350992	242746	1430354	240714	1438786	280423	1432581	268382	1479798	248085
BGN	919180	101576	922995	93702	928237	89794	964085	124253	985501	125786	1011242	117510
Foreign currencies	394890	132400	427997	149044	502117	150920	474701	156170	447080	142596	468556	130575
DEMAND DEPOSITS (in BGN)	1103683	0	1153947	0	1162326	0	1186825	0	1182971	0	1258615	0
State-owned enterprises	304700	0	310311	0	288231	0	306233	0	322203	0	323050	0
Private enterprises	644368	0	684524	0	712898	0	718667	0	689172	0	741345	0
Public	130721	0	134794	0	139062	0	142703	0	151543	0	170221	0
Nonbank financial institutions	23894	0	24318	0	22135	0	19222	0	20053	0	23999	0
TIME, SAVINGS AND FOREIGN CURRENCY DEPOSITS	4537783	0	4706950	0	4739047	0	4885752	0	4768763	0	4595595	0
TIME DEPOSITS (in BGN)	1072055	0	1103324	0	1087566	0	1045904	0	988481	0	960971	0
State-owned enterprises	227872	0	239801	0	238118	0	187695	0	129255	0	104766	0
Private enterprises	85224	0	103250	0	102243	0	106606	0	106348	0	89691	0
Public	703002	0	704269	0	701633	0	703825	0	704497	0	703554	0
Nonbank financial institutions	55957	0	56004	0	45572	0	47778	0	48381	0	62960	0
SAVINGS DEPOSITS (in BGN)	417971	0	426788	0	427062	0	427940	0	432731	0	452241	0
FOREIGN CURRENCY DEPOSITS	3047757	0	3176838	0	3224419	0	3411908	0	3347551	0	3182383	0
State-owned enterprises	302821	0	318201	0	298023	0	313814	0	298760	0	317079	0
Private enterprises	668128	0	663750	0	691524	0	740137	0	690036	0	565750	0
Public	2013206	0	2124983	0	2186165	0	2301549	0	2302441	0	2250529	0
Nonbank financial institutions	63602	0	69904	0	48707	0	56408	0	56314	0	49025	0
MONEY MARKET INSTRUMENTS, RESTRICTED DEPOSITS AND DEPOSITS IN NONOPERATING BANKS	327772	91877	323259	94090	370859	94766	312816	95416	343277	85367	384714	81798

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	VII.2000		VIII.2000		IX.2000		X.2000		XI.2000		XII.2000	
	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks	all banks	incl. nonoperating banks
MONEY MARKET INSTRUMENTS	1238	0	1304	0	1349	0	3217	0	4765	0	65679	0
BGN	599	0	584	0	588	0	2415	0	3425	0	20266	0
State-owned enterprises	182	0	171	0	165	0	2160	0	3174	0	4149	0
Private enterprises	182	0	182	0	182	0	18	0	18	0	15774	0
Public	0	0	0	0	0	0	0	0	0	0	0	0
Nonbank financial institutions	235	0	231	0	241	0	237	0	233	0	343	0
Foreign currencies	639	0	720	0	761	0	802	0	1340	0	45413	0
State-owned enterprises	0	0	0	0	0	0	0	0	0	0	0	0
Private enterprises	448	0	421	0	391	0	432	0	1307	0	45381	0
Public	32	0	32	0	32	0	32	0	32	0	32	0
Nonbank financial institutions	159	0	267	0	338	0	338	0	1	0	0	0
IMPORT AND RESTRICTED DEPOSITS	234657	0	227865	0	274744	0	214183	0	253145	0	237237	0
BGN	86068	0	86830	0	87184	0	73881	0	115344	0	94032	0
State-owned enterprises	34031	0	33685	0	32945	0	26520	0	59075	0	37971	0
Private enterprises	41938	0	42304	0	43903	0	37413	0	45229	0	45962	0
Public	4804	0	5561	0	4965	0	4637	0	5224	0	5098	0
Nonbank financial institutions	5295	0	5280	0	5371	0	5311	0	5816	0	5001	0
Foreign currencies	148589	0	141035	0	187560	0	140302	0	137801	0	143205	0
State-owned enterprises	74481	0	73701	0	72606	0	54484	0	61172	0	83451	0
Private enterprises	65103	0	57058	0	104703	0	75533	0	67107	0	51106	0
Public	7530	0	7889	0	8104	0	8741	0	8692	0	7884	0
Nonbank financial institutions	1475	0	2387	0	2147	0	1544	0	830	0	764	0
DEPOSITS IN NONOPERATING BANKS	91877	91877	94090	94090	94766	94766	95416	95416	85367	85367	81798	81798
BGN	23458	23458	23462	23462	23445	23445	23448	23448	14581	14581	14569	14569
State-owned enterprises	15525	15525	15531	15531	15536	15536	15545	15545	6677	6677	6675	6675
Private enterprises	4431	4431	4431	4431	4430	4430	4425	4425	4424	4424	4413	4413
Public	2953	2953	2951	2951	2928	2928	2927	2927	2928	2928	2928	2928
Nonbank financial institutions	549	549	549	549	551	551	551	551	552	552	553	553
Foreign currencies	68419	68419	70628	70628	71321	71321	71968	71968	70786	70786	67229	67229
State-owned enterprises	27977	27977	28984	28984	29330	29330	28712	28712	28261	28261	26939	26939
Private enterprises	25108	25108	25706	25706	25915	25915	26544	26544	26132	26132	25008	25008
Public	556	556	570	570	575	575	591	591	579	579	552	552
Nonbank financial institutions	14778	14778	15368	15368	15501	15501	16121	16121	15814	15814	14730	14730
FOREIGN LIABILITIES	893823	211373	902655	216847	1102688	217208	1012520	220605	921078	217964	967239	208288
BGN	119042	148	119590	148	117049	148	112432	148	77422	148	77819	148
Foreign currencies	774781	211225	783065	216699	985639	217060	900088	220457	843656	217816	889420	208140
DEPOSITS OF THE STATE BUDGET	624500	303348	686840	305421	612516	308264	613703	316171	604092	309898	455749	276941
BGN	241897	62458	248112	58074	233679	58074	247581	57667	250496	57667	143968	53203
Foreign currencies	382603	240890	438728	247347	378837	250190	366122	258504	353596	252231	311781	223738
DEPOSITS OF STATE FUNDS AND EXTRABUDGETARY ACCOUNTS	69024	3903	56783	4045	61696	4108	69661	4147	66513	4033	56186	3792
BGN	13278	135	11096	135	12337	135	12647	166	12090	166	11207	166
Foreign currencies	55746	3768	45687	3910	49359	3973	57014	3981	54423	3867	44979	3626
DEPOSITS OF LOCAL BUDGETS	105913	743	109632	758	109242	764	115887	772	129481	760	91304	735
BGN	88838	355	92110	355	91270	355	97139	355	111380	355	82947	355
Foreign currencies	17075	388	17522	403	17972	409	18748	417	18101	405	8357	380
OWN FUNDS	1018507	-421980	1038501	-416017	992207	-462586	1060574	-418452	1083863	-424412	1059406	-433699
Capital and reserves	1314571	130750	1317079	130583	1329436	130366	1328692	129630	1326082	129624	1332151	129383
Financial result	-296064	-552730	-278578	-546600	-337229	-592952	-268118	-548082	-242219	-554036	-272745	-563082

Source: BNB.

COMMERCIAL BANK CLAIMS BY SECTOR
(as of 31 December 2000)

(million BGN)

Sectors	Balance-sheet exposure	Off-balance sheet exposure
Physical persons	58.7	13.4
Agriculture and forestry, hunting and fishery	106.3	13.5
Extracting industry	125.7	45.3
Processing industry	1094.3	166.7
Electrical energy, oil, gas and water	41.5	12.1
Construction	67.7	77.0
Trade and repair of household appliances	776.6	212.3
Hotelry, hostelry and public catering	204.7	27.3
Transport and communications	124.1	71.8
Finance, credit and insurance	1018.2	102.5
Real estate transactions	37.4	5.1
State management	4.1	35.1
Education	0.3	0.0
Health and veterinary care	10.6	0.9
Other services and nongovernment organizations	692.5	91.0
Extraterritorial organizations and institutions	9.8	2.1
TOTAL	4372.4	876.3

Source: BNB.

COMMERCIAL BANK CLAIMS BY CURRENCY
(as of 31 December 2000)

(BGN'000)

Currency	Balance-sheet exposure	Off-balance sheet exposure
Austrian schilling	6 947	99
Belgian frank	3	
Bulgarian lev	2 175 834	349 431
Swiss franc	4 343	943
Deutschemark	291 275	136 322
Euro	477 486	119 695
French franc	15	87
British pound	970	881
Greek drachma	1 492	
Italian lira	26	2 210
Dutch guilder		408
US dollar	1 413 975	266 197
TOTAL	4 372 366	876 273

Source: BNB.

CLAIMS EXCEEDING BGN 10,000 BY CREDIT AGREEMENT TERM*
(as of 31 December 2000)

(BGN'000)

Term	Balance-sheet exposure	Off-balance sheet exposure
Up to one year	2 346 123	425 608
From one to three years	1 096 817	313 067
Over three years	997 820	546 008
TOTAL	4 440 760	1 284 683

* Including operating banks' claims and a portion of nonoperating banks' claims reported in the Central Credit Register.

Source: BNB.

REGISTERED TRANSACTIONS BETWEEN RESIDENTS AND NONRESIDENTS IN 2000

Transaction	Currency	Amount in original currency	Lev equivalent	US dollar equivalent	Share of transactions, %
Opening accounts at nonresident banks					
	DEM	5 948 080	5 948 080		
	ATS	1 472 000	209 225		
	CHF	252 397	309 606		
	GBP	107 000	350 292		
	USD	2 349 150	4 848 533		
	EUR	225 935	441 891		
	CAD	27 000	37 833		
Total			12 145 461	5 530 065	0.50
Financial credits extended to residents by nonresidents					
	DEM	280 590 116	280 590 116		
	EUR	333 669 950	652 601 698		
	ATS	279 637 664	39 746 579		
	CHF	4 914 802	6 177 171		
	USD	555 863 231	1 180 778 886		
	DKK	2 000 000	525 473		
	FRF	4 600 000	1 371 554		
	GRD	20 000 000	117 274		
	ITL	12 942 000 000	13 072 714		
	NLG	1 686 026	1 496 382		
	SEK	3 370 000	793 046		
	GBP	129 300	418 478		
	BGN	2 516 489	2 516 489		
Total			2 180 205 859	992 690 236	89.96
Financial credits extended to nonresidents by residents					
	BGN	318 000	318 000		
	USD	26 650 000	61 565 254		
	DEM	5 040 000	5 040 000		
	CHF	2 125 000	2 686 194		
	EUR	5 000	9 779		
Total			69 619 227	31 698 992	2.87
Collateral security					
	DEM	3 851 100	3 851 100		
	USD	61 298 064	131 038 381		
Total			134 889 481	61 417 811	5.57
Transactions in securities issued by nonresidents					
	USD	304 791	668 124		
	GBP	120 930	399 652		
	ISK	964 800 000	24 692 319		
Total			25 760 095	11 729 074	1.06
Investments in nonresidents' companies and their derivatives					
	ATS	330 000	46 905		
	EUR	12 500	24 448		
	BGN	750 000	750 000		
Total			821 353	373 978	0.03
TOTAL			2 423 441 476	1 103 440 155	100.00

Source: BNB.

INTEREST RATES AND GOVERNMENT SECURITIES YIELD IN 2000

Indicators	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
BASE INTEREST RATE												
(end period)	3.99	3.15	3.61	3.69	3.48	4.11	3.48	4.07	4.07	4.49	4.79	4.71
SHORT-TERM INTEREST RATES												
(average-weighted)												
Interest rates on deposits extended												
in the interbank market	1.23	1.48	2.86	3.17	3.22	4.31	2.84	3.71	3.51	3.60	4.15	2.67
up to one day	0.81	1.33	2.71	3.07	3.10	4.29	2.80	3.75	3.44	3.51	4.09	2.41
from one to three days	0.83	1.28	2.86	2.93	3.14	4.23	2.68	3.41	3.12	3.77	3.91	1.96
from three days to one week	1.29	1.93	3.08	3.54	3.51	4.71	3.09	3.86	3.96	3.63	4.63	3.54
from one week to one month	2.93	2.72	3.36	3.92	3.68	4.47	3.53	4.07	4.11	4.17	4.66	3.52
over one month	3.82	3.84	4.32	4.58	4.38	3.54	4.06	4.30	5.08	4.78	5.26	4.96
Interest rates on time deposits												
BGN	3.23	2.78	3.27	3.12	2.87	3.29	2.95	3.40	3.25	3.23	3.52	3.27
EUR*	2.12	2.42	2.60	2.53	2.58	3.03	3.32	3.38	3.57	3.36	3.53	2.90
USD	3.53	4.30	4.41	4.52	4.68	4.73	4.64	4.61	4.67	4.64	4.84	4.77
Interest rates on demand deposits												
BGN	0.26	0.25	0.25	0.24	0.26	0.26	0.25	0.28	0.27	0.26	0.27	0.30
EUR*	0.76	0.75	0.67	0.78	0.80	0.65	0.72	0.64	0.54	0.58	0.56	0.59
USD	1.74	1.67	1.64	1.79	1.58	1.36	1.48	1.64	1.67	1.60	1.59	1.57
Interest rates on credits												
BGN	12.49	11.87	9.54	13.57	13.79	12.52	10.95	12.72	11.73	13.34	11.21	12.15
EUR*	8.85	9.36	8.59	8.72	13.10	10.77	11.49	12.84	8.22	8.87	11.94	11.21
USD	11.64	11.00	11.94	11.75	13.91	12.13	12.55	13.68	10.69	13.21	11.92	11.40
Yield on government securities issues	5.20	4.21	4.09	3.67	4.20	3.87	3.68	4.36	3.96	4.20	4.98	4.69
LONG-TERM INTEREST RATES												
(average-weighted)												
Interest rates on credits												
BGN	15.06	14.75	15.15	16.28	15.86	15.40	12.88	14.06	15.79	15.86	16.07	15.98
EUR*	10.79	12.94	10.61	13.07	12.37	12.43	12.71	13.22	11.06	10.65	13.52	13.16
USD	14.29	17.40	15.07	13.99	16.92	17.23	12.69	16.51	16.16	13.40	21.40	10.53
Yield on government securities issues	8.31	7.96	7.73	7.49	7.36	7.45	7.33	7.03	6.95	7.50	7.51	7.60

* The Euro item includes the euro and currencies included in the euro.

Source: BNB.

NOMINAL INTEREST RATES ON SHORT-TERM LEV CREDITS IN 2000

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.99											
February	1.93	0.94										
March	2.71	1.71	0.76									
April	3.81	2.80	1.84	1.07								
May	4.95	3.93	2.96	2.18	1.10							
June	5.99	4.96	3.98	3.19	2.10	0.99						
July	6.91	5.87	4.88	4.09	2.99	1.87	0.87					
August	7.98	6.93	5.93	5.13	4.02	2.89	1.88	1.00				
September	8.98	7.92	6.92	6.11	4.99	3.84	2.83	1.94	0.93			
October	10.13	9.05	8.04	7.22	6.09	4.93	3.91	3.01	1.99	1.05		
November	11.11	10.02	9.00	8.18	7.03	5.87	4.83	3.93	2.90	1.95	0.89	
December	12.18	11.08	10.05	9.22	8.06	6.88	5.84	4.92	3.89	2.93	1.86	0.96

Source: BNB.

REAL INTEREST RATES ON SHORT-TERM LEV CREDITS IN 2000*

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	-2.09											
February	-1.71	0.39										
March	-0.38	1.74	1.35									
April	1.55	3.72	3.32	1.95								
May	2.44	4.62	4.22	2.83	0.87							
June	3.32	5.52	5.11	3.71	1.73	0.86						
July	3.68	5.89	5.48	4.08	2.09	1.21	0.35					
August	1.62	3.79	3.39	2.01	0.06	-0.80	-1.64	-1.98				
September	0.18	2.32	1.92	0.57	-1.36	-2.20	-3.04	-3.37	-1.42			
October	0.05	2.18	1.79	0.44	-1.48	-2.33	-3.16	-3.50	-1.54	-0.13		
November	1.12	3.28	2.88	1.51	-0.43	-1.28	-2.12	-2.46	-0.49	0.94	1.07	
December	0.68	2.83	2.43	1.07	-0.86	-1.71	-2.55	-2.89	-0.92	0.50	0.63	-0.43

* Real interest rates are based on average monthly interest rates deflated by monthly inflation.

Source: BNB.

NOMINAL INTEREST RATES ON ONE-MONTH LEV DEPOSITS IN 2000

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	0.27											
February	0.48	0.21										
March	0.72	0.45	0.24									
April	0.96	0.69	0.48	0.24								
May	1.19	0.92	0.71	0.47	0.23							
June	1.46	1.20	0.98	0.74	0.50	0.27						
July	1.70	1.43	1.22	0.97	0.73	0.50	0.23					
August	1.97	1.70	1.49	1.25	1.00	0.77	0.50	0.27				
September	2.23	1.96	1.74	1.50	1.26	1.02	0.75	0.52	0.25			
October	2.49	2.22	2.01	1.76	1.52	1.29	1.01	0.78	0.51	0.26		
November	2.79	2.52	2.30	2.06	1.81	1.58	1.31	1.07	0.80	0.55	0.29	
December	3.04	2.76	2.55	2.30	2.06	1.82	1.55	1.32	1.04	0.79	0.53	0.24

Source: BNB.

REAL INTEREST RATES ON ONE-MONTH LEV DEPOSITS IN 2000*

Months	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
January	-2.79											
February	-3.12	-0.34										
March	-2.32	0.48	0.82									
April	-1.23	1.60	1.94	1.11								
May	-1.23	1.60	1.94	1.11	0.00							
June	-1.10	1.74	2.09	1.25	0.14	0.14						
July	-1.38	1.45	1.79	0.96	-0.15	-0.15	-0.29					
August	-4.04	-1.28	-0.95	-1.76	-2.84	-2.84	-2.97	-2.69				
September	-6.03	-3.34	-3.01	-3.80	-4.86	-4.86	-4.99	-4.72	-2.08			
October	-6.89	-4.22	-3.89	-4.68	-5.73	-5.73	-5.86	-5.58	-2.97	-0.91		
November	-6.45	-3.77	-3.44	-4.23	-5.28	-5.28	-5.41	-5.14	-2.51	-0.44	0.47	
December	-7.52	-4.87	-4.55	-5.33	-6.36	-6.36	-6.50	-6.22	-3.63	-1.58	-0.68	-1.14

* Real interest rates are based on average monthly interest rates deflated by monthly inflation.

Source: BNB.

DENOMINATION COMPOSITION IN NOTES AND COINS

(levs)

Denominations	31 December 1999	30 June 2000	31 December 2000
Notes, total	5 354 417 990	5 283 514 693	5 498 037 317
Notes – new denominations, total	2 555 974 003	2 707 773 970	3 100 459 290
50 levs	1 228 950 000	1 273 950 000	1 348 686 900
20 levs	619 380 000	711 380 000	818 035 800
10 levs	385 001 000	395 000 995	577 948 745
5 levs	207 945 005	207 945 000	210 919 328
2 levs	65 797 998	70 597 989	87 982 923
1 lev	48 900 000	48 899 986	56 885 594
Notes – old denominations, total	2 798 443 987	2 575 740 723	2 397 578 027
50 000 levs = 50 new levs	2 081 583 775	2 025 173 625	1 981 175 250
10 000 levs = 10 new levs	431 924 030	371 577 505	275 276 845
5000 levs = 5 new levs	144 282 690	115 869 423	93 268 582
2000 levs = 2 new levs	61 590 395	21 903 620	12 670 882
1000 levs = 1 new lev	28 769 024	7 937 313	5 737 238
500 levs = 0.50 new levs	31 268 763	21 048 661	19 978 643
200 levs = 0.20 new levs	12 630 580	8 166 319	7 914 308
100 levs = 0.10 new levs	3 627 794	1 658 280	1 556 279
50 levs = 0.05 new levs	1 697 718	1 487 720	
20 levs = 0.02 new levs	1 069 218	918 257	
Coins, total	35 068 251	35 019 847	35 918 357
Coins – new denominations, total	25 306 150	28 091 010	30 523 130
50 stotinkas	10 067 000	11 417 000	12 217 000
20 stotinkas	9 146 700	9 146 700	9 146 700
10 stotinkas	3 334 400	4 398 400	5 526 400
5 stotinkas	1 762 650	1 762 650	2 107 650
2 stotinkas	660 000	910 200	911 100
1 stotinka	335 400	456 060	614 280
Coins – old denominations, total	6 573 815	5 733 317	4 008 707
50 levs = 0.05 new levs	3 114 387	2 563 600	1 562 350
20 levs = 0.02 new levs	1 464 168	1 459 723	1 070 523
10 levs = 0.01 new levs	1 254 789	1 150 389	860 629
5 levs = 0.005 new levs	332 646	284 646	260 646
2 levs = 0.002 new levs	158 968	142 968	130 968
1 lev = 0.001 new levs	136 273	119 219	110 819
0.50 levs = 0.0005 new levs	41 133	7 479	7 479
0.20 levs = 0.0002 new levs	39 958	2 513	2 513
0.10 levs = 0.0001 new levs	31 493	2 780	2 780
Commemorative	3 188 286	1 195 520	1 386 520
Notes and coins, total	5 389 486 241	5 318 534 540	5 533 955 674

Source: BNB.

BANKING SYSTEM CONSOLIDATED BALANCE SHEET
(annual closing of accounts, 2000)

(BGN '000)

	Total	Including	
		BGN	Foreign currency
ASSETS			
VAULT CASH AND CURRENT ACCOUNTS WITH THE BNB	737 442	449 894	287 548
Claims on banks and other financial institutions	3 874 133	182 521	3 691 612
Securities in trading portfolio	1 065 333	699 174	366 159
Securities in investment portfolio	436 748	166 903	269 845
Credits to the budget	3 445	3 445	0
Credits to public enterprises	111 709	54 128	57 581
Credits to private enterprises	2 329 961	1 324 094	1 005 867
Credits to individuals and households	569 020	556 533	12 487
Credits to nonfinancial institutions and other clients	3 014 135	1 938 200	1 075 935
EARNING ASSETS	8 390 349	2 986 798	5 403 551
Assets for resale	8 483	8 483	0
Claims on interest and other assets	194 322	126 721	67 601
Fixed assets	407 131	407 131	0
ASSETS, TOTAL	9 737 727	3 979 027	5 758 700
Including assets in pawn	527 714	307 507	220 207
LIABILITIES AND CAPITAL			
Deposits by banks	597 585	211 503	386 082
Deposits by other financial institutions	142 887	88 278	54 609
Deposits by nonfinancial institutions and other clients	6 393 824	2 855 952	3 537 872
DEPOSITS, TOTAL	7 134 296	3 155 733	3 978 563
Short-term attracted resources	204 120	89 258	114 862
Interest payments and other liabilities	635 403	459 178	176 225
Long-term attracted resources	274 920	27 114	247 806
Subordinated term debt	0	0	0
LIABILITIES, TOTAL	8 248 739	3 731 283	4 517 456
Capital	1 095 467	1 095 467	0
Reserves	393 521	393 521	0
CAPITAL AND RESERVES	1 488 988	1 488 988	0
LIABILITIES AND OWN FUNDS, TOTAL	9 737 727	5 220 271	4 517 456
Credit substitutes	796 251	324 607	471 644
Derivatives	386 672	84 978	301 694
OFF-BALANCE SHEET LIABILITIES	1 182 923	409 585	773 338

Source: BNB.

BANKING SYSTEM CONSOLIDATED INCOME STATEMENT
(annual closing of accounts, 2000)

(BGN '000)

	Total	Including	
		BGN	Foreign currency
Interest revenue from claims on banks and other financial institutions	193 112	5 930	187 182
Interest revenue on credits to nonfinancial institutions and other clients	368 123	249 145	118 978
Revenue from investment portfolio securities	39 778	18 513	21 265
INTEREST REVENUE	601 013	273 588	327 425
Interest expenditure on deposits of banks and other financial institutions	34 464	9 630	24 834
Interest expenditure on deposits of nonfinancial institutions and other clients	136 214	45 386	90 828
Interest expenditure on attracted resources	16 015	1 586	14 429
INTEREST EXPENDITURE	186 693	56 602	130 091
NET INTEREST INCOME	414 320	216 986	197 334
Profit/loss from trade and revaluation (net of provisions on losses from credits)	337 472		
	81 534		
NET INTEREST INCOME AND NET INCOME FROM TRADE AND REVALUATION	670 258		
Other noninterest revenue	195 547		
Operating result prior to operating expenditure	865 805		
Operating expenditure	472 389		
PRE-TAX OPERATING PROFIT/LOSS AND EXTRA OPERATIONS	393 416		
Profit/loss from revaluation and extra revenue/expenditure	10 736		
Pre-tax profit/loss	404 152		
Post-tax profit/loss, net	274 202		
CURRENT PROFIT/LOSS	274 202		

Source: BNB.

CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS BY GROUP
(annual closing of accounts, 2000)

	Group I	Group II	Group III	Group IV	Group V	Total
ASSETS						
VAULT CASH AND CURRENT ACCOUNTS WITH THE BNB						
Claims on banks and other financial institutions	326 939	170 143	139 211	57 764	43 385	737 442
Securities in trading portfolio	2 371 976	769 155	277 125	195 787	260 090	3 874 133
Securities in investment portfolio	468 986	288 225	230 103	64 271	13 748	1 065 333
Credits to the budget	327 372	99 209	2 977	7 116	74	436 748
Credits to public enterprises	1 187	208	2 043	7	0	3 445
Credits to private enterprises	44 971	42 733	17 302	6 703	0	111 709
Credits to individuals and households	556 788	560 758	521 851	286 122	404 442	2 329 961
Credits to nonfinancial institutions and other clients	495 928	46 004	11 039	14 290	1 759	569 020
EARNING ASSETS	1 098 874	649 703	552 235	307 122	406 201	3 014 135
Assets for resale	4 267 208	1 806 292	1 062 440	574 296	680 113	8 390 349
Claims on interest and other assets	0	3 475	235	4 773	0	8 483
Fixed assets	95 480	30 585	26 579	32 541	9 137	194 322
ASSETS, TOTAL	172 136	109 443	59 328	52 502	13 722	407 131
Including assets in pawn	4 861 763	2 119 938	1 287 793	721 876	746 357	9 737 727
	254 241	140 861	104 235	23 607	4 770	527 714
LIABILITIES AND CAPITAL						
Deposits by banks	55 646	76 066	143 051	53 767	269 055	597 585
Deposits by other financial institutions	25 093	15 441	38 870	47 090	16 393	142 887
Deposits by nonfinancial institutions and other clients	3 564 338	1 598 776	717 843	262 565	250 302	6 393 824
DEPOSITS, TOTAL	3 645 077	1 690 283	899 764	363 422	535 750	7 134 296
Short-term attracted resources	13 200	21 313	85 599	14 764	69 244	204 120
Interest payments and other liabilities	373 730	82 083	88 893	37 829	52 868	635 403
Long-term attracted resources	42 598	34 363	56 226	72 042	69 691	274 920
Subordinated term debt	0	0	0	0	0	0
LIABILITIES, TOTAL	4 074 605	1 828 042	1 130 482	488 057	727 553	8 248 739
Capital	546 128	202 838	112 029	216 845	17 627	1 095 467
Reserves	241 030	89 058	45 282	16 974	1 177	393 521
CAPITAL AND RESERVES	787 158	291 896	157 311	233 819	18 804	1 488 988
LIABILITIES AND OWN FUNDS, TOTAL	4 861 763	2 119 938	1 287 793	721 876	746 357	9 737 727
Credit substitutes	208 854	180 750	180 339	104 998	121 310	796 251
Derivatives	69 543	31 322	139 028	22 317	124 462	386 672
OFF-BALANCE SHEET LIABILITIES	278 397	212 072	319 367	127 315	245 772	1 182 923

Source: BNB.

CONSOLIDATED INCOME STATEMENT OF COMMERCIAL BANKS BY GROUP

(annual closing of accounts, 2000)

(BCGN '000)

	Group I	Group II	Group III	Group IV	Group V	Total
Interest revenue from claims on banks and other financial institutions	110 163	39 275	15 889	15 113	12 672	193 112
Interest revenue on credits to nonfinancial institutions and other clients	160 014	74 959	59 506	44 811	28 833	368 123
Revenue from investment portfolio securities	23 307	10 638	4 640	845	348	39 778
INTEREST REVENUE	293 484	124 872	80 035	60 769	41 853	601 013
Interest expenditure on deposits of banks and other financial institutions	2 494	3 600	7 968	10 784	9 618	34 464
Interest expenditure on deposits of nonfinancial institutions and other clients	74 981	32 585	14 923	6 296	7 429	136 214
Interest expenditure on attracted resources	367	1 598	6 537	5 535	1 978	16 015
INTEREST EXPENDITURE	77 842	37 783	29 428	22 615	19 025	186 693
NET INTEREST INCOME	215 642	87 089	50 607	38 154	22 828	414 320
Profit/loss from trade and revaluation	245 628	46 545	27 997	13 398	3 904	337 472
(net of provisions on losses from credits)	16 245	32 448	-58	25 155	7 744	81 534
NET INTEREST INCOME AND NET INCOME FROM TRADE AND REVALUATION	445 025	101 186	78 662	26 397	18 988	670 258
Other noninterest revenue	78 573	67 598	14 325	24 932	10 119	195 547
Operating result prior to operating expenditure	523 598	168 784	92 987	51 329	29 107	865 805
Operating expenditure	184 905	133 671	75 642	47 579	30 592	472 389
PRE-TAX OPERATING PROFIT/LOSS AND EXTRA OPERATIONS	338 693	35 113	17 345	3 750	-1 485	393 416
Profit/loss from revaluation and extra revenue/expenditure	3 390	-1 153	3 018	4 684	797	10 736
Pre-tax profit/loss	342 083	33 960	20 363	8 434	-688	404 152
Post-tax profit/loss, net	233 784	22 877	15 431	4 385	-2 275	274 202
CURRENT PROFIT/LOSS	233 784	22 877	15 431	4 385	-2 275	274 202

Source: BNB.

CAPITAL ADEQUACY OF COMMERCIAL BANKS AS OF 31 DECEMBER 2000
(under Regulation No. 8 of the BNB)

Bank groups	Capital base [BGN '000]	Primary capital [BGN '000]	Total risk component (2000.2+3000.2 +4000.2) [BGN '000]	Total capital adequacy (1000/5100) [%]	Primary capital adequacy (1100/5100) [%]	Degree of asset coverage (1000/5000) [%]
Group I	743 832	464 931	1 769 805	42.03	26.27	15.17
Group II	258 785	182 214	945 253	27.38	19.28	12.15
Group III	148 275	119 301	724 493	20.47	16.47	11.39
Group IV	227 900	199 202	444 715	51.25	44.79	31.74
Banking system, total*	1 378 792	965 648	3 884 265	35.50	24.86	15.23

* Excluding Group V banks.

Source: BNB.

LIQUIDITY OF COMMERCIAL BANKS AS OF 31 DECEMBER 2000
(under Regulation No. 11 of the BNB)

(BGN'000)

Bank groups	Disposable liquid assets	Cumulative net cash flow					
		up to 1 month	up to 2 months	up to 3 months	up to 6 months	up to 1 year	over 1 year
Group I	857 534	876 127	757 465	641 103	26 395	764 473	791 127
Group II	-125 722	-175 405	-204 411	-159 321	-113 688	105 722	578 041
Group III	-38 775	-68 138	-127 663	-112 812	-57 473	-13 076	435 011
Group IV	3 243	-13 564	-14 828	6 602	41 316	82 241	129 947
Group V	-131 316	-133 576	-147 603	-154 351	-79 914	-46 712	62 411
Banking system, total	564 964	485 444	262 960	221 221	-183 364	892 648	1 996 537

Source: BNB.

SHORT-TERM LIQUIDITY RATIOS AS OF 31 DECEMBER 2000
(percentage share of deposits)

Commercial bank groups	Ratio	%
Group I	Primary liquidity	8.97
	Secondary liquidity	21.94
Group II	Primary liquidity	10.07
	Secondary liquidity	31.48
Group III	Primary liquidity	15.49
	Secondary liquidity	40.52
Group IV	Primary liquidity	16.20
	Secondary liquidity	28.44
Group V	Primary liquidity	8.26
	Secondary liquidity	9.10
Banking system, total	Primary liquidity	10.36
	Secondary liquidity	25.98

Source: BNB.

OPEN FOREIGN CURRENCY POSITIONS OF COMMERCIAL BANKS AS OF 31 DECEMBER 2000
(under Regulation No. 4 of the BNB)

Bank groups	Open positions to capital base (%)
Group I	-7.19
Group II	-4.24
Group III	-17.08
Group IV	6.63
Banking system, total*	-5.41

* Excluding Group V banks.

Source: BNB.

CREDIT PORTFOLIO AND OTHER COMMERCIAL BANK EXPOSURES AS OF 31 DECEMBER 2000*
(under Regulation No. 9 of the BNB)

Group		Claims on banks and other financial institutions (BGN'000)	Claims on nonfinancial institutions and other clients (BGN'000)	Other classified balance-sheet exposures (BGN'000)	Carrying value, total (BGN'000)	Weight (%)
Group I	Standard exposures	2 429 267	1 063 159	39 258	3 531 684	96.5
	Watch exposures	0	50 994	0	50 994	1.4
	Substandard exposures	0	23 571	0	23 571	0.6
	Doubtful exposures	0	15 912	0	15 912	0.4
	Loss	12	35 255	2 258	37 525	1.0
	Provisions				150 116	4.1
Group I, total		2 429 279	1 188 891	41 516	3 659 686	
Group II	Standard exposures	774 807	587 841	10 429	1 373 077	85.7
	Watch exposures	0	60 159	0	60 159	3.8
	Substandard exposures	3 153	11 755	0	14 908	0.9
	Doubtful exposures	0	15 559	0	15 559	1.0
	Loss	13 733	120 157	4 735	138 625	8.7
	Provisions				177 506	11.1
Group II, total		791 693	795 471	15 164	1 602 328	
Group III	Standard exposures	282 195	509 219	14 853	806 267	90.2
	Watch exposures	0	48 782	0	48 782	5.5
	Substandard exposures	0	13 025	0	13 025	1.5
	Doubtful exposures	0	9 483	0	9 483	1.1
	Loss	342	15 178	347	15 867	1.8
	Provisions				49 762	5.6
Group III, total		282 537	595 687	15 200	893 424	
Group IV	Standard exposures	197 433	244 876	4 183	446 492	78.6
	Watch exposures	284	54 503	0	54 787	9.6
	Substandard exposures	0	12 572	3 540	16 112	2.8
	Doubtful exposures	0	27 564	0	27 564	4.9
	Loss	1 031	20 110	2 127	23 268	4.1
	Provisions				59 769	10.5
Group IV, total		198 748	359 625	9 850	568 223	
Group V	Standard exposures	260 179	383 289	1 414	644 882	92.6
	Watch exposures	0	4 022	0	4 022	0.6
	Substandard exposures	0	39 846	0	39 846	5.7
	Doubtful exposures	0	0	0	0	0.0
	Loss	0	7 964	0	7 964	1.1
	Provisions				29 235	4.2
Group V, total		260 179	435 121	1 414	696 714	
	Standard exposures	3 943 881	2 788 384	70 137	6 802 402	91.7
	Watch exposures	284	218 460	0	218 744	2.9
	Substandard exposures	3 153	100 769	3 540	107 462	1.4
	Doubtful exposures	0	68 518	0	68 518	0.9
	Loss	15 118	198 664	9 467	223 249	3.0
	Provisions				466 388	6.3
TOTAL FOR THE SYSTEM		3 962 436	3 374 795	83 144	7 420 375	

* Exposures are reported at carrying value.

Source: BNB.

Major Resolutions of the BNB Managing Board in 2000

- 7 January** Regulation No. 2 on the licenses and permits granted by the Bulgarian National Bank was adopted.
- 13 April** Amendments to BNB Regulation No. 8 on the capital adequacy of banks were adopted.
- 1 June** Amendments to Regulation No. 21 on the minimum required reserves maintained with the Bulgarian National Bank by banks were adopted.
- 6 July** Regulation No. 12 on the supervision on consolidated basis was adopted.
Amendments to BNB Regulation No. 3 on payments were adopted.

BUS 1302000 'Budget Payments', amendments to BUS 1092 'Printing Preparation of Payment Document Forms', BUS 2092 'Drawing up Payment Documents' and BUS 9098 'Electronic Access and Data Exchange through BISERA' were adopted. These Banking Unified Standards came into force on 1 October 2000.
- 7 September** As of 11 September 2000 the BNB put into circulation the EURO Todor Svetoslav silver commemorative coin on historical subject, nominal value BGN 10, 2000 issue.
- 18 September** Pursuant to Article 25 of the Law on the BNB, on 1 October 2000 the Bulgarian National Bank put into circulation coins of 1, 2 and 5 stotinkas nominal value, issue 2000 with the following description:
Technical characteristics: the technical characteristics of the coins of 1, 2 and 5 stotinkas, issue 1999 are retained with the exception of the alloy: bronze electroplated steel.
Graphical elements: the graphical elements of the coins of 1, 2 and 5 stotinkas, issue 1999 are retained, with the exception of the year of issue: '2000'.
- 5 October** The semiannual report of the Bulgarian National Bank for the January – June 2000 period was approved.
- 26 October** Following a public tender KPMG was selected to carry out an international audit of the Bulgarian National Bank for the 2000, 2001 and 2002 financial years.

BNB budget for 2001 was adopted.
- 7 December** Amendments to BNB Regulation No. 4 on foreign currency positions of banks were adopted.
- 21 December** Amendments to Regulation No. 26 of 1999 of the BNB on foreign exchange transactions of brokerage financial houses were adopted.